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Electricity Industry Act 2004

Exemption Application

Gorgon Joint Venture: Barrow Island Joint Venture - Shared Infrastructure Electricity Supply

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1 Introduction

The Gorgon Joint Venture's Gorgon Gas Project (**Gorgon Joint Venture**) and Barrow Island Joint Venture's WA Oil Project (**Barrow Island Joint Venture**) are co-located on Barrow Island, a Class A Nature Reserve. The separate joint venture projects are operated by Chevron Australia Pty Ltd (**Chevron Australia**) on behalf of their respective joint venture participants.

The Barrow Island Joint Venture has ceased production from the Barrow Island oil field and has commenced a range of activities to decommission its facilities and infrastructure and remediate and rehabilitate the Barrow Island land affected by its operations. This phase of decommissioning, remediation and rehabilitation is forecast to continue for at least 15 years.

The production wells that supplied gas to the Barrow Island Joint Venture's power generation system have been shut in as part of the decommissioning of the oil field. As a result, the Barrow Island Joint Venture has ceased operation of its existing gas fired power generation system.

The Barrow Island Joint Venture's ongoing power generation needs will be partly met by static diesel generators. It is proposed that additional electricity supply needs will be met by an arrangement between the Barrow Island Joint Venture and the Gorgon Joint Venture pursuant to which the Gorgon Joint Venture will use excess capacity in its existing Gorgon Gas Project power generation system on Barrow Island to supply electricity to the Barrow Island Joint Venture.

The following electricity licences exemption application from the Gorgon Joint Venture is made in relation to this proposed supply.

2 Gorgon Joint Venture (Applicant) Details

Legal Name of Applicant	Gorgon Joint Venture , being an unincorporated joint venture consisting of: <ul style="list-style-type: none">• Mobil Australia Resources Company Pty Ltd (ABN 000 113 217)• Shell Australia Pty Ltd (ABN 009 663 576)• Osaka Gas Gorgon Pty Ltd (ABN 139 074 847)• MidOcean Gorgon Pty Ltd (ABN 138 592 047)• JERA Gorgon Pty Ltd (ABN 140 107 464)• Chevron Australia Pty Ltd (ABN 086 197 757) Chevron Australia Pty Ltd is Operator of the Gorgon Joint Venture and is acting on behalf of the Gorgon Joint Venture to make this application.
Registered postal address	Level 2, 1 The Esplanade, PERTH WA 6000

3 Barrow Island Operations

3.1 Gorgon Gas Project

The Gorgon Gas Project is a significant natural resource development involving the recovery of natural gas from petroleum fields located in the Carnarvon Basin off the northwest coast of Western Australia, with processing and support infrastructure located on Barrow Island.

The Gorgon Gas Project is owned by the Gorgon Joint Venture, being an unincorporated joint venture consisting of Chevron Australia Pty Ltd, Mobil Australia Resources Company Pty Ltd, Shell Australia Pty Ltd, Osaka Gas Gorgon Pty Ltd, MidOcean Gorgon Pty Ltd and JERA Gorgon Pty Ltd.

As part of its operations, the Gorgon Joint Venture owns and operates generating works on Barrow Island comprising 110MVA Frame 9 gas turbine generators, which are powered by gas supplied from its offshore gas fields (**Gorgon Power Station**). Power from each gas turbine generator set is transformed up through a unit transformer to a main distribution voltage of 132kV and used to power the Gorgon Gas Project's processing facilities and various infrastructure located throughout Barrow Island. This use is facilitated by distribution and transmission works owned and operated by the Gorgon Joint Venture.

3.2 WA Oil Project

The WA Oil Project is a long running project, having operated since 1967, and is presently owned by the Barrow Island Joint Venture, being an unincorporated joint venture consisting of Chevron Australia Pty Ltd, Mobil Australia Resources Company Pty Ltd and Santos Offshore Pty Ltd.

Prior to cessation of the Barrow Island Joint Venture's production operations in the first half of 2025, the Barrow Island Joint Venture operated oil recovery operations via numerous wells located throughout Barrow Island. Hydrocarbon products recovered from these wells were transported to processing facilities through an extensive pipeline system and from those processing facilities to marine facilities which enabled the offtake of this product.

The Barrow Island Joint Venture's facilities on Barrow Island include infrastructure which, until the cessation of gas production, were used for the generation, transmission and distribution of power to support the operation of the Barrow Island Joint Venture.

3.3 Tenure

The Gorgon Joint Venture are parties to the Gorgon Gas Processing and Infrastructure Project Agreement with the State of Western Australia that was ratified by the *Barrow Island Act 2003* (WA) (**Gorgon State Agreement**). The

Barrow Island Act 2003 (WA) (BI Act) also provides for the grant of *Land Administration Act 1997 (WA) (LAA)* tenure on the Barrow Island Class A Nature Reserve for gas processing project purposes.

The Gorgon Joint Venture's operations on Barrow Island are conducted on leases, licences and easements granted to the Gorgon Joint Venture participants under the LAA (as modified by the BI Act).

In particular, the Gorgon Joint Venture's Gorgon Gas Project's power generation system proposed to be used to supply electricity to the Barrow Island Joint Venture is located on the following tenure held by the Gorgon Joint Venture:

- The Gorgon Power Station is located within the Gorgon Gas Project's Gas Treatment Plant and Associated Facilities Infrastructure Lease L077431 granted to the Gorgon Joint Venture under section 79 of the LAA in accordance with the BI Act, on 15 September 2009 (**Gas Treatment Plant Lease**).
- The off-plot 33kV electrical distribution network used to support Gorgon Gas Project infrastructure located elsewhere on Barrow Island, starting on the Gas Treatment Plant Lease, enters the Barrow Island Revised Service Corridor Easement L641372 and the Barrow Island Road 5 Services Corridor Easement N583955 which were granted to the Gorgon Joint Venture under section 144 of the LAA in accordance with the BI Act on the 20 May 2011 and the 13 November 2016 respectively (**Service Corridor Easements**).
- The system subsequently enters Butler Park located on the Construction Village Lease L077430 granted to the Gorgon Joint Venture under section 79 of the LAA in accordance with the BI Act on 15 September 2009 (**Construction Village Lease**).

The Barrow Island Joint Venture's operations on Barrow Island are conducted in accordance with Petroleum Lease L1H (**Lease L1H**), being a petroleum lease granted in 1967 under the *Petroleum Act 1936 (WA) (1936 Act)*. Shortly after its grant, the *Petroleum Act 1967 (WA) (1967 Act)* was introduced, and the 1936 Act was repealed. However, Lease L1H continues to be principally governed by the 1936 Act, the operation of which has been preserved by the 1967 Act in respect of Lease L1H (and any renewals), subject to certain modifications.

The Barrow Island Joint Venture's power generation system, and associated distribution network, are located on Lease L1H. The Barrow Island Joint Venture's Lease L1H does not exist where the Gorgon Joint Venture has LAA Leases.

3.4 Shared Infrastructure

Whilst the Gorgon Joint Venture and Barrow Island Joint Venture occupy separate tenure on Barrow Island, the joint ventures share numerous services and

infrastructure in accordance with commercial agreements between them which aim to promote the efficiency of their respective operations and minimise the impact of their activities on the conservation of Barrow Island.

The Barrow Island Joint Venture and the Gorgon Joint Venture will continue to share infrastructure and services on Barrow Island as the Barrow Island Joint Venture undertakes decommissioning, remediation and rehabilitation activities over the coming years.

4 Proposed Supply of Electricity to Barrow Island Joint Venture

The Gorgon Joint Venture proposes to supply electricity to the Barrow Island Joint Venture. Barrow Island Joint Venture details are:

Legal Name of party receiving supply of electricity	Barrow Island Joint Venture , being unincorporated joint venture consisting of: <ul style="list-style-type: none">• Mobil Australia Resources Company Pty Ltd (ABN 000 113 217)• Santos Offshore Pty Ltd (ABN 38 005 475 589)• Chevron Australia Pty Ltd (ABN 086 197 757).
Registered postal address	Level 2, 1 The Esplanade, PERTH WA 6000

The Gorgon Joint Venture and Barrow Island Joint Venture are parties to a framework agreement which enables sharing of their respective infrastructure located on Barrow Island, including access to utilities infrastructure such as electricity generation, transmission and distribution infrastructure.

The proposed supply of electricity by the Gorgon Joint Venture to the Barrow Island Joint Venture is anticipated to commence in late 2026/2027 and continue until the Barrow Island Joint Venture has completed its decommissioning, remediation and rehabilitation activities on Barrow Island. It is forecast to continue for at least 15 years. The current anticipated amount of electricity to be supplied to the Barrow Island Joint Venture is approximately 5,256,000-kilowatt hour per annum, noting that:

- The load fluctuates based on seasonal conditions.
- Includes loads estimated on the basis of design only.
- The estimate does not contain unknown additional future loads that may be required by decommissioning teams activities.

To facilitate the supply, the Gorgon Joint Venture will install additional transformer infrastructure and cabling for the distribution and transmission of electricity from its

existing infrastructure to the existing Barrow Island Joint Venture's electricity system.

The Gorgon Joint Venture proposes to install a new step-down 1.5MVA 33/22kV transformer and cabling within the Construction Village Lease. Cabling will be installed from the transformer to the boundary of the Construction Village Lease. The transformer will derive power from a 33kV substation B8391 located within the Construction Village Lease.

The point of supply of electricity by the Gorgon Joint Venture to the Barrow Island Joint Venture will occur at the boundary of the Construction Village Lease after which the further transmission and distribution of electricity will be undertaken by the Barrow Island Joint Venture via a newly installed cable to be owned by the Barrow Island Joint Venture and located on the L1H Lease. This cable will run to a recloser that will tie-in to the Barrow Island Joint Venture's existing Over Head (OH) 22 kV Line 2 (**Tie-in Point 1**, as illustrated in the [Figure 1] below).

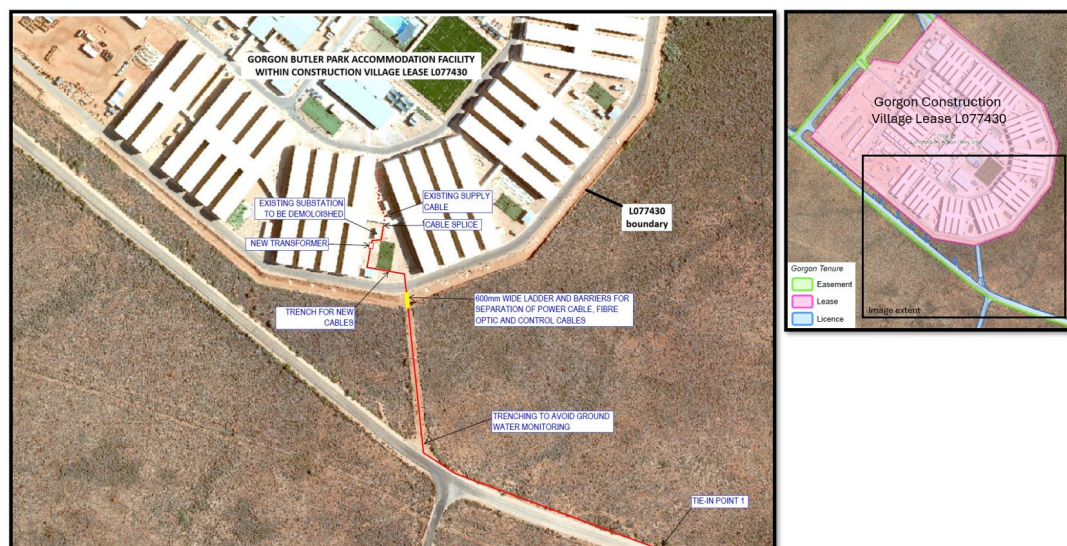


Figure 1: Tie-In Point 1 to Barrow Island Joint Venture 22kV Over Head Line 2

The Barrow Island Joint Venture owned 22kV OH Line 2 distributes electricity to various infrastructure located throughout Barrow Island, including the Barrow Island Joint Venture's Barrow Island Airport. Once the above modifications are made, the Barrow Island Joint Venture's 22kV network will receive electricity supplied by the Gorgon Joint Venture to power current and future loads connected to the network that support Barrow Island Joint Venture's decommissioning, remediation, and rehabilitation activities. The Gorgon Joint Venture will also supply power to the Barrow Island Joint Venture's Barrow Island Airport and the Gorgon Joint Venture's Barrow Island Communications Main Mast (CMM) both of which are critical infrastructure used by both the Barrow Island Joint Venture and the Gorgon Joint Venture. The Gorgon Joint Venture will need to install a cable to tie-in to the Barrow Island Joint Venture's 22kV network to facilitate the supply of power to the CMM.

Figure 2 below shows the Barrow Island Joint Venture’s existing OH distribution network including the 22kv network and planned new cable installation.

This proposed supply arrangement between the Gorgon Joint Venture and the Barrow Island Joint Venture does not require the relocation of any electrical infrastructure from tenure held by the Gorgon Joint Venture to tenure held by the Barrow Island Joint Venture, or vice-versa.

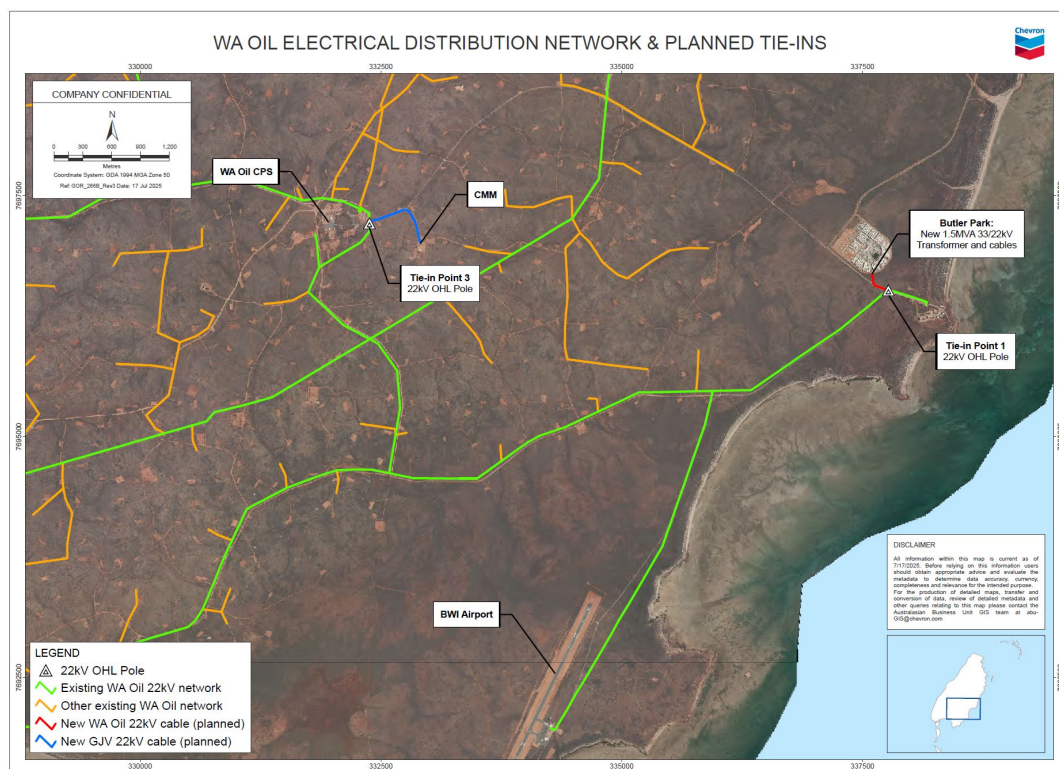


Figure 2 Barrow Island Joint Venture’s Distribution Network and Planned Tie-Ins

5 Licence Requirements

5.1 Section 7 Licences

Under Section 7(1) to (4) of the *Electrical Industry Act 2004 (WA)*, in the absence of an applicable exemption, the Gorgon Joint Venture would be required to obtain the following licences in respect of the proposed supply of electricity to the Barrow Island Joint Venture:

- a “*generation licence*” in respect of the operation of the Gorgon Joint Venture’s Power Station to generate electricity for supply to the Barrow Island Joint Venture;
- a “*transmission licence*” in respect of its proposed installation of additional transformer infrastructure, and its use of its existing transmission network, for the purpose of supplying the Barrow Island Joint Venture;
- a “*distribution licence*” in respect of the operation of its existing power distribution works to supply the Barrow Island Joint Venture;

- (d) a “*retail licence*” in respect of its proposed entry into a commercial agreement for the sale of electricity to the Barrow Island Joint Venture.

5.2 Current Licence Exemptions Do Not Apply

5.2.1 Electricity Industry Act 2004

The following general exemptions available under the *Electricity Industry Act 2004* (WA) do not apply to the proposed supply by the Gorgon Joint Venture to the Barrow Island Joint Venture.

1. **Section 7(5):** This exemption applies if the person who owns, controls and operates the generating works and distribution system is the same person consuming the electricity.

The Gorgon Joint Venture owns, controls and operates the generating works and distribution system. Barrow Island Joint Venture will be the end user and electricity consumer. As the Gorgon Joint Venture and the Barrow Island Joint Venture are owned by separate unincorporated joint ventures, comprised of different corporate entities, the general exemption under section 7(5) of the *Electricity Industry Act 2004* (WA) does not apply.

2. **Section 7(6):** This exemption applies if the person holding a generation licence sells electricity to another person located on the same premises as the generation works to which the licence applies.

The Gorgon Joint Venture is not required to and does not currently hold a generation licence for the Gorgon Joint Venture’s Power Station located within Gas Treatment Plant and Associated Facilities Infrastructure Lease L077431.

As the Gorgon Joint Venture’s generating works are not on the same premises as the Barrow Island Joint Venture, which are located on its Lease L1H, the general exemption under section 7(6) does not apply to the proposed supply.

5.2.2 Electricity Industry Exemption Order 2005

Further, for similar reasons for the general exemption under section 7(6) of the *Electricity Industry Act 2004* (WA), the class exemption under Clause 4A(1) of the *Electricity Industry Exemption Order 2005* (WA) also does not apply.

This class exemption applies for generating works that are located on a non-residential property and are solely used for the generation of electricity for the consumption of another person on that property.

Given the Gorgon Joint Venture’s Power Station is not located on the same non-residential property as the Barrow Island Joint Venture, the exemption under Clause 4A(1) also does not apply.

6 Request for Exemption

Section 8 of the *Electricity Industry Act 2004* (WA) provides that the Governor may exempt any person from the requirement for licence to construct or operate generating works, transmission system, distribution system, and sell electricity to customers.

This submission requests licence exemptions for the generation, transmission, distribution and supply of electricity by the Gorgon Joint Venture to the Barrow Island Joint Venture on Barrow Island. The Gorgon Joint Venture (for whom Chevron Australia Pty Ltd acts as Operator) therefore requests exemptions from the requirement to hold the following electricity licences:

- 'Generation licence'
- 'Transmission licence'
- 'Distribution licence'
- 'Retail licence'

This application addresses the public interest criteria defined in section 8(5) of the *Electricity Industry Act 2004* (WA) to be considered when determining if the exemptions would not be contrary to public interest.

7 Public Interest Assessment

7.1 Environmental Considerations

7.1.1 Gorgon Joint Venture

The Gorgon Joint Venture's Power Station and distribution and transmission system are included as part of the Gas Treatment Plant's infrastructure that makes up part of the terrestrial facilities referred to and approved under both Commonwealth and State primary environmental legislation. The Gorgon Joint Venture will comply with all relevant legislation and seek any other approvals as required for activities to be conducted in respect of the proposed supply to the Barrow Island Joint Venture.

7.1.2 Barrow Island Joint Venture

Barrow Island Joint Venture's electricity generation works and distribution system for its oil field operations on Barrow Island are regulated under the terms of Lease L1H. The Barrow Island Joint Venture will comply with all relevant legislation and seek any other environmental approvals as required in respect of modifications to its distribution network to facilitate the proposed supply.

7.1.3 Environmental Justification and Consideration of Alternatives

The Barrow Island Joint Venture's proposal to use electricity generated by the Gorgon Joint Venture's Power Station to supplement its existing diesel generated electricity capability will minimise the environmental impact of the Barrow Island

Joint Venture's electricity supply as compared to alternatives like continuing to operate solely on diesel power generation capacity or a new photovoltaic system.

The Gorgon Joint Venture's Power Station uses natural gas as its energy source and as a result, it produces about 30% less carbon dioxide, nitrogen oxide, particulate matter and other exhausts than diesel generators.

Whilst the environmental impacts of an established photovoltaic system are zero, the construction of a new purpose-built photovoltaic system on Barrow Island would be carbon intensive and have a significant impact on the island's environment. This option would require significant land clearing to accommodate the photovoltaic panels, battery storage and cabling required for a system of the size and scale necessary to support these loads. Construction works would also disturb local biodiversity, impacting local habitats and cause soil compaction.

7.2 Social Welfare and Equity Considerations

The grant of the exemption will not have any impact on social welfare and equity issues on Barrow Island given that the island is uninhabited and the conditions of Gorgon Joint Venture's and the Barrow Island Joint Venture's workforce and obligations at a State and Federal level remain unchanged.

Allowing the Barrow Island Joint Venture to utilise spare capacity in the Gorgon Joint Venture's power system to supplement its electricity requirements will facilitate the delivery of electricity that is more reliable, cost efficient and less carbon intensive than alternative solutions.

7.3 Economic, Regional Development, Employment and Investment Factors

The Barrow Island Joint Venture's use of spare capacity in the Gorgon Joint Venture's power system will increase the Gorgon Joint Venture's sunk capital utilisation and use of its existing footprint. It will also provide critical electricity required by the Barrow Island Joint Venture that will allow it to efficiently execute its decommissioning, remediation and rehabilitation activities, and maintain shared infrastructure on the island.

The shared infrastructure is essential to maintain operational activities and provide emergency support in an isolated part of Australia for State Emergency Services and other projects in the region. This helps facilitate new economic, employment and investment opportunities by providing a safety net for future developments in the region.

7.4 Interest of Customers

The Barrow Island Joint Venture will be the only direct customer of electricity supplied by the Gorgon Joint Venture's Power Station. This provides the Barrow Island Joint Venture with a reliable, and low-cost electricity source.

The Gorgon Joint Venture will supply electricity to the Barrow Island Joint Venture on terms consistent with an existing framework agreement for sharing infrastructure.

7.5 Interests of Other Licensees or Applicants

The Gorgon Joint Venture is of the view that the grant of an exemption in respect to the Barrow Island area would not affect the “interests of any licensee, or applicant for a licence, in respect of the area or areas to which the order, if made, would apply” and not be contrary to the public interest.

The Barrow Island area, to which the exemption would apply, encompasses the Gorgon Joint Venture’s Power Station, and Gorgon Joint Venture’s owned distribution and transmission system to the extent it is contained within Barrow Island. This area does not overlap with the area subject to any existing Electrical Industry Act licences.

Further, access to Barrow Island is restricted to the two joint venture projects (the Gorgon Joint Venture and Barrow Island Joint Venture), and State and Federal agencies. With no public access to the island, it would seem unlikely that the State Government would legislate to provide access for other electricity generating works, demonstrating a lack of both potential long-term retail customers in the area, and other future licence applicants.

7.6 Competition in the Electricity Market

The Gorgon Joint Venture does not view the grant of this exemption as being counter to competition and contrary to public interest. There is no electricity industry market on Barrow Island, with the Gorgon Joint Venture and Barrow Island Joint Venture currently relying on the electricity they separately produce from their own operations. There is also no public or private demand for electricity supply on the island, given its isolation and status as a Class A Nature Reserve, that would give rise to an electricity industry market.

7.7 Policy Objectives of Government

The Gorgon Joint Venture notes the State Electricity Objective (**SEO**) recently introduced to the *Electricity Industry Act 1994 (WA)* by the *Electricity Industry Amendment (Distributed Energy Resources) Act 2024 (WA)* being:

The State electricity objective is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity in relation to —

- (a) the quality, safety, security and reliability of supply of electricity; and*
- (b) the price of electricity; and*
- (c) the environment, including reducing greenhouse gas emissions.*

The Gorgon Joint Venture fully supports the promotion of efficient investment in, operation and use of electricity services. In particular, providing a platform that

considers the environmental impacts of electricity supply to its operations, as well as the Barrow Island Joint Venture's, on Barrow Island.

The Gorgon Joint Venture does not view this application as being contrary to the public interest with respect of SEO.

7.8 Other Matters

The Gorgon Joint Venture is already proficient in developing and operating its existing electricity generating works and power transmission network on Barrow Island for the supply of electricity to its LNG facility and domestic gas plant, which are under the Gorgon Joint Venture's direct control, management and statutory responsibility.

The operator of the Gorgon Joint Venture, Chevron Australia, also has a proven record in delivering projects to a world class standard whilst fully complying with its corporate and social responsibilities.