

Gas in WA: Exports

The WA gas industry prioritises exports over domestic supply. A handful of multinational oil and gas companies export or use 90% of gas processed in Western Australia. 35 times more gas is used for export than is used in electricity generation in WA, 30 times more than the mining industry uses.

The liquified natural gas industry in WA is at least 83% foreign owned.

Woodside's North West Shelf Extension proposal would lock in export gas demand double that of WA domestic use. It has not identified new supply sufficient for its LNG production capacity, providing a huge incentive to divert domestic gas for export, permanently destabilising the WA domestic gas market.

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Acknowledgements

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Summary

If Western Australia was a country, it would be the world's third largest exporter of liquefied natural gas (LNG). Yet, despite the huge amounts of gas produced in WA annually, recent media reports claim the state is heading for a gas shortage.

How can WA be running short of gas when it is a globally significant producer?

The simple answer is that almost 90% of the gas produced in WA is either exported, or used by the export LNG industry for its own energy requirements. The LNG industry exports or uses:

- 35 times the amount of gas that Western Australia uses for electricity generation.
- 29 times more gas than is used for minerals processing.
- 30 times more gas than the mining industry.
- 53 times more than WA's industrial use outside the resource sector.
- 114 times more gas than is used by households and businesses through the distribution network.
- 8 times the gas of the rest of the WA economy and community combined.

WA's gas exports come from five main LNG projects, each of which is a joint venture between multinational gas companies such as Chevron, Exxon Mobil and Shell. The only gas company with any significant Australian ownership is Woodside, and even it is at least 23% foreign-owned.

In total, the LNG projects in WA are at least 83% foreign owned.

Not only does this mean that the profits of these projects largely go offshore, but it means that the gas resources in WA and off its coast are not being managed in a way that promotes the interest of the Western Australian or wider Australian communities.

Woodside's North West Shelf Extension proposal is of particular concern as it would extend the life of Australia's largest LNG facility for 50 years. Despite the scale of this extension, approval is being sought without the project identifying gas supply sufficient for its LNG production capacity. This is a fundamental difference between this project and all previous LNG projects in WA. By locking in a major source of export demand without sufficient new supply, the NWS Extension has a strong incentive to attempt to redirect domestic gas for export. This could permanently destabilise the WA domestic gas market.

Introduction

If Western Australia was a country, it would be the world's third largest exporter of liquefied natural gas (LNG) after Qatar and the USA.¹ Despite the huge amounts of gas produced in WA annually, recent media reports claim the state is heading for a gas shortage.²

How can WA be running short of gas when it is a globally significant producer?

The answer is that the gas industry is not acting in the interests of Western Australians. They consistently fail to meet requirements to reserve just 15% of the gas they produce for domestic use, instead choosing to use most of the gas for export.³

Disregard for the interests of Western Australians is evident not just in relation to the supply of gas, but also in relation to economic impacts and exacerbating the climate change that WA is already experiencing.

The gas industry's abuse of the Western Australian community has gone on for too long. It is time for an honest public conversation about gas in WA. This report focuses on gas production and exports as part of a series that hopes to contribute to this public discussion. A previous report demonstrates how little the gas industry contributes to WA Government revenue, and how few people are employed in the LNG industry in WA.⁴ A future report will examine the impact that LNG production is having on the climate in WA.

¹ According to the Statistical Review of World Energy, in 2022 the USA produced 119 billion cubic meters (Bcm), [4185 PJ] Qatar 114 Bcm [4009 PJ] and Australia 112 Bcm [3939 PJ] of which WA produced approx 60% or 67 Bcm [2356 PJ]. See Energy Institute (2023) *Statistical Review of World Energy*, <https://www.energyinst.org/statistical-review/resources-and-data-downloads>; WA Department of Mines, Industry, Regulation and Safety (DMIRS) (2023) *2022-23 Major Commodities Resource Data File*, <https://www.dmp.wa.gov.au/About-Us-Careers/Latest-Statistics-Release-4081.aspx>

² See for example, Mercer (2024) *Woodside called out for not 'playing fair' in WA gas policy probe as a gas shortage looms large*, <https://www.abc.net.au/news/2024-02-25/woodside-called-out-in-wa-domestic-gas-policy-probe/103505964>

³ WA Economics and Industry Standing Committee (2024) *Report 7: Domestic Gas Security in a Changing World: Inquiry into the WA Domestic Gas Policy: Interim Report*, [https://www.parliament.wa.gov.au/parliament/commit.nsf/\(Report+Lookup+by+Com+ID\)/69645A35F520AF0448258ACB000AA619/\\$file/20240221%20-%20RPT%20-%20DomGas%20Interim%20Report.pdf](https://www.parliament.wa.gov.au/parliament/commit.nsf/(Report+Lookup+by+Com+ID)/69645A35F520AF0448258ACB000AA619/$file/20240221%20-%20RPT%20-%20DomGas%20Interim%20Report.pdf)

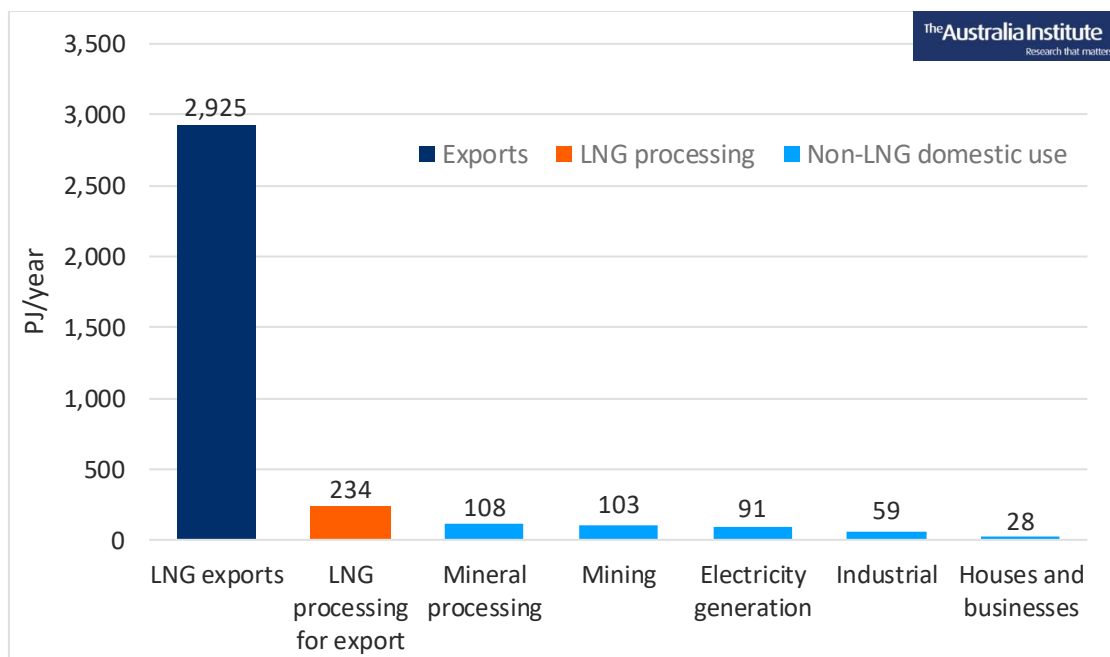
⁴ Ogge, M., Campbell, R. (2024), *Gas in WA: the economy*, <https://australiainstitute.org.au/report/gas-in-wa/>

Exports and WA's phony gas shortage

If Western Australia is a major global producer, can it possibly be facing a gas shortage? And if so, how?

The simple answer is that almost 90% of the gas produced in WA is either exported, or used by the export LNG industry for its own energy requirements, as shown in Figure 1 below:

Figure 1: Gas consumption in WA by sector, 2022



Source: AEMO (2023) *Gas Statement of opportunities WA*, https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/wa_gsoo/2023/2023-wa-gas-statement-of-opportunities-wa-gsoo.pdf?la=en

The process of converting gas into LNG for export requires significant energy, which is itself generated by burning gas. Figure 1 shows that after the gas that is exported, the single largest use of gas in Western Australia is for processing that exported gas. The amount of gas for this purpose alone is 3.5 times the amount used for electricity generation.

Figure 1 also shows that the LNG export industry consumes:

- 35 times the amount of gas that Western Australia uses for electricity generation.
- 29 times more gas than is used for minerals processing.
- 30 times more gas than the mining industry.
- 53 times more than WA's industrial use outside the resource sector.
- 114 times more gas than is used by households and businesses through the distribution network.
- 8 times the gas of the rest of the WA economy and community combined.

Since 2006, Western Australia has required that gas exporters reserve 15% of the gas they produce for local use. A state parliamentary inquiry, which delivered its interim report in February 2024, has found that gas exporters have not complied with this requirement; instead, they have supplied just 8%, barely half of what they were supposed to provide:

Since their commitments started, LNG producers have on average delivered around 8% of domestic gas relative to LNG exports; just over half of what is required to be reserved under the WA Domestic Gas Policy.⁵

In other words, if gas companies had complied with their commitments under Western Australia's domestic gas policy, there would be no shortage.

Of course, the gas companies propose an alternative solution to supplying Western Australians with the gas they are entitled to from existing projects: develop new projects. Instead of simply supplying the gas they have agreed to supply, these companies use the threat of a gas shortage, a shortage entirely of their own making, to pressure governments to approve new projects. These new projects would, like the existing projects, be largely for export.⁶

In reality, WA is a major gas producer. Any domestic shortage is driven by the prioritisation of exports (and the accompanying profits), and could be solved by

⁵ WA Economics and Industry Standing Committee (2024) *Report 7: Domestic Gas Security in a Changing World: Inquiry into the WA Domestic Gas Policy: Interim Report*, [https://www.parliament.wa.gov.au/parliament/commit.nsf/\(Report+Lookup+by+Com+ID\)/69645A35F520AF0448258ACB00AA619/\\$file/20240221%20-%20RPT%20-%20DomGas%20Interim%20Report.pdf](https://www.parliament.wa.gov.au/parliament/commit.nsf/(Report+Lookup+by+Com+ID)/69645A35F520AF0448258ACB00AA619/$file/20240221%20-%20RPT%20-%20DomGas%20Interim%20Report.pdf)

⁶ For example, Woodside says that any delays to its Scarborough project "threaten the delivery of much-needed new supplies to the Western Australian domestic market". See MacDonald-Smith (2023) *Woodside calls for 'urgent' reforms amid threat to Scarborough gas*, <https://www.afr.com/companies/energy/woodside-calls-for-urgent-reforms-amid-threat-to-scarborough-gas-20231017-p5ed1m>

ensuring sufficient gas is supplied to Western Australians, instead of being exported. There is no need for the state to allow large new gas projects when so much of that gas already being produced is being exported.

Who exports WA's gas?

The large volumes of gas exported from Western Australia are exported by a handful of predominantly foreign-owned oil and gas companies such as Chevron, Shell and Exxon Mobil. Table 1 below lists the five LNG export projects in WA or off its coast, the joint venture partners involved in each project, the share of the project each partner owns and the capacity of the project:

Table 1: Company share of WA LNG projects

The Australia Institute Research that matters.		Joint venture partners	Share of project	Project capacity	Partner share of project capacity	Partner-project share of total WA LNG capacity
Project			%	Mtpa LNG	Mtpa LNG	%
North West Shelf	Woodside		33.3	16.9	5.6	11.3
	BP		16.7		2.8	5.6
	Chevron		16.7		2.8	5.6
	MIMI		16.7		2.8	5.6
	Shell		16.7		2.8	5.6
Pluto	Woodside		90.0	4.9	4.4	8.8
	Tokyo Gas		5.0		0.2	0.5
	Kansai Electric		5.0		0.2	0.5
Gorgon	Chevron		47.3	15.6	7.4	14.8
	ExxonMobil		25.0		3.9	7.8
	Shell		25.0		3.9	7.8
	Osaka Gas		1.3		0.2	0.4
	Tokyo Gas		1.0		0.2	0.3
	JERA		0.4		0.1	0.1
Wheatstone	Chevron		64.1	8.9	5.7	11.4
	KUFPEC		13.4		1.2	2.4
	Woodside		13.0		1.2	2.3
	PE Wheatstone		8.0		0.7	1.4
	Kyushu Electric		1.5		0.1	0.3
Prelude	Shell		67.5	3.6	2.4	4.9
	Inpex		17.5		0.6	1.3
	KOGAS		10.0		0.4	0.7
	CPC		5.0		0.2	0.4
Total				49.9		100.0

Source: Government of Western Australia (2024) *WA LNG profile February 2024*,

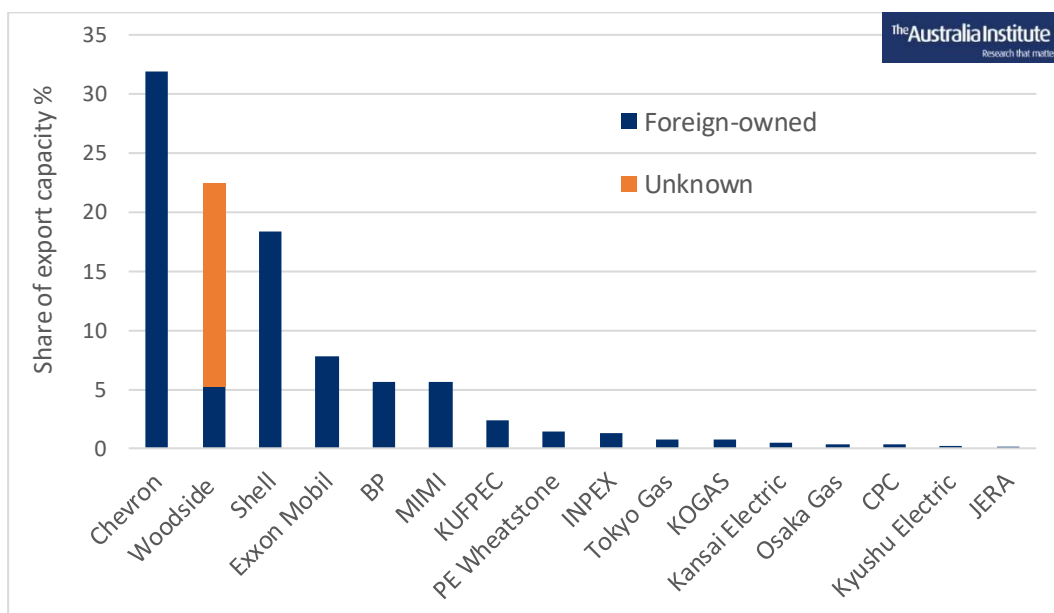
<https://www.wa.gov.au/government/publications/western-australias-economy-and-international-trade>

The right hand columns of Table 1 show each joint venture partner’s share of the project’s capacity and that share as a percentage of total WA LNG capacity. We see that the largest shares are owned by Chevron, with its stake in the Gorgon project representing 14.8% of WA LNG capacity and its share in Wheatstone representing 1.4% of WA production capacity.

The joint venture partners in Table 1 are mainly entirely foreign-owned. In the analysis below, we assume that foreign-based companies like Chevron, Shell and Exxon are entirely foreign-owned. While some Australians will have shares in these companies, the level of Australian ownership is inconsequential for all practical purposes. The only LNG company based in Australia is Woodside. Woodside does not publish levels of foreign ownership, but at least 23% of the company is owned by US investors according to Woodside management quoted in media reports.⁷

Figure 2 below uses the data in the final column of Table 1 above to estimate each company’s share of WA LNG capacity. Columns and parts of columns shaded blue are entirely foreign-owned, while the orange shaded section of the Woodside column includes an unknown but significant level of Australian ownership:

Figure 1: Foreign ownership of WA LNG projects and share of export capacity.



Sources: Government of Western Australia (2024) *WA LNG profile February 2024*,

The blue columns in Figure 2 sum together to reach 83%. This is the share of gas exports from WA that are entirely foreign-owned. The remaining 17% is Woodside’s

⁷ Energy News Bulletin (2022) *Creeping foreign ownership of Woodside raises security issues*, <https://www.energynewsbulletin.net/opinion/news/1444485/slugcatcher-creeping-foreign-ownership-woodside-raises-security-issues>

non-USA ownership that includes a significant but unknown level of Australian ownership. At most, Australian ownership of LNG exports from WA is 17%.

The level of foreign ownership is important for two reasons. Firstly, profits flow almost entirely to the owners of these companies, and if those owners are overseas, then the benefits largely go offshore. Secondly, it means foreign companies control these gas resources, companies that will not necessarily act in Western Australia's or Australia's interests.

Further expansion

The problems caused by gas exporters in WA are poised to get worse before they get better. Despite a chorus of calls to end fossil fuel expansion, featuring voices as diverse as the United Nations,⁸ researchers at the International Energy Agency,⁹ and scientists both in Australia¹⁰ and around the world,¹¹ the global oil and gas exporters operating in Western Australia are planning a major expansion.

Foremost among these plans is Woodside's proposed Burrup Hub expansion. This plan involves multiple aspects, as follows:

- Doubling the capacity of the Pluto LNG terminal.
- Developing the Scarborough gas field to feed that terminal.
- Extending the operating of the North West Shelf LNG terminal, the oldest largest and most polluting in the country, by 50 years.
- Extending the operation of the emissions-intensive Browse gas field to feed the North West Shelf terminal.

These projects are currently before the Australian Government for final decisions. Given the volume of the potential emissions that would be produced if the expansion was to go ahead, this is likely to be the most important climate decision made by the current Australian Government.

PLUTO EXPANSION AND SCARBOROUGH GAS FIELD

Woodside has proposed an expansion to the Pluto LNG export facility on the Burrup Peninsula to enable the export of more than double the current amount of LNG. The expansion will increase the capacity of 4.9 Mtpa to around 10 Mtpa, fed largely by the Scarborough gas field and facilitated by the construction of a new LNG train. Climate

⁸ UN (2023) *Guterres calls for phasing out fossil fuels to avoid climate 'catastrophe'*, <https://news.un.org/en/story/2023/06/1137747>

⁹ IEA (2021) *Net Zero by 2050 A Roadmap for the Global Energy Sector*, https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

¹⁰ The Australia Institute (2023) *Open letter to the Australian Government: Protecting Our Climate Means Preventing New Australian Fossil Fuel Projects*, <https://australiainstitute.org.au/wp-content/uploads/2023/03/Climate-Scientist-Open-Letter-WEB.pdf>

¹¹ The Australia Institute (2023) *Australia's Fossil Fuel Hypocrisy Called Out on the World Stage*, <https://australiainstitute.org.au/post/australias-fossil-fuel-hypocrisy-called-out-on-the-world-stage/>

policy institute Climate Analytics estimates the total emissions from the project to be 40 million tonnes annually and 1.37 billion tonnes of CO₂-e over its lifetime.¹²

BROWSE GAS PROJECT

Woodside is also proposing the development of the Brecknock, Calliance and Torosa offshore gas fields in the Browse gas basin, located approximately 425 km north of Broome. Under this proposal, two floating production storage and offloading (FPSO) facilities would send 11.4 Mt of LNG/LPG and gas every year through a 900km pipeline to Woodside's North West Shelf facility on the Burrup Peninsula. This gas would be predominantly for export.¹³

Emissions from export gas projects include emissions from extracting and processing the gas in Western Australia, which are often referred to as direct emissions. However, the bulk of emissions occur in customer countries when the gas is burned. Woodside estimates the direct emissions that occur within WA would be 163 Mt over the project's 44-year lifetime, equating to around 3.6 Mt per annum.¹⁴

The emissions from transporting, regasification and combustion of the gas in the customer country, or scope 3 emissions, can be estimated using a factor of 3.13 kg CO₂-e/ kg LNG, used by Woodside to estimate scope 3 emissions from the Scarborough project. For Browse, this would amount to around 36 Mt CO₂-e annually.¹⁵

¹² Climate Analytics (2021) *Woodside's Scarborough and Pluto Project undermines the Paris Agreement*, <https://climateanalytics.org/publications/2021/warming-western-australia-how-woodsides-scarborough-and-pluto-project-undermines-the-paris-agreement/#:~:text=The%20total%20cumulative%20Scope%201,respectively%20of%20WA's%202005%20emissions.>

¹³ Woodside Energy (2023) *Project Browse*, <https://www.woodside.com/what-we-do/developments-and-exploration/browse>

¹⁴ Woodside (2023) *Proposed Browse to North West Shelf Project: Supplement Report to the Draft Environment Impact Statement (EPBC 2018/8319)*, [https://www.woodside.com/docs/default-source/our-business---documents-and-files/Burrup-hub---documents-and-files/browse---documents-and-files/proposed-browse-to-nws-project---supplement-report-to-the-draft-eis-\(epbc-2018-8319\).pdf?sfvrsn=231f858b_3](https://www.woodside.com/docs/default-source/our-business---documents-and-files/Burrup-hub---documents-and-files/browse---documents-and-files/proposed-browse-to-nws-project---supplement-report-to-the-draft-eis-(epbc-2018-8319).pdf?sfvrsn=231f858b_3)

¹⁵ Woodside (2020) *Woodside Scarborough OPP*, p. Table 7-18, p.379, <https://www.woodside.com/docs/default-source/our-business---documents-and-files/burrup-hub---documents-and-files/scarborough---documents-and-files/scarborough-offshore-project-proposal.pdf>

The project is awaiting a final decision under Commonwealth environmental law from Australia's Environment Minister, Tanya Plibersek.¹⁶

NORTH WEST SHELF EXTENSION

The North West Shelf is Australia's oldest and largest LNG facility with a total demand of around 2,500 TJ/day, or LNG production capacity of 18.5 Mt per annum. This demand represents more than double current domestic gas demand in WA of around 1,100 TJ/day.¹⁷ Woodside is proposing a 50-year extension to the NWS facility that would extend its operations until 2070.

This represents a major source of emissions. Woodside estimates North West Shelf LNG will emit 91 Mt CO₂-e annually during the proposed extension, including 80.2 Mt of emissions from transporting, regasification and combustion of the gas (often referred to as Scope 3 emissions), 7.7 Mt of emissions from processing the gas, and 3.6 Mt of emissions from the Browse gas field that feeds North West Shelf. The latter two would occur in Australia and are often referred to as Scope 1 emissions.¹⁸ This would mean over 4.3 billion tonnes of emissions over the life of the project.

Despite this, Western Australian Environmental Protection Authority (WA EPA) has recommended approval of the project to the Western Australian Government. This recommendation is currently subject to a review process. Under Commonwealth law, the project would also require approval from the federal Environment Minister.

¹⁶ Commonwealth Government (2023) *EPBC Act Public Portal, Browse to North West Shelf Development, Indian Ocean, WA, EPBC Number: 2018/8319*, <https://epbcpublicportal.awe.gov.au/all-referrals/project-referral-summary/?id=19598791-d6d1-e811-a2e6-005056ba00a8>

¹⁷ Woodside are applying for continuations of NWS capacity 18.5 Mtpa LNG, Woodside 2019, North West Shelf Project Extension Environmental Review Document, https://www.epa.wa.gov.au/sites/default/files/PER_documentation2/NWS%20Project%20Extension%20-%20Environmental%20Review%20Document.pdf. This converts to 902 PJ/year, 2,470 TJ/day. WA domestic gas demand in 2023 was 1,066 TJ/day, AEMO (2023) WA GSOO 2023, https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/wa_gsoo/2023/2023-wa-gas-statement-of-opportunities-wa-gsoo.pdf?la=en

¹⁸ WA EPA (2022) *North West Shelf Project Extension Proposal* https://www.epa.wa.gov.au/sites/default/files/EPA_Report/EPA%20Report%201727%20-%20North%20West%20Shelf%20Extension%20Project%20-%20assessment%20report.pdf. : Woodside (2021) *North West Shelf Project Extension Greenhouse Gas Management Plan; Browse Basin Emissions: Woodside (2019) Proposed Browse to NWS project Draft EIS/ERD*

Beyond the climate impacts of the project, approving the North West Shelf (NWS) Extension proposal would dramatically reshape WA's domestic gas market.

The proposal to extend the life of the LNG export facility for half a century would lock in a level of export demand almost two and half times greater than WA's domestic gas demand. Worse, it would do so without identifying where this gas would come from. If approved, this will create a dynamic of shortages and price increases potentially more severe than what the east coast gas market has experienced since LNG exports began there in 2014.

Because 15% of production from projects is *theoretically* reserved for WA's domestic market, it is often assumed that more LNG exports will result in more domestic gas. However, the final report of the Parliamentary Inquiry into the WA Domestic Gas Policy, comprehensively shows LNG producers have delivered only a fraction of their domestic gas obligations.¹⁹ The long-held assumption of secure WA domestic gas supply should not be applied to the NWS Extension, not only because of the findings of the Parliamentary inquiry, but also because its gas supply arrangements are fundamentally different to previous LNG projects.

Approvals of previous LNG export facilities in WA have all specified where gas supply would come from. Each has included details on which offshore gas fields would supply gas, at volumes sufficient for the relevant LNG production capacity.

Woodside has not identified supply sufficient for the capacity of the NWS Extension. The NWS facility is currently supplied by offshore gas in Commonwealth waters, but these fields are expected to end production by 2036.²⁰ The main potential new supply, Browse, is far from certain, and could only fill a fraction of the NWS Extension's capacity over the proposed 50 year life.

Instead, Woodside describes its strategy for the Extension as the "transformation of the Karratha Gas Plant (KGP) into a third-party gas tolling facility."²¹ The gap between

¹⁹ Tinley et al (2024) *Domestic Gas Security In a Changing World, Inquiry into the WA Domestic Gas Policy: Final Report*,

[https://www.parliament.wa.gov.au/Parliament/commit.nsf/\(Report+Lookup+by+Com+ID\)/27F837EAB987BD9548258B790020F885/\\$file/20240814%20-%20RPT%20-%20DOMGAS%20FINAL%20updated%20for%20web.pdf](https://www.parliament.wa.gov.au/Parliament/commit.nsf/(Report+Lookup+by+Com+ID)/27F837EAB987BD9548258B790020F885/$file/20240814%20-%20RPT%20-%20DOMGAS%20FINAL%20updated%20for%20web.pdf)

²⁰ KPMG (2022) *Woodside Petroleum Ltd, Independent Expert Report for the proposed merger between Woodside and BHP's petroleum business*, p.216,

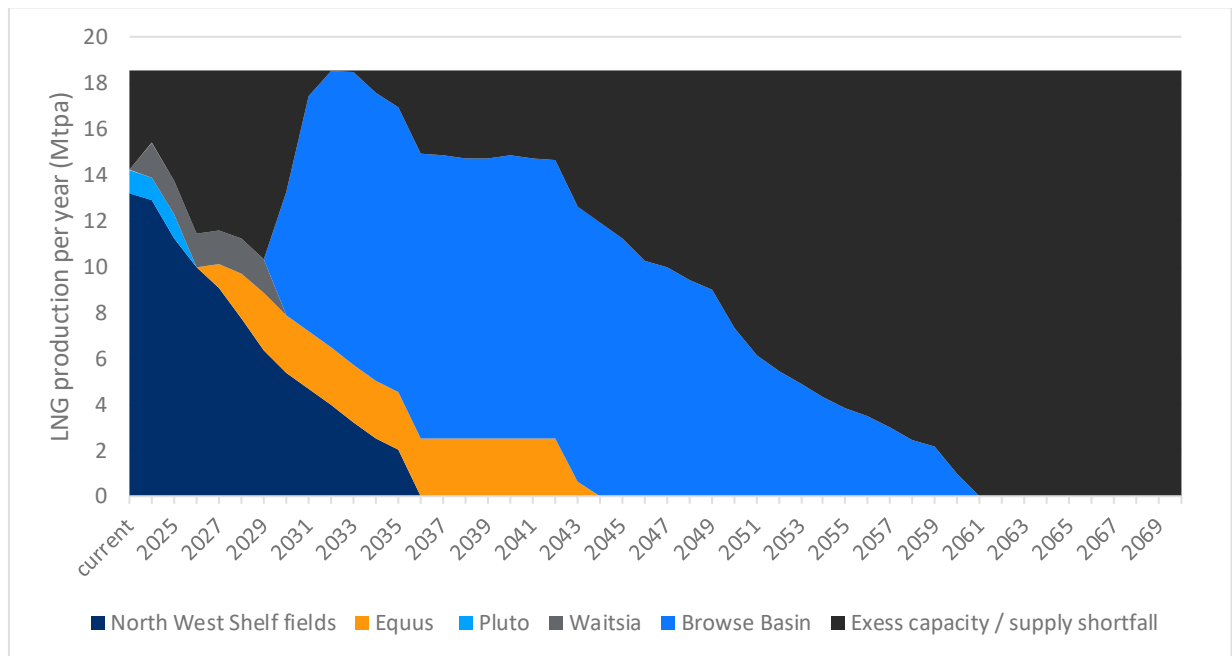
<https://announcements.asx.com.au/asxpdf/20220408/pdf/457vkk523x0q8z.pdf>

²¹ Woodside (2020) *ASX Announcement, NWS Project Participants Execute Gas Processing Agreements*, https://www.woodside.com/docs/default-source/asx-announcements/2020-asx/nws-project-participants-execute-gas-processing-agreements.pdf?sfvrsn=1379d276_2

the capacity of the NWS Extension and identified supplies, the gap that Woodside hopes “third parties” might fill, will place huge pressure on WA’s domestic gas supply.

Figure 3 below uses Woodside’s ASX disclosures to chart available and potential gas sources. It shows that the NWS facility will face an export gas supply gap (shown in black) to 2029, and then again from the early 2030s. No non-domestic sources have been identified to fill this gap.

Figure 3: NWS Extension capacity and potential supply



Source: Woodside documents analysed in Versteegen (2024) *Submission to Inquiry into the WA Domestic Gas Policy*, Excess LNG export capacity and state energy policies as emerging threats to WA’s domestic gas market, environment, and economy

The analysis in Figure 3 is supported by Wood Mackenzie research that notes the NWS facility would have “up to 7 million tonnes per annum (mtpa) of spare capacity available by 2027, equating to “to 40% of the project’s nominal capacity.”²²

It is important to note that Figure 1 is based on a best-case scenario. It assumes:

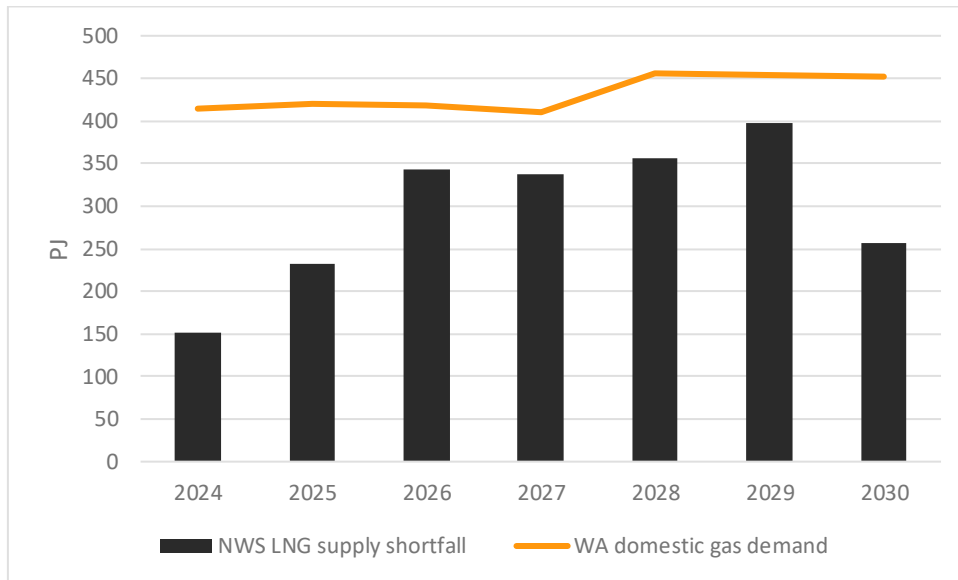
- Existing NWS fields last to 2036.
- Inclusion of gas from the declining Pluto fields (the ‘Pluto Accelerator’).
- The Browse Basin – a highly uncertain development which will supply only 32% of aggregate demand over the life of the NWS extension.

²² Offshore Engineer (2020) *Big Projects Will Be Needed to Fill Up North West Shelf's Spare Capacity*, Woodmac Says, <https://www.oedigital.com/news/481495-big-projects-will-be-needed-to-fill-up-north-west-shelf-s-spare-capacity-woodmac-says>

- The Equus field – an even more uncertain third-party development which would only marginally increase supply.

Figure 4 below compares the NWS Extension supply gap to 2030 with total current WA demand in the domestic market.

Figure 4: NWS Extension supply shortfall vs current WA domestic gas demand



Source: Woodside documents analysed in *Sustainable Energy Now (2024) Submission to Inquiry into the WA Domestic Gas Policy*, Excess LNG export capacity and state energy policies as emerging threats to WA’s domestic gas market, environment, and economy. WA GSOO 2023, Table 1, p.5.

Figure 4 shows that the supply gap in will be equivalent to around 78% or more of forecast total WA domestic gas demand from 2026-2029.²³ Woodside and their JV partners will be highly motivated to fill this supply gap with gas that would otherwise supply the domestic market.

Wood Mackenzie also see little chance of filling the supply gap from non-domestic gas sources, saying “other possible candidates, such as Clío-Acme, or excess gas from

²³ Sustainable Energy Now (2024) *Submission to Economics and Industry Standing Committee Inquiry into the WA Domestic Gas Policy*, [https://www.parliament.wa.gov.au/Parliament/commit.nsf/luInquiryPublicSubmissions/32ADC59153AE4C7448258B69002C1493/\\$file/20240519%20-%20DomGas%20-%20Supp%20Submission%20-%20Sustainable%20Energy%20Now%20a.pdf](https://www.parliament.wa.gov.au/Parliament/commit.nsf/luInquiryPublicSubmissions/32ADC59153AE4C7448258B69002C1493/$file/20240519%20-%20DomGas%20-%20Supp%20Submission%20-%20Sustainable%20Energy%20Now%20a.pdf), AEMO (2023) WA GSOO 2023, Table 1, p.5. https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/wa_gsoo/2023/2023-wa-gas-statement-of-opportunities-wa-gsoo.pdf?la=en

Greater Gorgon field development, now look unlikely," and points out that "neither the Scarborough nor Browse developments are straight-forward to deliver."²⁴

Approval for the NWS extension will directly undermine the security of the domestic gas market, far beyond the weaknesses of the Domestic Gas Policy recently demonstrated by the WA Parliamentary inquiry. Furthermore, domestic gas proponents including Mineral Resources, Beach Energy, Black Mountain and others are already jostling for export ban exemptions to supply the NWS facility.²⁵ The Waitsia JV partners including Beach Energy have already received approval to supply 200 TJ/day to NWS.²⁶ While this is a large loss to the domestic gas supply (18% of current demand), it will only supply 8% of the total demand from NWS for a period of six years.

Contracts for exporting onshore gas at the NWS facility compete directly with domestic gas consumers and reduce the reserves of gas available to supply the domestic market into the future.

The approval of NWS will lock in a multibillion-dollar incentive for these companies and Woodside to pursue export approvals for the next 50 years. Gas shortage and price problems in the domestic market created by Woodside will become the problem of the WA Government and the WA community.

²⁴ Offshore Engineer (2020) *Big Projects Will Be Needed to Fill Up North West Shelf's Spare Capacity, Woodmac Says*.

²⁵ Milne (2023) *MinRes chases Western Australian government favour to export gas*, <https://www.smh.com.au/business/companies/minres-chases-western-australian-government-favour-to-export-gas-20231116-p5ekgu.html>; Black Mountain (2021) *Media release, Black Mountain Energy Secures Export Exemption to Western Australian Domestic Gas Policy*, <https://www.blackmtn.com/press-release/black-mountain-energy-secures-export-exemption-to-western-australian-domestic-gas-policy/>

²⁶ Woodside Petroleum (2020) *ASX Announcement NWS Project Participants execute Gas Processing Agreements*, https://www.woodside.com/docs/default-source/asx-announcements/2020-asx/nws-project-participants-execute-gas-processing-agreements.pdf?sfvrsn=1379d276_2

Conclusion

The facts on Western Australian gas are straightforward:

- Western Australia is the world's third largest exporter of LNG.
- Almost 90% of the gas produced in WA is exported as LNG or used in converting the gas to LNG.
- The LNG industry uses eight times more gas than the rest of the Western Australian economy.
- The LNG industry in Western Australia is at least 83% foreign owned.
- Current WA Government policy requires that 15% of gas production is to be set aside for local use.
- A parliamentary inquiry revealed that just 8% was in fact reserved for local use.

The facts are clear. Western Australia should never experience a shortage of gas. The state is one of the world's biggest miners of natural gas and the miners have agreed to set aside a significant share of that gas for domestic usage only.

However, even if the LNG producers fully honoured their commitment to provide 15% their LNG supply gas to the domestic market, the policy is no longer fit for purpose if they are taking gas from Western Australia's onshore domestic reserves in the first place, as Woodside are seeking to do with their NWS extension.

Sadly, with the planned expansion of several LNG facilities, the focus of energy policy in Western Australia looks to remain focused on facilitating the desires of multinational gas companies to expand their profits, rather than on the interests of the Western Australian community.