



Your ref:
Our ref: J0880/201802
Enquiries: [REDACTED]
Phone: [REDACTED]

Mr David Hatfield
Director Competition Exemptions
Australian Competition and Consumer Commission
email: exemptions@accc.gov.au

Dear Mr Hatfield

RESPONSE TO REAUTHORISATION OF COORDINATED SCHEDULING OF MAINTENANCE FOR WESTERN AUSTRALIA AND NORTHERN TERRITORY LNG PROJECTS

The Department of Jobs, Tourism, Science and Innovation (JTSI) on behalf of the Western Australian Government has concerns around the Applicants (LNG producers Chevron Australia, INPEX, Shell Australia and Woodside Energy) application for re-authorisation.

On the matter to continue to discuss, make, and give effect to arrangements regarding the sequencing and timing of scheduled maintenance and associated shutdowns and outages at Liquefied Natural Gas (LNG) facilities in Western Australia (WA) and the Northern Territory for a period of 10 years, until March 2033, JTSI is **not supportive**.

The efficient operation of the Western Australian domestic gas market may be impacted by potential changes in the next 10-year period, including:

- the forecast of a tight market by the Australian Energy Market Operator in its 2022 WA Gas Statement of Opportunities, increasing the likelihood that market participants will need up-to-date information on the practical effects of optimisation of LNG and domestic gas market conditions;
- improved gas market transparency;
- increased third party tolling of gas resources through emerging spare processing capacity;
- decarbonisation and greater penetration by renewables and hydrogen; and
- transportation of hydrogen through the existing gas transmission pipeline network (e.g. changing the caloric value of natural gas in the system).

Further, it is possible that a transparent trading hub could be developed and start operating in the next 10 years. This possibility is addressed in the condition to the original authorisation outlined below.

On the matter of the cession of the Condition for Parties (except Shell) to publish Maintenance Information JTSI is **not supportive**.

The condition of the current authorisation is that should a transparent trading hub eventuate during the authorisation period, the LNG exporters would then be required to report the scheduled maintenance periods on the WA Gas Bulletin Board (WA GBB). The Applicants state that it's not justified to continue including this condition since a gas trading hub or Short Term Trading Market hasn't eventuated since the last review. Removal of the condition

Level 11, 1 William Street Perth Western Australia 6000

Telephone +61 8 6277 3000

www.jtsi.wa.gov.au

ABN 90 199 516 864

presumes that such a hub won't be developed in the 10 years. However, the Western Australian Gas Advisory Board was considering the merits of additional gas trading mechanisms in the state as recently as October 2021.

If a hub is developed within the next 10 years, there could be greater potential for LNG exporters to impact available supply and prices in the WA market. In that scenario, the issue is that the market would then have no visibility of information that would allow it to respond to planned maintenance when the LNG facilities may need to divert gas from the local market or withdraw gas from storage.

On the East Coast, the LNG production facilities must report their maintenance periods on their version of the Gas Bulletin Board (different to the WA GBB), so that gas buyers can monitor outage periods and plan their procurement or hedging around that. In WA, only domestic gas production facilities must report their maintenance periods on the WA GBB. If a hub develops, it's important to maintain the condition that LNG production facilities would have to report their maintenance periods on the WA GBB.

In summary, JTSI is not supportive of the Applicant's proposal to extend the Authorisation period from 5 years to 10 years for scheduled maintenance or shutdowns, or for the proposal to remove the condition to not publish maintenance information.

To discuss JTSI's concern further, or if you have any further queries, please contact Noelle Leonard, Project Manager WA Domestic Gas Policy ([REDACTED] [REDACTED] [REDACTED] or [REDACTED]).

Yours sincerely

[REDACTED]

Phil Gorey
A/DIRECTOR GENERAL

13 January 2023