



Information Update

Level 9 Governor Stirling Tower 197 St Georges Terrace Perth Western Australia 6000
Tel: (08) 9420 5600 Fax: (08) 9420 5700

18 June 2008

The State Government, Office of Energy and industry are working together cooperatively to minimise the impact of June 3 major incident on Varanus Island which has cut Western Australia's gas supply by 30%.

- Western Power Controllers observed a 2% reduction in the morning 'peak' use again this morning, following a similar reduction yesterday. This energy saving is sufficient power to serve a town the size of Geraldton.

- Federal Government agencies have followed the lead of State Government agencies in instructing their building managers to reduce electricity and gas usage in their buildings in WA.

- The WA Local Government Authority is meeting with Local Government representatives to consider measures to reduce energy consumption in Local Government Authority buildings and support for communication with the wider community.

- A Memorandum of Understanding has been signed today between the Sustainable Energy Development Office and the Property Council of Australia (WA) outlining energy saving actions for property owners and managers. Property Council members will distribute advice to its tenants.

The following strategies are being implemented to address the gas shortage:

- accessing gas from North-West Shelf and other producers;
- accessing energy from other sources to free-up gas.
- encouraging gas and electricity customers not to waste energy;
- working with industry to shift demand to low peak times; and
- ensuring diesel is available to replace natural gas where possible.

All parties are thanked for the cooperative way in which the situation has been managed.

1. Accessing gas from North West Shelf Venture and other producers

1.1 North West Shelf Venture

The North West Shelf Venture is running up at constraints to assist in meeting the Apache shortfall. On a daily basis, the Venture is balancing its firm customer commitments (which

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include Verve Energy and Alinta), weather and plant constraints to ensure the ongoing safety, integrity and reliability of gas supply.

1.2 Perth Basin gas producers

Arc Energy and Origin are operating at full capacity, providing a total gas supply of around 40TJ/day from the Perth Basin.

Origin Energy is supplying 14.5 TJ/day from its Beharra Springs and Tarantula gas fields, while Arc Energy is producing 12.4 TJ/day from its Dongara, Xyris and Woodada gas fields.

The gas produced is supplied to the Perth market via the APA Group operated Parmelia Pipeline which directly feeds industrial customers in Midland, Cannington, Kwinana and as far south as Pinjara and also into Perth's Alinta operated gas distribution system.

In addition, the APA Group's Mondarra Storage facility, which is located adjacent to both the Parmelia and DBNGP pipelines south of Dongara, has been running at full production for the entire duration of the outage, presently contributing a useful 12 TJ/day to the overall WA gas market.

2. Optimisation of the Dampier to Bunbury Natural Gas Pipeline (DBNGP)

DBP Ltd, the owner and operator of the Dampier to Bunbury Natural Gas Pipeline, has taken steps to ensure that the pipeline's operation is managed to maximise gas deliveries from the North West Shelf to the South West of the State and to the Goldfields Gas Transmission Pipeline.

The pipeline has the ability to handle additional gas inputs from the North West Shelf.

DBP will permanently man its three most northerly compressor stations (CS1, CS2 and CS3) for the duration of the incident to ensure that there are people on hand to proactively manage these stations to maximise the receipt of gas. It will ensure that outages and unplanned incidents are minimised by reviewing maintenance schedules and critical spares at the compressor stations.

DBP has conducted modelling to confirm the capacity at the top end of the pipeline (Burrup to CS1) and is confident that, in conjunction with the Burrup Extension Pipeline (BEP), it can handle the additional gas deliveries from the North West Shelf.

3. Spot capacity bidding system to access DBNGP pipeline capacity

DBP has also implemented a spot capacity bidding system to enable parties impacted by the Apache incident – who otherwise would not have a contractual entitlement to access capacity on the DBNGP – to obtain emergency access to pipeline capacity. This system has been set up in a simplified form to enable expedited implementation.

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4. Accessing energy from other sources

To free up gas for other industries, Verve Energy will return to service one of its coal-fired power station from retirement, and several of its coal-fired power plants and one of its high-efficient gas-fired power station back from maintenance or repair.

Muja AB, which was decommissioned last year, is to be prepared for a return to service as a back-up for Western Australia's electricity supply. The reinstatement of Muja AB is a temporary measure for the duration of the gas disruption only. Three of Muja AB's units would be recommissioned. The fourth unit was not considered operable and would be used as spare parts. The first 60MW unit would take six weeks to be operational. The second and third units would be available two or three weeks later.

In addition, Verve Energy's coal-fired power stations, Muja 7 (227 MW), Kwinana 1 (110 MW), Collie Power Station and high efficiency gas-fired power station Cockburn (240 MW), which were offline for maintenance, will be brought back to service.

Verve Energy is taking no short cuts in maintenance procedures to ensure that the reliability and efficiency of these units are not compromised when they return back to service.

Muja 7 is expected to be brought back online from the end of June. It will be available at 100 MW by mid July and full capacity by early August. Kwinana 1 and Cockburn are expected to be operating by the end of June. Collie Power Station is expected to be brought back online from the end of July 2008.

5. Ensuring diesel is available to replace natural gas

The increased demand for distillate fuel represents an increase of around 40% above normal demand levels for distillate.

The fuel supply industry is presently focusing every effort to provide this supply and shipments are expected over the coming days. Present advice suggests, that on the whole, the incremental distillate demand can be met.

6. Demand Management and Energy Efficiency

The Office of Energy's Sustainable Energy Development Office, Synergy, Western Power and Alinta are working together to jointly develop support programs to assist households and small businesses use energy more efficiently.

The first steps are underway and include:

- communicating the message to consumers that in an integrated energy market, there are flow-on effects from a gas shortage, including to electricity supply, and
- providing practical tips to show what action can be taken to reduce energy use.

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Further Updates

The Office of Energy will provide further information updates.