



Department of
**Jobs, Tourism, Science
and Innovation**

Western Australian Domestic Gas Policy

Presentation for AEMO's
WA Gas Consultative Forum

Thursday 21 November 2024



Presentation Content

1. **WA Domestic Gas Policy Overview**
2. **Policy Overview & Background**
3. **Compliance**
4. **Recent Policy Developments**
5. **Parliamentary Inquiry**
6. **Upcoming Priorities**



Karratha Gas Plant



The *WA Domestic Gas Policy* (Policy) – Purpose and Pillars

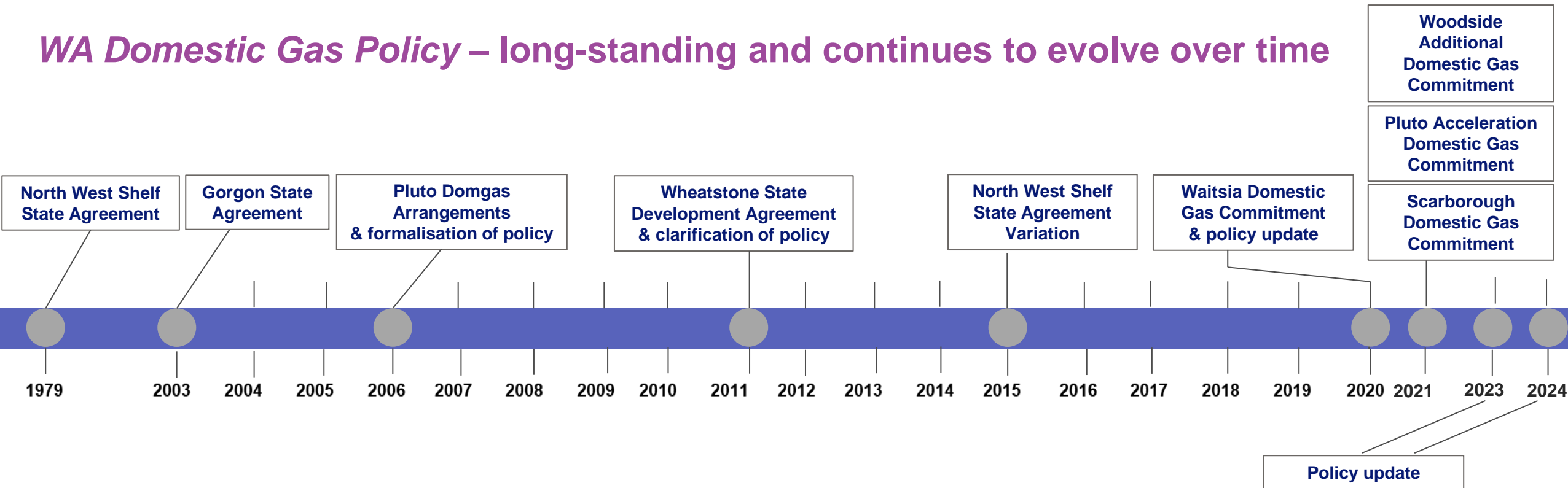
- **Purpose – Secure WA's long-term energy needs and economic development by ensuring LNG exporters make available 15% of their exports for the domestic market.**



- Policy is a condition of project approval.
- Policy is given effect through contractual commitments with the State **NOT** legislation / regulation.
- Flexible application – 15% over life of project / commitment **NOT** per annum



WA Domestic Gas Policy – long-standing and continues to evolve over time



- Mix of arrangements / agreements, struck over time and evolving.
- State Agreements and those struck since 2020 available in full on JTSl's Website.
- Supply from these agreements currently accounts for over 60% of total domestic gas supply.



Policy Developments

- **Policy formalised, October 2006**

- Formalisation of the Policy
- Built on flexibility and market mechanisms

- **Policy update, 2011**

- Clarification of the operation of the Policy
- Flexible application, reservation, infrastructure, marketing, prices and offsets

- **Policy update, August 2020**

- Ban export of WA pipeline gas, other than in exceptional circumstances
- Tightened compliance monitoring and improved transparency

- **Policy update, August 2023**

- No further export exemptions
- Clarification for Perth and Canning Basins

- **Policy update, September 2024**

- 20% export allowance (80% domgas reservation) until end 2030 to facilitate new/expansion onshore developments
- 100% domgas supply after 2030



Compliance – Process

- Companies report annually (in March) for the preceding calendar year.
- JTSI uses information from companies to assess compliance against the Policy pillars.
- JTSI advises the Minister on compliance against the Policy at both a project and company level.
- Minister responds to each company highlighting government's assessment and expectations going forward (i.e. request for more supply, evidence of good faith marketing etc).
- JTSI provides transparency on project-level compliance via webpage and AEMO GCF.
- Transparency on company-level compliance is provided via the WA Domestic Gas Statement, which was released for the first time in 2024.



Compliance – Trends

- **Gorgon** – The project increased supply in 2023 and remains on track to meet its commitment well before the anticipated end of field life.
- **Wheatstone** – Throughout 2023 work was undertaken to increase the nameplate capacity of the Wheatstone Domestic Gas Plant from 200 TJ/d to 215TJ/d. Following this success Chevron have further increased production rates up to 230 TJ/d as of August 2024.
- **North West Shelf** – There was a significant increase in domestic gas production from the Karratha Gas Plant in 2023, which saw collective production increase by over 90% compared to 2022.
- **Waitsia** – The project has now collectively supplied nearly 50% of their obligation, as well as the Karratha Gas Plant began processing Waitsia gas for export in Q4 2023.



Project <i>Operator, date (first year domgas production)</i>	Infrastructure	Indicative commitment <i>Total (PJ) Daily rate (TJ/d)</i>	Supply to end 2023	Obligation met at end 2023
Gorgon <i>Chevron, 2017</i>	300 TJ/d domgas facility	2,000 PJ (300 TJ/d)	490 PJ	25%
Pluto <i>Woodside, 2017</i>	25 TJ/d compression facility 15 TJ/d truck loading facility	390 PJ (115 TJ/d)	31 PJ	8%
Wheatstone <i>Chevron, 2019</i>	230 TJ/d domgas facility	1,530 PJ (200 TJ/d)	288 PJ	19%
North West Shelf <i>Woodside, 2016</i>	630 TJ/d domgas facility	703 PJ (90 TJ/d)	185 PJ	26%
Waitsia <i>Mitsui, 2020</i>	28 TJ/d domgas facility 250 TJ/d domgas facility (under construction)	62 PJ (20 TJ/d)	28 PJ	45%
Pluto Acceleration <i>Woodside, 2022</i>	Interconnector & 630 TJ/d domgas facility	49.2 PJ (34 TJ/d)	16 PJ	33%
Additional Commitment <i>Woodside, 2024</i>	630 TJ/d domgas facility	45.6 PJ (25 TJ/d)	-	-
Scarborough <i>Woodside, 2026</i>	225 TJ/d domgas facility (Under construction)	1,400 PJ (180 TJ/d)	-	-



WA's Domestic Gas Policy

Latest update





Policy Update – September 2024

- In September 2024, the WA Government announced an update to the Policy to encourage new onshore gas developments.
- New onshore gas projects will be required to **reserve 80% of gas production** for WA domestic use up **until 31 December 2030**
 - Following this these projects will be required to **reserve 100%** for the local market, with no further exports contemplated.
- Allowing new gas projects to export over the next five years will help to stimulate development while WA's gas market is balanced, and ensure more gas is brought to market in decades to come.
- The revised policy will apply to new onshore gas projects or existing projects seeking to expand production. An exemption will remain in place for the 'first-mover' in the Canning Basin, to encourage development in the State's north.



WA Domestic Gas Statement

- In September 2024, the WA Government released the first WA Domestic Gas Statement (Statement).
- The Statement, developed in collaboration with Australian Energy Producers (AEP), is designed to improve the operation of the WA gas market and the Policy by providing market participants with information on:
 - how LNG exporters are complying with their 15% reservation requirements;
 - how much gas is expected to be supplied in the WA market in the short to medium term; and
 - each domestic gas project in WA.
- The publication of the Statement responds to the recent Inquiry into the WA Domestic Gas Policy, which called for increased market transparency.
- The WA Government intends to update the Statement on an annual basis and will consider the inclusion of additional information such as demand profiles.
- The effectiveness of the Statement will be reviewed after 24 months, with the Government to consider legislating the transparency measure if required.



Parliamentary Inquiry into the Policy

- In June 2023, the WA Parliament's Economics and Industry Standing Committee (EISC) announced an inquiry into the Policy due to the risk of a market shortfall.
- The Inquiry's focus was on the efficacy of the Policy's existing mechanisms to ensure the timely delivery of gas into the domestic market and the transparency of both supply and prices of gas.
- On 15 August 2024, the EISC tabled its final report in the Legislative Assembly:
 - Highlighting 77 findings and making 30 formal recommendations for Government to consider.
- Government has considered the recommendations and findings of the final report and published a response on 19 September.
 - Government is supportive of measures to ensure the timely delivery of new supply and increased transparency in the market.



Upcoming Priorities

Response to the Inquiry

- Government will implement the recommendations from the Inquiry focused on facilitating new gas supply, increasing transparency and ensuring alignment in gas and electricity market planning.

Offsets Policy

- Policy allows LNG exporters to offset their commitments with gas or energy from other sources.
- JTSI will formalise and publish an '*Offsets Policy*', providing flexibility for producers to meet WA's long-term energy needs and support the energy transition.

Transparency & Website Redesign

- The WA Domestic Gas Statement has increased transparency on producer compliance with the Policy, expected supply by project and each operating domestic gas project.
- Re-design of the Policy's webpage to increase clarity on the operation of the Policy and its key components



Further Information

WA Domestic Gas Policy Website

[WA Domestic Gas Policy](#)

[Implementation of the WA
Domestic Gas Policy](#)

[WA Domestic Gas Policy:
Documents](#)

Contact:

Sean David

Director
Resource and Infrastructure Agreements
6277 2903
Sean.David@jtsi.wa.gov.au

Ian Allison

Project Manager
Resource and Infrastructure Agreements
6277 2886
Ian.Allison@jtsi.wa.gov.au

Vivek Karia

Project Manager
Resource and Infrastructure Agreements
6277 2935
Vivek.Karia@jtsi.wa.gov.au

Lisa Moffat

Project Officer
Resource and Infrastructure Agreements
6277 2893
Lisa.Moffat@jtsi.wa.gov.au

Kyle Kerton

Senior Project Officer
Resource and Infrastructure Agreements
6277 2951
Kyle.Kerton@jtsi.wa.gov.au



Thank you for listening

Questions?



Gorgon Gas Plant