Potential gas supply forecast

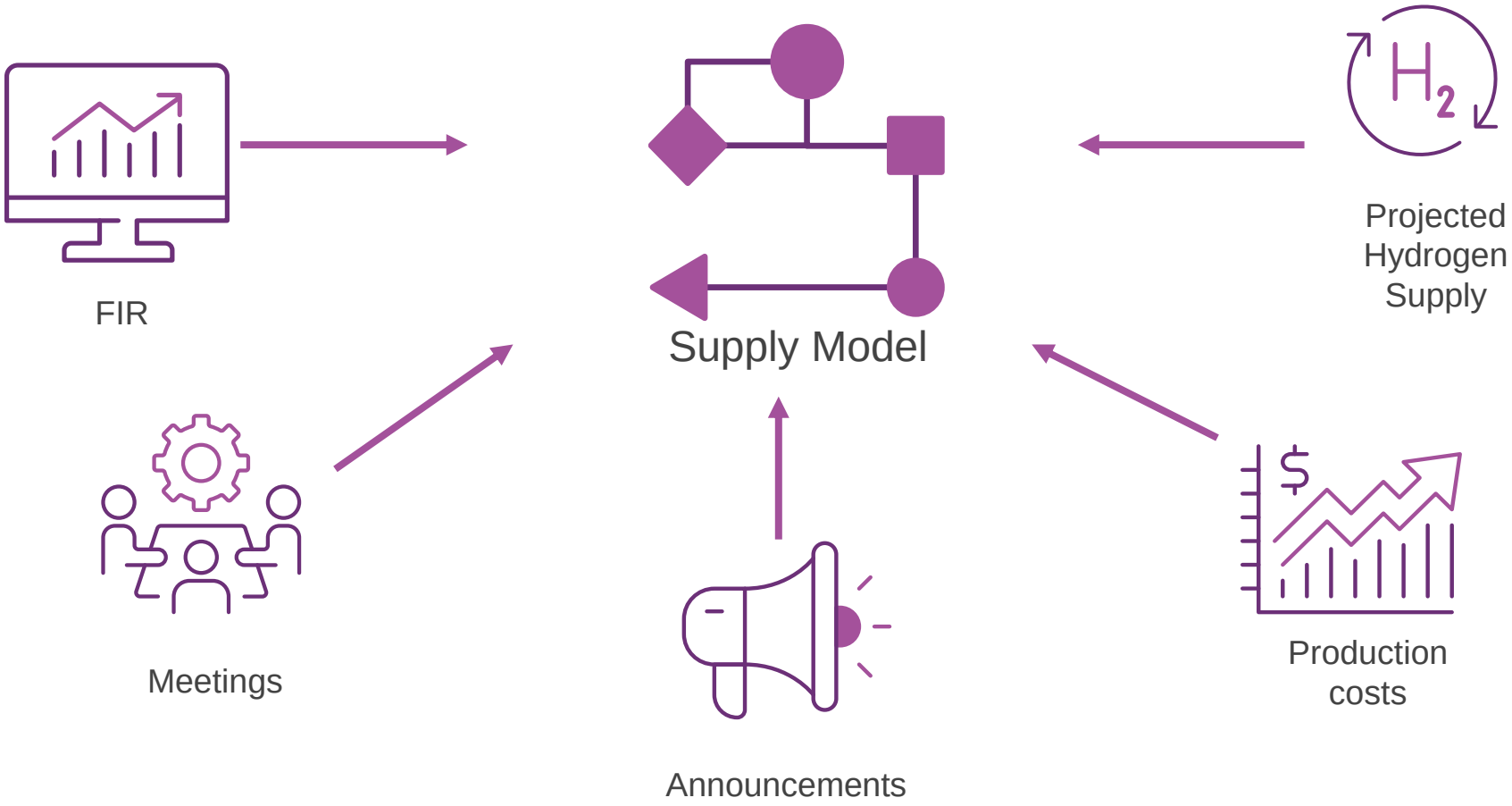
WA Gas Consultative Forum

16 November 2023

Agenda

1. Forecasting approach and methodology
2. Updated Potential gas supply forecasts
3. Comparison to the 2022 WA GSOO
4. Questions

Forecasting approach and methodology



Potential WA domestic gas supply

Potential WA domestic gas supply is:

- Gas that could be made available to the WA domestic market given forecast prices and production costs, capped by the availability of processing capacity and gas reserves.
- It does not project how much gas ***will*** be produced, but how much ***could*** be produced.

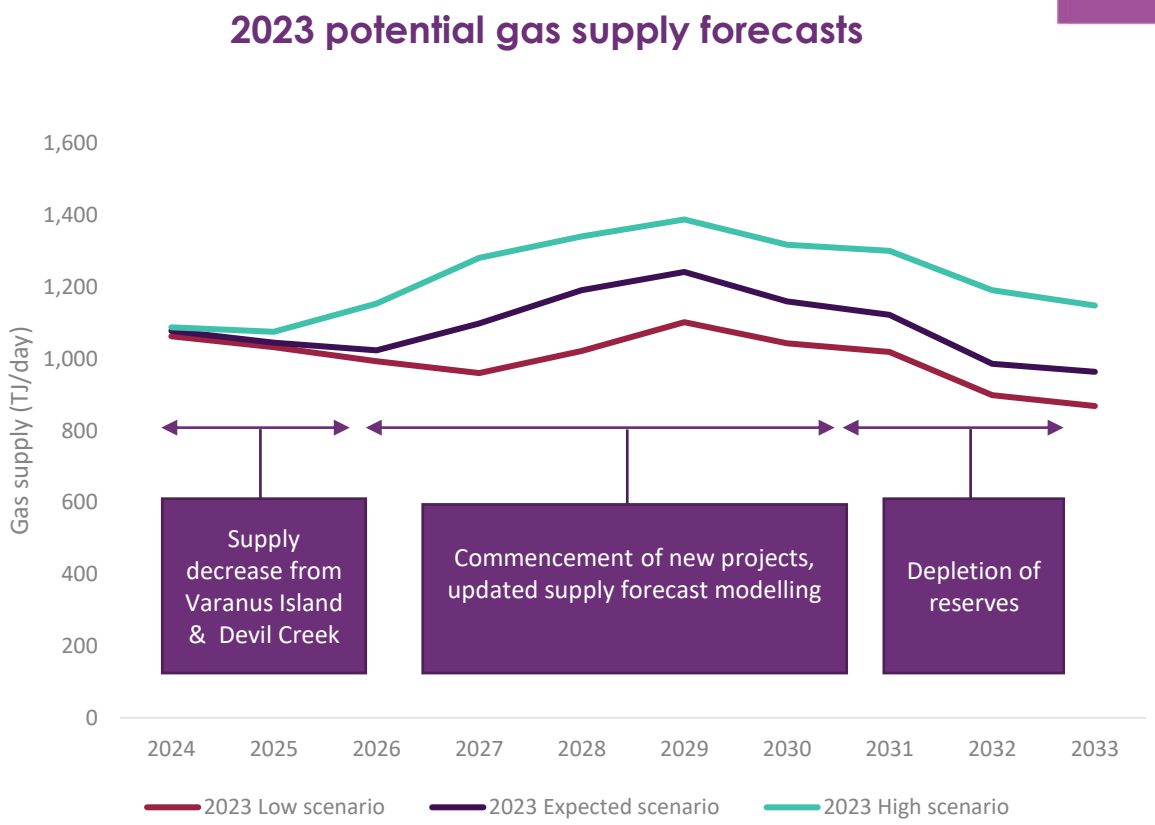
Updated potential WA domestic gas supply forecast model (base scenario)

	Existing/committed domestic only	Existing/committed LNG-linked	Prospective domestic only	Prospective LNG-linked
Model logic	Potential gas supply equals the minimum of: • Production capacity or • Decline rate advised by the gas Market Participant in the FIR*	Either: • Domestic Market Obligation (DMO), where the DMO is less than the nameplate plant capacity or • Nameplate capacity less 15% based on historical availability to account for plant maintenance, where the plant capacity is equal to the DMO.	Developed when domestic price forecast exceeds the estimated long-run cost (LRC) and when indicated by operator (with time contingency) Potential gas supply equals the minimum of: • Production capacity or • Decline rate based on similar fields in the same basin.	Developed when the forecast Asian LNG netback price exceeds the estimated LRC and when indicated by operator (with contingency) Once developed, potential gas supply equals the DMO.
Projects included in the model	Beharra Springs, Devil Creek, Macedon, Varanus Island, Walyering, Waitsia Stage 1	Gorgon, KGP, Pluto, Wheatstone, Waitsia Stage 2, Scarborough	Lockyer Deep, South Erregulla	None

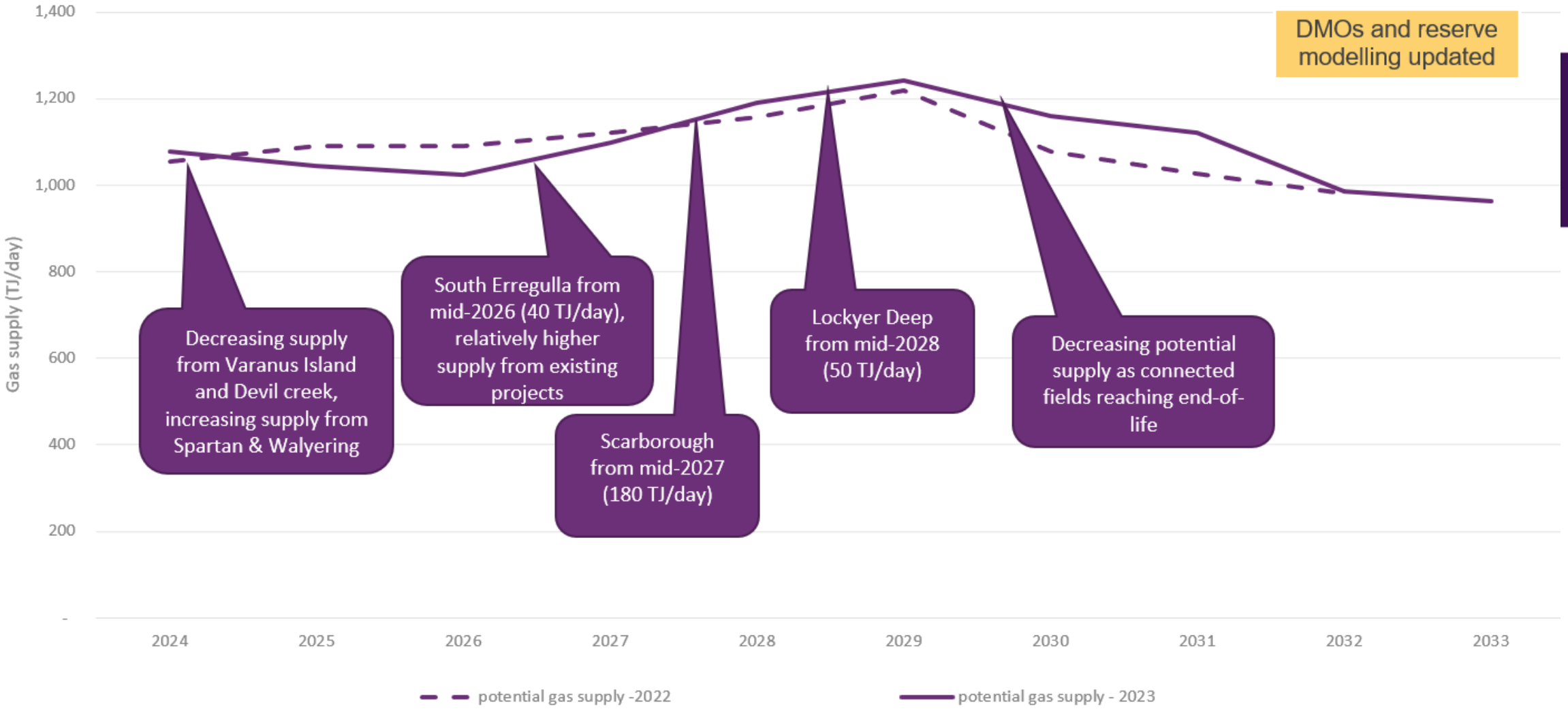
* Where remaining reserves are insufficient to maintain production for the entire outlook period.

2023 WA GSOO – potential supply

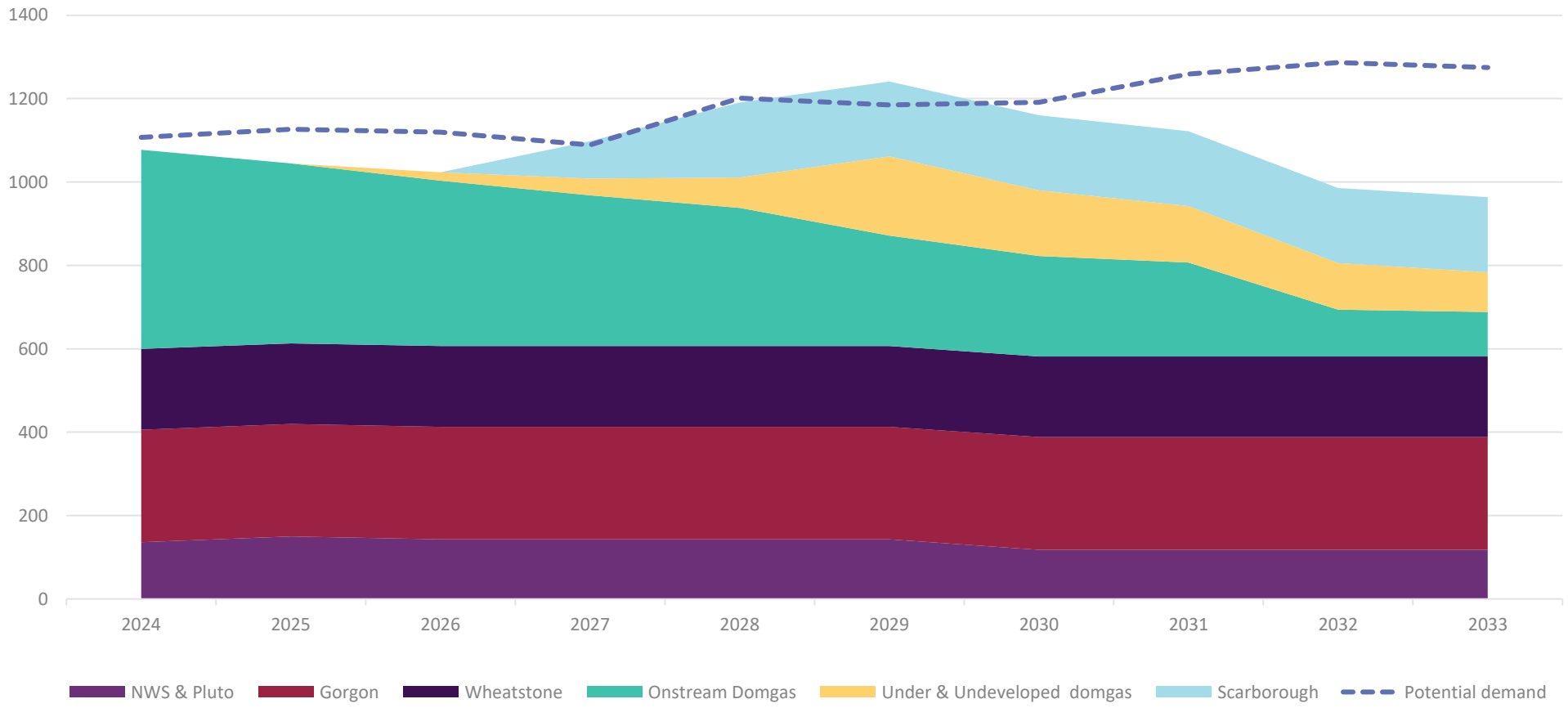
- Consistent modelling techniques – aligns with 2022 WA GSOO
- Updated DMO assumptions:
  - Increased domestic gas commitment of North West Shelf
  - Forecasts based on actual DMO delivery
  - Updated forecast based on remaining reserves
- Supply forecast updated to include:
  - Increased capacity of Wheatstone plant
  - South Erregulla (2026) and Lockyer Deep (2028)
  - Complete shutdown of Devil Creek
  - Removed West Erregulla



Comparison to 2022 WA GSOO



Potential gas supply and demand (expected scenario)*



*Includes prospective gas supply projects: no FID but expected to be developed during the outlook period given forecast LNG/domestic gas prices

Please reach out to the WA Future System Design team at wa.FutureSystemDesign@aemo.com.au for any questions