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September 12, 2014

Ms Kate Ryan
Group Manager, Development and Capacity
Independent Market Operator
PO Box 7096
Cloisters Square, Perth WA 6850

Via email: market.development@imowa.com.au

Dear Ms Ryan

RE: Development of a Wholesale Gas Market in Western Australia

Chevron Australia Pty Ltd (Chevron) welcomes the opportunity to provide comment on the Independent Market Operator's (IMO) proposal regarding the development of a wholesale gas market in Western Australia. Chevron also acknowledges and supports the Chamber of Minerals and Energy (CME) and Australian Petroleum Production and Exploration Association (APPEA) submissions to the IMO.

Chevron is committed to developing its LNG business in Western Australia, including the \$55 billion Gorgon Project and \$29 billion Wheatstone Project. These projects, as well as our exploration program and our interests in the North West Shelf have resulted in Western Australia becoming an increasingly significant part of Chevron's global portfolio. With the development of domestic gas plants as part of the Wheatstone and Gorgon Projects, Chevron will also be a significant provider of domestic gas to Western Australia.

Gas from Chevron's major capital projects will play a vital role in meeting future energy needs of Western Australia. We are committed to contracting domestic gas to meet market demand, under both long and potentially shorter-term arrangements.

Chevron strongly advocates energy market reform initiatives that will lead to more efficient use of infrastructure and increased market liquidity and transparency. Chevron therefore acknowledges the work undertaken by Market Reform on behalf of the Gas Advisory Board and supports the guiding principles of the *High Level Design for a Gas Market in Western Australia – Gas Advisory Board Draft Report*.

Chevron supports the concept of a short term trading market that features voluntary participation, noting any future model would also require independent governance arrangements. The draft report provides a useful framework for further industry consideration. However, it is Chevron's view the development of a short term trading market in Western Australia may be best delivered by an industry-led initiative.

Chevron looks forward to further engagement in future discussions regarding the potential development of a short term trading market in WA.

Should you have any further queries, please contact Pete DiBona – Domestic Gas Marketing Manager via email: p.dibona@chevron.com

Yours sincerely,

A handwritten signature in black ink that reads "Peter Fairclough".

Peter Fairclough
General Manager – Policy, Government and Public Affairs