Gas commitment criteria

Classifying new forms of supply in assessing gas supply adequacy

Classifying supply sources

- AEMO traditionally has classified supply sources as:
  - 2P Reserves
    - Those that are ‘proved and probable’. They represent the best estimate of commercially recoverable reserves.
    - ‘2P Developed’ reserves are those from existing wells
    - ‘2P Undeveloped’ reserves are those from wells yet to be drilled
  - 2C Contingent Resources
    - Known but currently not considered commercially recoverable based on one or more contingencies
    - 2C Contingent resources are the ‘best estimate’ of these resources
  - Prospective Resources
    - Volumes associated with undiscovered accumulations. They are estimated, and unproven.

Classifying supply sources

- This classification may lead to some confusion
  - Are 2P Undeveloped reserves 'committed'?
  - Are 2C contingent resources under active consideration, or far from development?

For the 2019 GSOO, AEMO took one step further to try to classify these projects, based on publicly available knowledge of these projects.

- Committed projects – those projects actively under development planning and have passed final investment decision (FID). 2P developments only.
- Anticipated projects – actively under development planning utilising existing production infrastructure so there is a reasonable likelihood of them proceeding. These anticipated projects may include quantities of undeveloped reserves and contingent resources.
- Uncertain projects – those projects that are considered much more uncertain to be developed, and are not as far along the development planning path. In the long term to 2038, uncertain projects include uncertain 2C contingent and prospective resources that are accessible by existing pipeline and processing infrastructure.

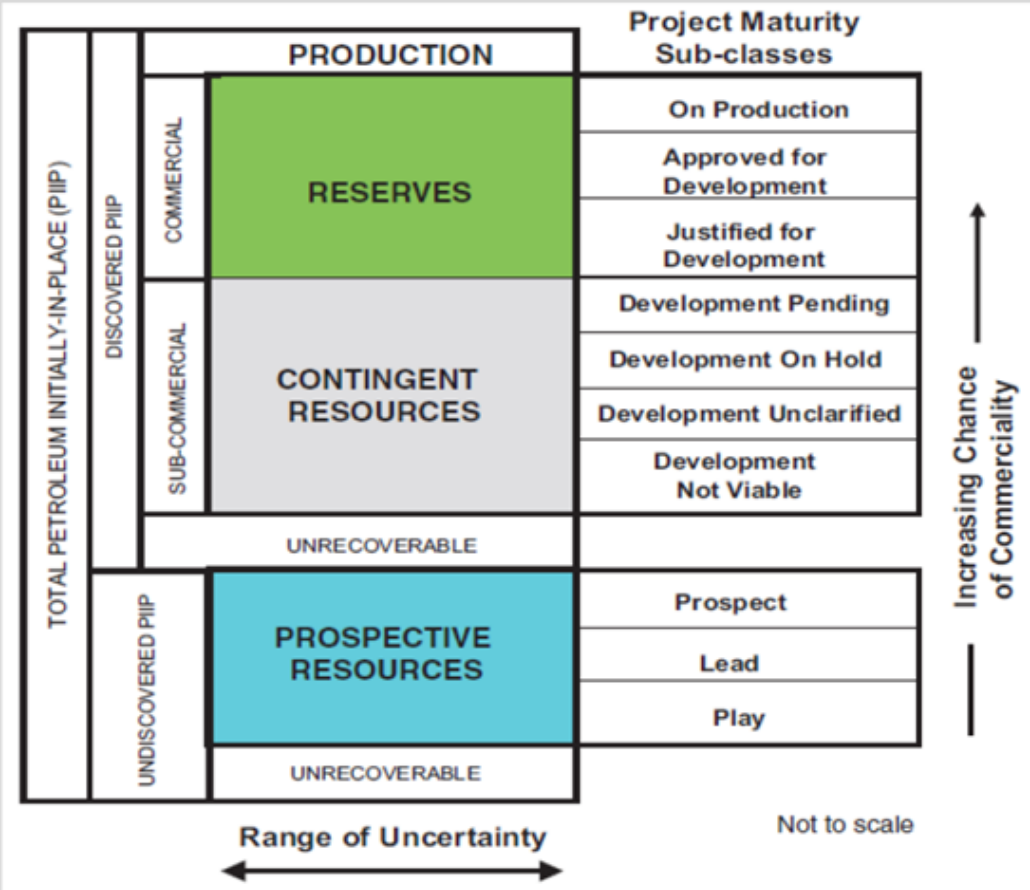
Classifying supply sources

- To improve the transparency of the pipeline of gas supply developments, AEMO proposes to apply refined classifications in the 2020 GSOO.

- AEMO proposes to classify the reserves and resources by using the reserves and resource classification guidelines developed by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS).
  - Already within use in the industry, this will provide a common basis rather than requiring a new classification system to be developed.

Proposed 2020 GSOO project classification

PRMS Project Maturity Sub-classes

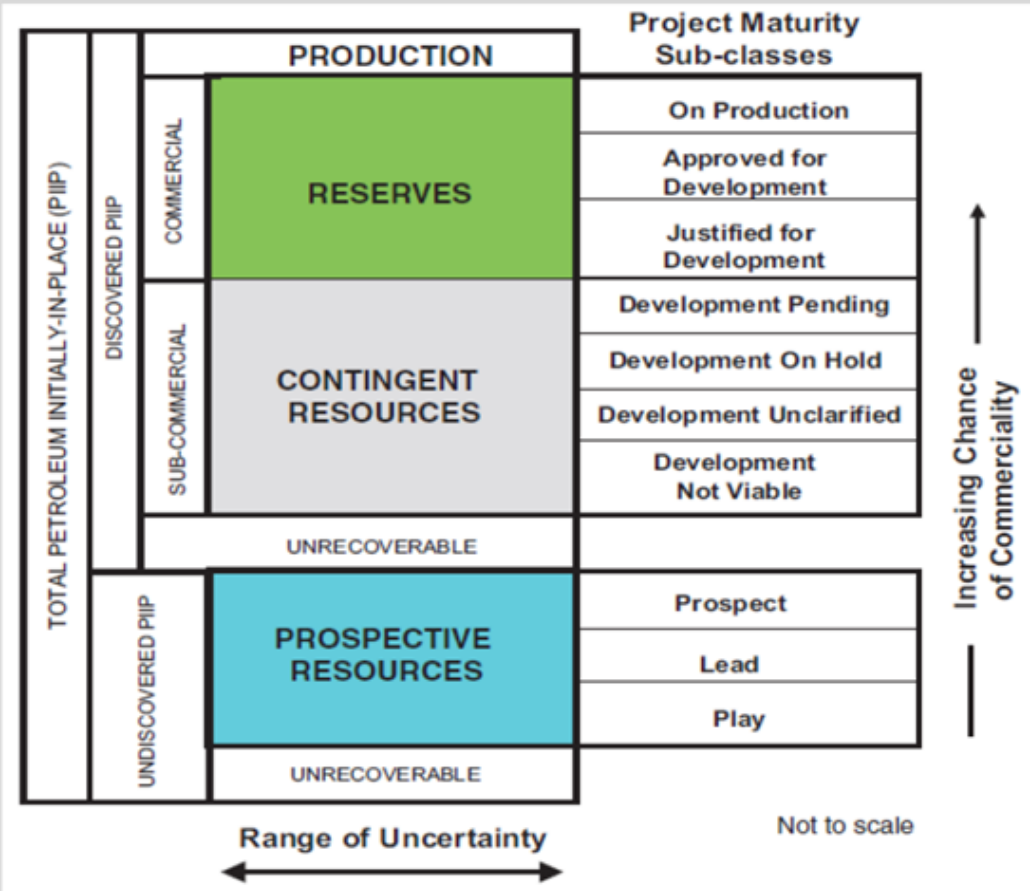


Society of Petroleum Engineers
https://www.spe.org/industry/docs/PRMS_Guidelines_Nov2011.pdf

- **On production** - the project is currently producing or capable of producing and selling gas. (Existing)
- **Approved for development** - all necessary approvals have been obtained, capital funds committed, and implementation of the development project is ready to begin or is under way.
- **Justified for development** - the project is justified on the basis of a reasonable forecast of commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals and contracts will be obtained.
- **Development pending** - a discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.
- **Development on hold** - a discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subjected to significant delay.
- **Development unclarified** - a discovered accumulation where activities are under evaluation and where justification as a commercial development is unknown based on available information.
- **Development not viable** - a discovered accumulation for which there are no current plans to develop or to acquire additional data because of limited production potential.

Proposed 2020 GSOO project classification

PRMS Project Maturity Sub-classes



Society of Petroleum Engineers
https://www.spe.org/industry/docs/PRMS_Guidelines_Nov2011.pdf

COMMITTED

- **On production** - the project is currently producing or capable of producing and selling gas. (Existing)
- **Approved for development** - all necessary approvals have been obtained, capital funds committed, and implementation of the development project is ready to begin or is under way.

ANTICIPATED PROJECTS

- **Justified for development** - the project is justified on the basis of a reasonable forecast of commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals and contracts will be obtained.
- **Development pending** - a discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.

UNCERTAIN

- **Development on hold** - a discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subjected to significant delay.
- **Development unclarified** - a discovered accumulation where activities are under evaluation and where justification as a commercial development is unknown based on available information.
- **Development not viable** - a discovered accumulation for which there are no current plans to develop or to acquire additional data because of limited production potential.
- **All prospective resources**

Questions for the FRG

- Will the proposed project classifications lead to increased understanding surrounding the likelihood of reserves and resources coming to market?
- Do the classifications leave any gaps that are important to close?
- Any suggested adjustments to the proposed?

AEMO

AUSTRALIAN ENERGY MARKET OPERATOR