2016 GAS STATEMENT OF OPPORTUNITIES (GSOO)

7 September 2016

JOACHIM TAN, SENIOR ANALYST
SYSTEM CAPACITY (WA)

AGENDA SLIDE

1. Session Objectives
2. Key Themes presented at 16 August WA Gas Consultative Forum
3. High Level Forecasting Assumptions
4. 2016 GSOO Outline
5. Comments from 16 August WA Gas Consultative Forum
6. Suggested Messages
7. Implementation Plan - Next Steps

SESSION OBJECTIVES

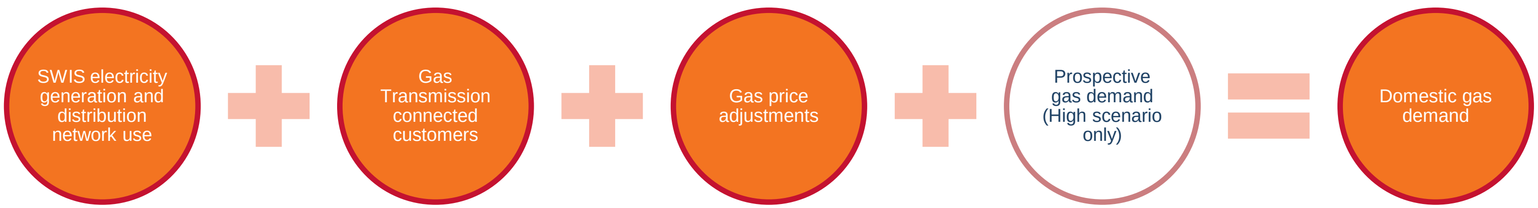
The intention of today's session is

- To share the key themes, forecasting assumptions, outline and implementation plan for the 2016 GSOO
- To receive feedback and input which would be valuable in the 2016 GSOO development
- Outline the comments received on 16 August 2016 WA Gas Consultative Forum

KEY THEMES PRESENTED AT 16 AUGUST WA GAS CONSULTATIVE FORUM

- Adequate gas reserves and production capacity
- Slow down in long term demand growth
- Potentially reduced investment in capital projects
- Likely Scenarios
  - Fuel switching (gas to renewables/liquid)
  - Prospective projects and future infrastructure
  - Domestic LNG growing => More consumption from pipeline

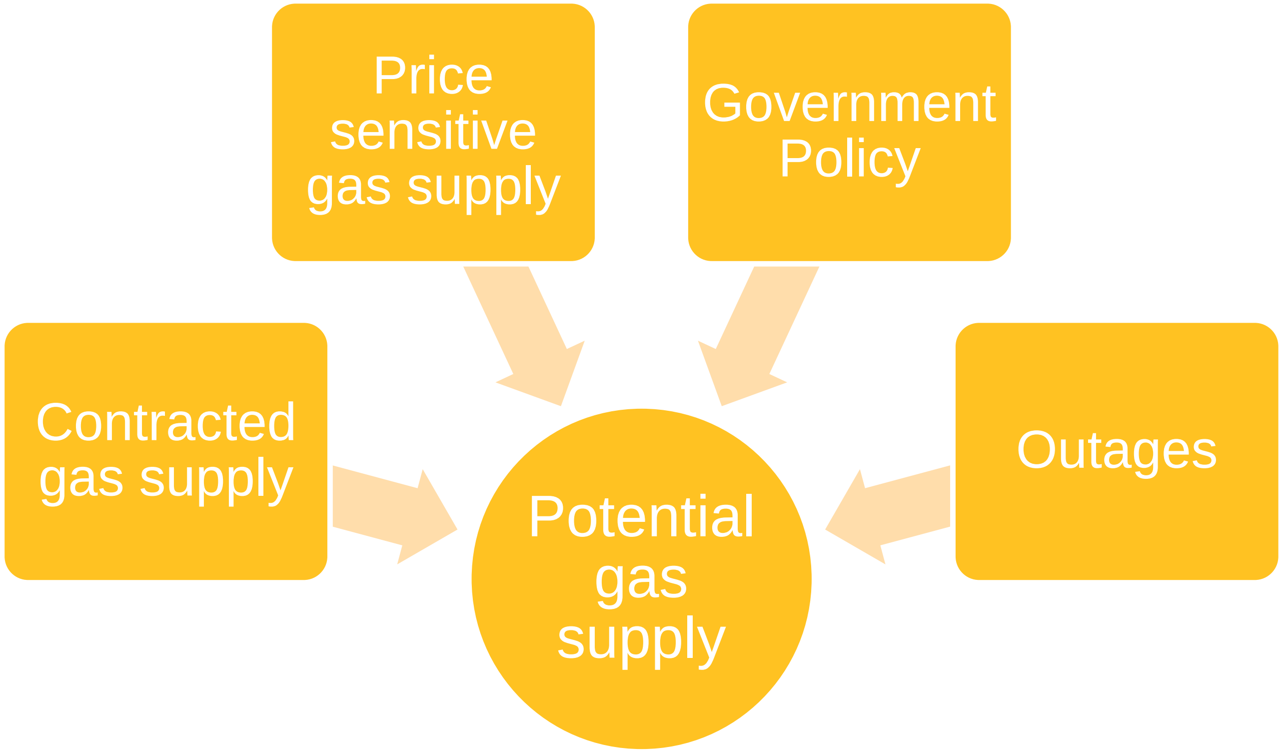
GAS DEMAND FORECASTS



ASSUMPTIONS – BASE GAS DEMAND

- No change in Large gas consumers
- Citic Pacific’s Sino Iron project completed in accordance with planned timelines announced to the ASX
- Gas consumption by gas powered generators consistent with electricity generation forecasts in the 2015 Deferred WEM ESOO publication

POTENTIAL GAS SUPPLY FORECASTS



ASSUMPTIONS – POTENTIAL GAS SUPPLY

- State Government domestic gas policy unchanged
- Domestic gas suppliers manage their supply obligations as a portfolio
- No change in the outage profile of domestic production facilities
- Forecast domestic gas prices continue to be driven by LNG netback for LNG-linked facilities except for domestic only production facilities
- Contracted gas supply varies each year in the forecast horizon
- Potential gas supply is not affected by directional flow of pipelines, pipeline capacity and peak demand

PROPOSED 2016 GSOO OUTLINE

- Executive summary and key findings
- Introduction and acknowledgements
- Characteristics of WA gas market
- Forecast methodology and assumptions
- Forecasts
- Gas reserves and resources
- Other issues
- Appendices

COMMENTS FROM 16 AUGUST WA GAS CONSULTATIVE FORUM

- Commercial and residential customers (Low pressure networks) assumptions
- Lack of exploration and drilling (exploration downturn)
- Onshore gas being considered in modelling?
- What are the offsets to WA domgas policy?
- LNG netback pricing as a maximum price?
- Include domestic gas pricing assumptions into report
- COP21 assumptions?

UPDATED SUGGESTED MESSAGES – POST FEEDBACK

- Adequate gas reserves and production capacity
- Slow down in long term demand growth
- Domestic gas market is changing → More transparency required to develop WA market (e.g. short-term pipeline capacity)
- International influences remains unstable → Oil, LNG demand/supply, upcoming LNG projects uncertain
- Exploration of other WA basins need to be encouraged for the security of domestic gas supply
- Risks to gas demand and supply → potential new consumers (FMG, Mobile LNG) and fuel switching (diesel to gas, gas to coal/biomass/renewables)

2016 GSOO IMPLEMENTATION PLAN

Item	Expected timeline
GAB and stakeholder consultation	7 September 2016
Information gathering session for GSOO including one-on-one meetings	July to October 2016
GSOO modelling and results	September-October 2016
Update on status of GSOO report at Gas stakeholder consultation forum 4	Late October 2016
Draft GSOO report completed	End October 2016
Approval by AEMO Board	Late November 2016
Expected publication of WA GSOO	Early December 2016

THANK YOU