

Development required to maintain sufficient gas reserves in WA

The Australian Energy Market Operator's (AEMO) 2016 Western Australian Gas Statement of Opportunities (WA GSOO) report released today highlights Western Australia's domestic gas market is expected to be well supplied over the next 10 years, assuming the continued development of gas reserves.

"Growth in domestic gas demand is forecast to be a marginal 0.1% over the outlook period, as there are only a handful of large gas consumers that are expected to enter the market over this horizon, and we are projecting a lower decrease in gas consumption from both mining and minerals processing since this was last reported in the 2015 WA GSOO," said AEMO's Executive General Manager, Western Australia, Cameron Parrotte.

Under its base scenario, AEMO forecasts current and 'in development' gas production facilities would be able to meet demand over the outlook period, and based on current production rates of domestic gas and liquefied natural gas (LNG), proved and probable reserves are expected to last until 2035.

"Assuming the continued development of gas reserves, domestic gas supply in WA could exceed demand by at least 88 terajoules (TJ) per annum over the 10 year outlook period. However, should there be delays in the commencement of the Wheatstone domestic gas production facility, the domestic market could become tight in 2017 or 2018.

"It is important to highlight that continued expenditure may be required to enable several other domestic production facilities to have sufficient developed reserves to operate beyond 2021.

"Adding to the uncertainty, a large proportion of proved and probable reserves are held by LNG export facilities, who may only make gas available for the domestic market beyond their domestic gas obligation quantities should it be commercially viable," said Mr Parrotte.

With approximately 92% (158,373 PJ) of Australia's total conventional gas resources located onshore and offshore in WA, it is important to note that a large proportion of these resources have not been explored and discovered. In addition to the above, an estimated 311,428 PJ of unconventional resources (tight and shale gas) may be located in WA.

Based on data for the 2016 year to date, exploration in WA's gas basins is currently at the lowest levels observed since 1990, predominantly due to recent decreases in the international oil price and increasing costs of drilling exploration wells.

"AEMO continues to work closely with the WA energy industry to monitor, analyse and report on growing trends within the state to maintain secure energy supply to consumers," said Mr Parrotte.

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About the WA GSOO

The 2016 WA GSOO provides the AEMO's independent assessment of the WA domestic gas market for the outlook period 2017 to 2026. The WA GSOO presents forecasts of WA gas demand and potential supply, including an overview of gas infrastructure and emerging issues affecting the gas industry. It is designed to assist gas market participants and other stakeholders to identify potential sources of domestic gas supply, constraints and opportunities in the WA gas market.

AEMO's National Gas Forecasting Report released today

AEMO's National Gas Forecasting Report (NGFR) has also been published today. It provides independent annual gas consumption and maximum gas demand forecasts across eastern and south-eastern Australia's interconnected gas markets over a 20-year outlook period. The forecasts explore high, medium and low gas consumption scenarios. The NGFR forecasts are a key input into AEMO's annual Gas Statement of Opportunities (GSOO) which uses gas consumption and LNG export forecasts to determine the adequacy of gas supplies and infrastructure in eastern and south-eastern Australia.

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ABOUT AEMO

AEMO is responsible for operating Australia's largest gas and electricity markets and power systems, including the National Electricity Market and interconnected power system in Australia's eastern and south-eastern seaboard, and the Wholesale Electricity Market and power system in Western Australia.

AEMO also operates the Victorian Declared Wholesale Gas Market and the Victorian gas transmission system; the wholesale gas Short Term Trading Market hubs in Adelaide, Sydney and Brisbane; the Wallumbilla Gas Supply Hub in Queensland.

As Australia's independent energy markets and power systems operator, AEMO provides critical planning, forecasting and power systems security advice and services to deliver energy security for all Australians. For more information, head to www.aemo.com.au