Department of
Jobs, Tourism, Science and Innovation

GOVERNMENT OF WESTERN AUSTRALIA

WA Domestic Gas Policy

Presentation for
WA Gas Consultative Forum

16 November 2023

Presentation content

- **WA Domestic Gas Policy (Policy) overview**
- **Compliance**
- **Policy challenges and opportunities**
- **Upcoming priorities**

WA Domestic Gas Policy overview

The *WA Domestic Gas Policy* – The Three Pillars

Reservation

Reserve domgas equivalent to 15% of LNG production

Infrastructure

Develop and maintain access to domgas supply infrastructure

Marketing

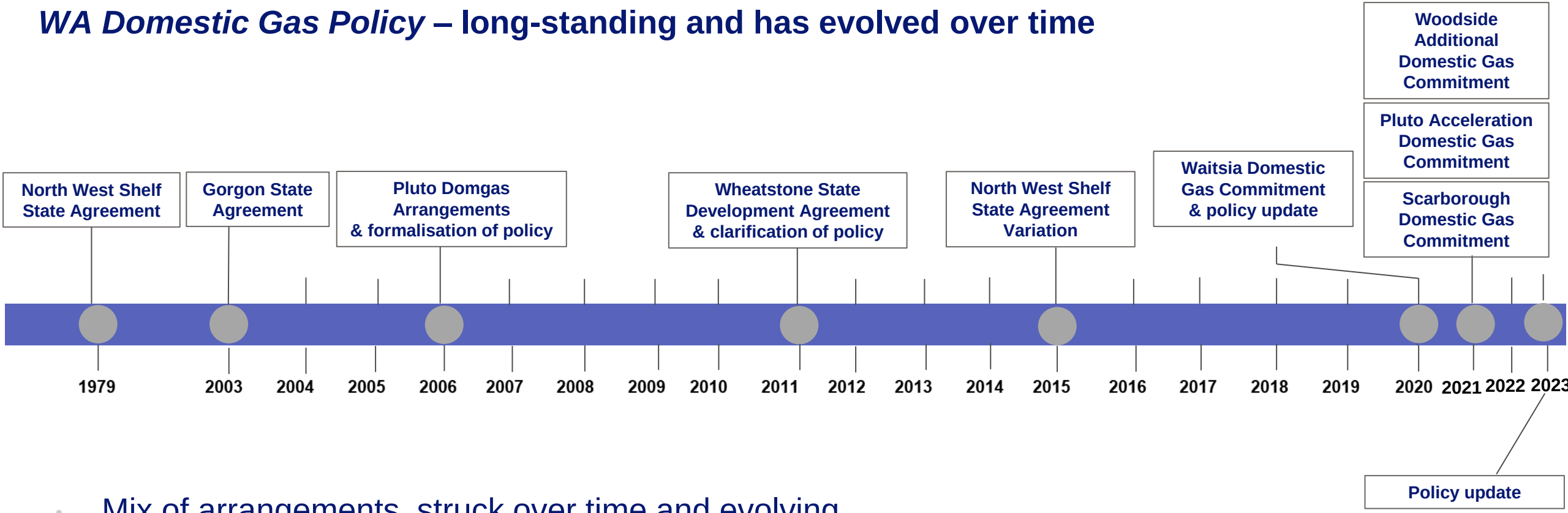
Show diligence and good faith in marketing gas to WA consumers

- Policy is a condition of project approval.
- Policy is given effect through contractual commitments with the State NOT legislation/regulation.

Policy clarifications

- Flexible application – 15% over life of the project/agreement NOT per annum
- Domgas from start of LNG production
- Government receives NO reporting on prices, nor has any influence on prices
- Gas to eastern states or to power ships NOT domgas
- Supply from other energy sources allowed if a net addition to WA's energy supply ("offsets")

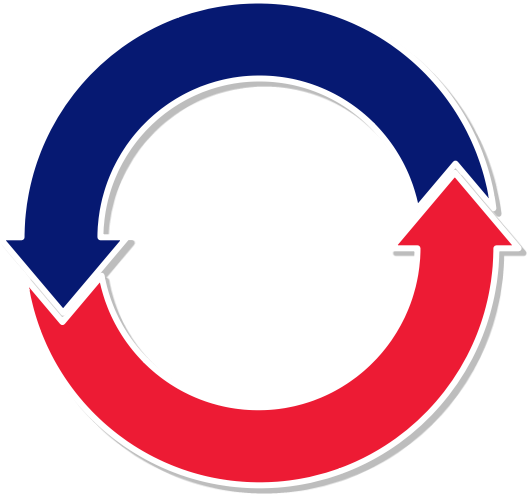
WA Domestic Gas Policy – long-standing and has evolved over time



- Mix of arrangements, struck over time and evolving
- State Agreements and those struck since 2020 available in full on web

Recent Policy developments and commitments

- **Policy update, August 2020**
  - Ban export of WA pipeline gas, other than in exceptional circumstances (Waitsia exemption)
  - Tightened compliance monitoring and improved transparency
- **Policy update, August 2023**
  - No further exemptions
  - Clarification for Perth and Canning Basins



- **Recent commitments (2020-2021)**
  - Agreements support tighter compliance, improved reporting and transparency
    - Waitsia
    - Pluto Acceleration
    - Additional Commitment
    - Scarborough

Role of JTSI

Monitor and enforce compliance with the Policy

Policy development and application

Negotiate new domestic gas agreements

Compliance

Compliance process

- Companies report annually (end Mar) for preceding calendar year.
- JTSI uses information from companies to assess compliance against Policy pillars.
- JTSI informs 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 to be provided via Annual Statement initiative, currently being developed.

Project Operator, date (first year domgas production)	**Infrastructure**	**Indicative commitment** Total (PJ) Daily rate (TJ/d)	**Supply to end 2022**	**Obligation met at end 2022**
Gorgon *Chevron, 2017*	300 TJ/d domgas facility	2,000 PJ (300 TJ/d)	387 PJ	20%
Pluto *Woodside, 2017*	25 TJ/d compression facility 15 TJ/d truck loading facility	390 PJ (115 TJ/d)	23 PJ	6%
Wheatstone *Chevron, 2019*	215 TJ/d domgas facility	1,530 PJ (200 TJ/d)	209 PJ	14%
North West Shelf *Woodside, 2016*	630 TJ/d domgas facility	703 PJ (90 TJ/d)	149 PJ	21%
Waitsia *Mitsui, 2020*	28 TJ/d domgas facility 250 TJ/d domgas facility (Under construction)	62 PJ (20 TJ/d)	21 PJ	34%
Pluto Acceleration *Woodside, 2022*	Interconnector & 630 TJ/d domgas facility	20.5 PJ (18 TJ/d)	8 PJ	39%
Additional Commitment *Woodside, 2025*	630 TJ/d domgas facility	45.6 PJ (25 TJ/d)	-	-
Scarborough *Woodside, 2026*	225 TJ/d domgas facility (Under construction)	1,400 PJ (180 TJ/d)	-	-

Domgas Policy challenges and opportunities

Challenges and opportunities

- Tight market with the risk of shortfalls
  - Minister engaging with companies through compliance process
  - Cross-government Senior Advisory Group established
  - Inquiry into the Policy – Market transparency to drive effective operation of Policy and efficient operation of the market.
- Energy transition and long-term role of gas
  - Gas to play critical role in transition to net zero
  - Offsets to support this transition
  - Future Gas Strategy – Delivery of Strategy objectives contingent on orderly energy transition, stable policy/regulatory settings, increased market transparency and support for emissions reduction measures.
- Vertical integration
  - Gas for existing users v producers with gas-intensive downstream developments

Upcoming priorities

Evolving Policy objectives

- Policy has traditionally been focused on supply sufficiency.
- Need to recognise the role of the Policy in also supporting the transition to a new energy economy and net zero.
- Policy is evolving and responding to this changing landscape.

WA Domestic Gas Policy from here

- **Improved transparency**
  - Recommence work on the Annual Statement with aim to publish by June 2024
  - Restructure Domgas Policy webpage
- **Offsets**
  - Develop a framework and guidelines for offsets under the Policy.
- **Vertical integration**
  - Develop policy position on own use for downstream developments.
- **Inquiry recommendations**
  - Consider recommendations from the Inquiry for implementation (e.g. compliance, transparency etc)

Further information :

***WA Domestic Gas Policy* Website**
https://www.wa.gov.au/government/publications/wa-domestic-gas-policy

https://www.wa.gov.au/government/publications/implementation-of-the-wa-domestic-gas-policy

https://www.wa.gov.au/government/document-collections/wa-domestic-gas-policy-documents

Contact:

Vivek Karia
Project Manager
Project Facilitation
6277 2935
vivek.karia@jtsi.wa.gov.au