

18 November 2009

KIC welcomes competition for wholesale gas supplies

Reference: Minister Collier's media release entitled *Legislation passed to help secure long-term gas supplies* (attached and dated 18 November).

Kwinana Industries Council welcomes the news that new legislation has been passed by State Parliament to allow for greater competition in the gas supply market, together with the opportunity for increased supply of gas.

KIC Director Mr Chris Oughton said Kwinana industry relies heavily on an adequate supply of gas. That supply was tested last year following the explosion at Varanus Island, and it proved how vulnerable WA industry is to disruptions in supply. While it is good progress to open the market up to greater competition, there remains the issue of reliably getting the gas to where it is needed at a competitive price. The Dampier to Bunbury pipeline is the only supply line into the Kwinana Industrial Area. That pipeline is unable to deliver increased supplies of gas without major capital expenditure and so it is hoped that this legislation will encourage additional suppliers into the market place.

"An adequate supply of gas is one of the limiting factors in the attraction of industries to the Kwinana Industrial Area. It is very important that there is a competitively priced gas supply available to heavy industry to enable individual companies to compete with their rivals in the international market place."

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-Attachment-

Wed 18 November, 2009

Legislation passed to help secure long-term gas supplies

Portfolio: Energy

Energy consumers will benefit from greater competition and greater certainty over gas supply as a result of legislation passed today in State Parliament.

Energy Minister Peter Collier said the legislation would allow the development of a greater range of gas fields to supply the domestic market.

This will benefit customers by leading to greater competition among gas producers and improving energy security through a more diverse range of gas sources, Mr Collier said.

The Gas Supply (Gas Quality Specifications) Bill 2009 allows the State Government to broaden the gas characteristics in the State transmission pipeline network for the domestic market.

Broadening the make-up of gas for the domestic market will encourage developments of gas fields, such as BHP Billitons Macedon, which currently sits outside specifications for delivery through Western Australia gas pipeline network, he said.

The Minister said the new legislation may render unsafe some pre-1980s gas appliances - such as gas cookers, heaters and hot water systems - if operated on leaner gas.

To offset any inconvenience to consumers, a special program will be introduced before the leaner gas starts flowing to either service these appliances or replace them at no charge, he said.

The gas rectification program will be funded by the producers who intend to supply gas with a leaner energy content, ensuring safety to residential consumers, schools and other institutions.

The legislation is just one of several measures the State Government is taking to avert future shortages and ensuring WA is better prepared for any future gas supply disruptions.

Mr Collier recently released the Gas Supply and Emergency Management Committees report, which provided recommendations to improve the security, reliability and competitiveness of the domestic energy markets, and potential mitigation options for gas supply disruptions.

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