

New wholesale contracts needed to shore up Western Australia's domestic gas supplies

The Australian Energy Market Operator (AEMO) has today released the *2017 Western Australia Gas Statement of Opportunities* (WA GSOO), which provides an assessment of the WA domestic gas market for the outlook period 2018-2027.

The report has found that Western Australia's domestic gas market is well-supplied until 2020, however, new wholesale contracts will be needed to prevent a tightening of supply beyond this period.

"Our base case scenario forecasts have highlighted a tightening of the market from around 2021-2023 as supply contracts begin to expire and some existing domestic gas facilities face reserve depletion," said AEMO's Managing Director and Chief Executive Officer Ms Audrey Zibelman.

The report notes the important role of Western Australia's domestic gas policy, which ensures 15% of total Liquefied Natural Gas (LNG) production is reserved for domestic use.

"While Western Australia's domestic gas policy ensures gas availability for domestic consumption in the long term, the commercial terms of supply are left to the market to negotiate, which includes price and timing.

"This means there is some uncertainty around the timing of gas reserved from LNG projects supplying the domestic gas market in the medium term," said Ms Zibelman.

Other key findings in the WA GSOO have shown the ongoing growth of Western Australia's gas sector, and the increase in market competition. Over the last four years, the demand from Western Australia's domestic gas market has grown from 985 terajoules to 1,029 terajoules a day, which has coincided with a further increase in gas storage capacity, jumping from 15 petajoules in 2013, to 60 petajoules in 2017.

The number of active wholesale gas sellers has also increased from seven in 2013, to 19 sellers in 2017, and a further three new retailers approved to enter the retail market from 2017, bringing the total to five.

"In 2016-17, we saw over 92,000 customers switch gas retailers as competition continues to increase in the evolving market," said Ms Zibelman.

For the full report, please [click here](#).

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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; and the Moomba Gas Supply Hub in South Australia.

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

As Managing Director and CEO, Ms Zibelman also serves on the Energy Security Board.