

Securing a sustainable and affordable gas future for NSW

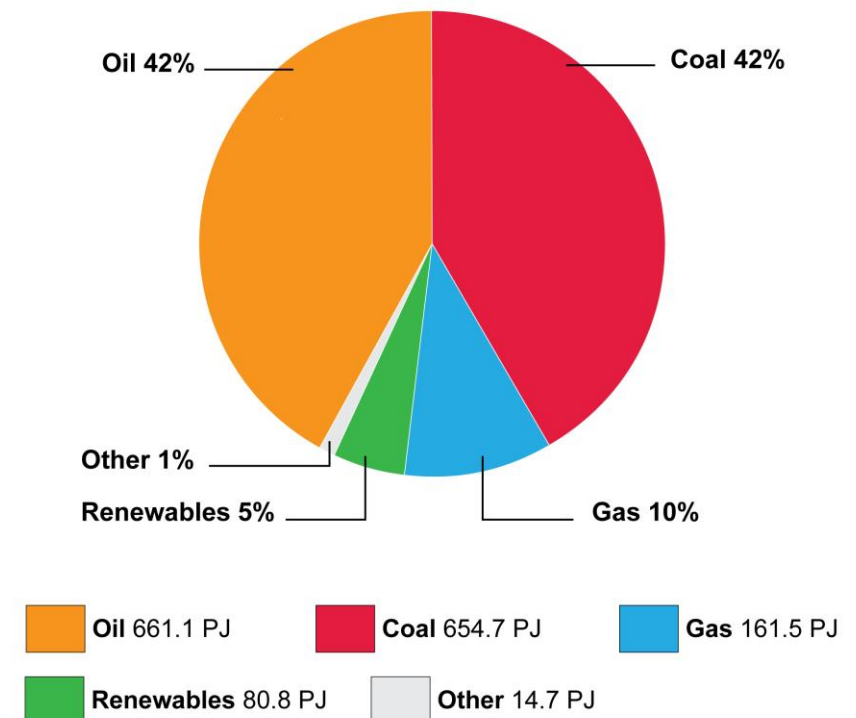
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NSW Department of Industry

NSW energy consumption

- Largest consumer of energy in Australia.
- Electricity demand is approx 66 GWh (82% coal, 11% renewable, 7% gas)

Total net energy consumption in NSW 2012-13



Source: Bureau of Resources and Energy Economics

Gas – more than an energy source

- Gas is used:
 - as a key **ingredient** in industrial processes (eg fertilizer, plastics)
 - to **manufacture** industrial products (eg ammonia, butane)
 - as a **heat source** (eg for making glass, steel, bricks; by medical facilities)
 - as an **energy source** by households and a range of businesses



Gas security issues remain for NSW

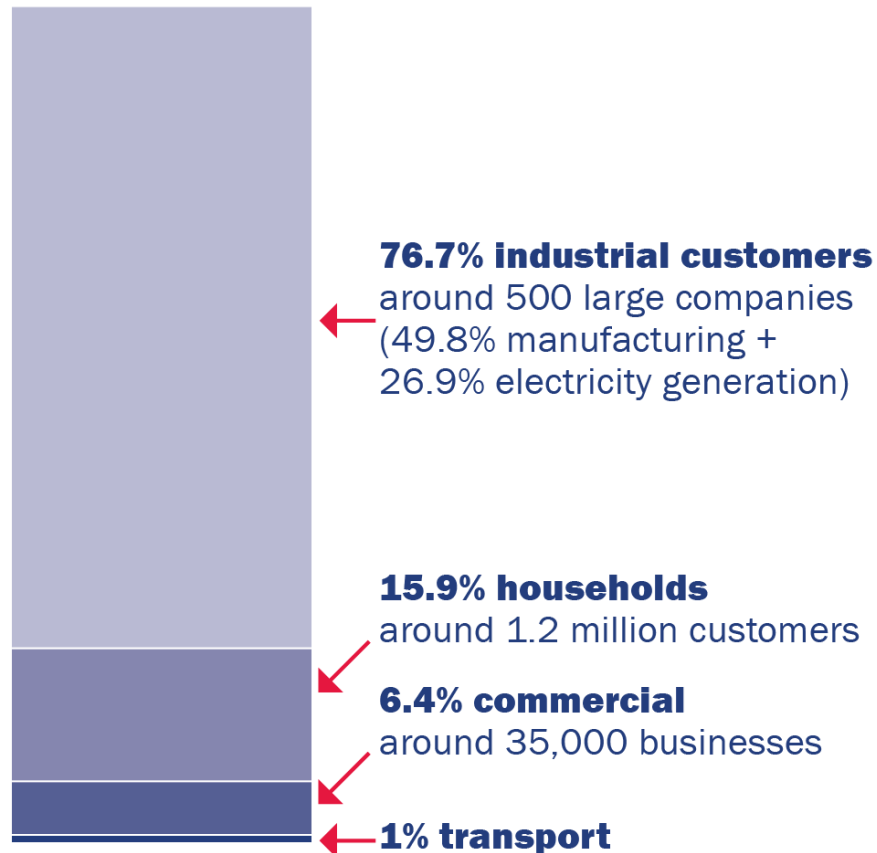
- AEMO forecasts no short to medium term gas supply shortages, however ...
 - Security = diversification of source
 - Security = diversification of suppliers
 - Security = competitive access to sources & suppliers

The International Energy Agency defines security as “the uninterrupted availability of energy sources at an affordable price”.

NSW gas reserves & consumption

NSW gas consumption by customer share

Source: Bureau of Resources and Energy Economics



5%

NSW produces around 5% of its own gas and relies on imports for 95%



Department
of Industry
Resources & Energy

Responding to NSW gas pressures

- Encourage exploration and development of local gas resources
- Encourage market transparency
- Encourage energy efficiency
- Balance community, economic and environmental needs



Local Supplies

- Potential for two projects to supply up to 75% of NSW requirements
 - AGL's Gloucester Project – (25%)
 - Santos Pilliga Project – (50%)
- Approval to produce gas subject to planning, environmental considerations and proper community consultation
- Both companies have publically committed some, and in the case of AGL, all of their production from these projects to the NSW market.

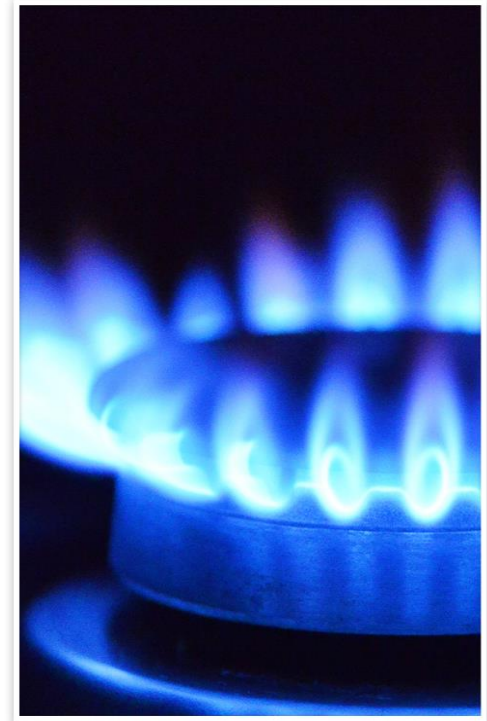
NSW Gas Plan



1. Better science and information to deliver world's best practice regulation
2. Pause, reset and recommence gas exploration on our terms
3. Strong and certain regulation
4. Sharing the benefits
5. Securing supply and helping consumers

Other actions

- Northern Territory Pipeline
- New Infrastructure
 - AGL 1.5PJ LNG storage tank at Tomago
 - APA pipeline loop (Albury –Young)
 - Jemena plans for 2 X gas compressors on Eastern Gas Pipeline (106 PJ/a to 130 PJ/a)
- Energy efficiency programs
- Improve market transparency and capacity trading
 - COAG: National Energy Productivity Plan
 - ACCC : Eastern Gas Market competitiveness
 - AEMC: ABS Gas price index (2015)
 - AEMO: Moomba Trading hub (2016)
- Energy Rebates
- Emergency measures



*Securing sustainable, affordable gas
supplies for NSW is possible.*

It is also critical.

Thank you.