

2017 WESTERN AUSTRALIA GAS STATEMENT OF OPPORTUNITIES (GSOO)

20 September 2017

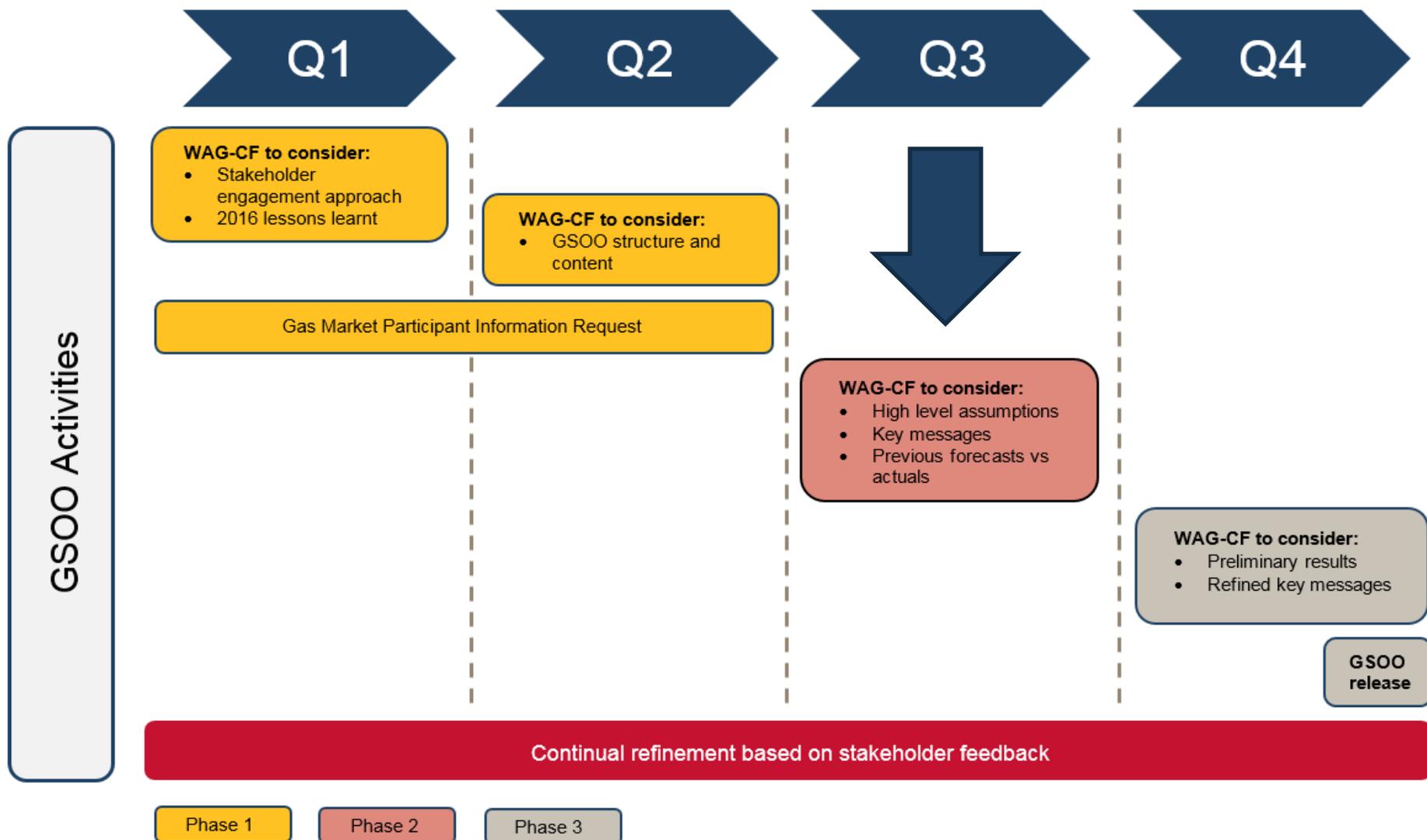
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AGENDA SLIDE

1. Recap of engagement approach
 2. Key themes of the 2017 WA GSOO
 3. High level forecasting assumptions
 4. Accuracy of previous WA GSOO gas demand forecasts
 5. Preliminary information request results
 6. Next Steps
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- A decorative graphic at the bottom of the slide consisting of multiple thin, overlapping wavy lines in shades of orange and red, creating a sense of motion and depth.

2017 WA GSOO ENGAGEMENT APPROACH



- There appears to be adequate gas reserves for the domestic gas market until 2021.
- WA exploration activity continues to fall due to lower oil prices. Development of gas reserves needs to be underpinned by new supply contracts to ensure continued domestic gas supply.
- Gas demand growth remains dependent on new resources and industrial gas consuming projects.
- The WA domestic gas market continues to transform: New gas and domestic LNG suppliers, pipelines, retail competition, renewables, fuel switching.

- Gas consumption by gas-powered generators will be consistent with electricity generation forecasts in the 2017 WEM ESOO publication.
- Minor changes to Large gas consumer consumption.
- Prospective gas demand estimates are updated.
- Separate to base gas demand, an additional scenario will model the impact of new renewable energy projects on gas consumption of GPG in the SWIS, based on a list of potential new renewables projects.

- WA is exempt from the Australia Domestic Gas Security Mechanism (ADGSM).
- State Government's domestic gas policy remains unchanged.
- WA gas suppliers manage their supply obligations as a portfolio.
- No change in outage profile of each domestic production facilities for the forecast period.
- Contracted gas supply varies each year in the forecast horizon.
- Potential gas supply is not affected by directional flow of pipelines, pipeline capacity and peak demand.

FORECAST ACCURACY OF GAS DEMAND PROJECTIONS – 1 YEAR AHEAD



Gas demand forecast for the following year reported in	Gas demand forecasts – Base (TJ/day)	Actual gas consumption – WA GBB (TJ/day)	Difference (actual less forecasts) (TJ/day)	Forecast difference (%)
2013 WA GSOO (IMO)	976	987.60	-11.6	1.17
2014 WA GSOO (IMO)	1,026	1,043.34	17.34	1.66
2015 WA GSOO (AEMO)	1,077	1,047.97	-21.62	2.06

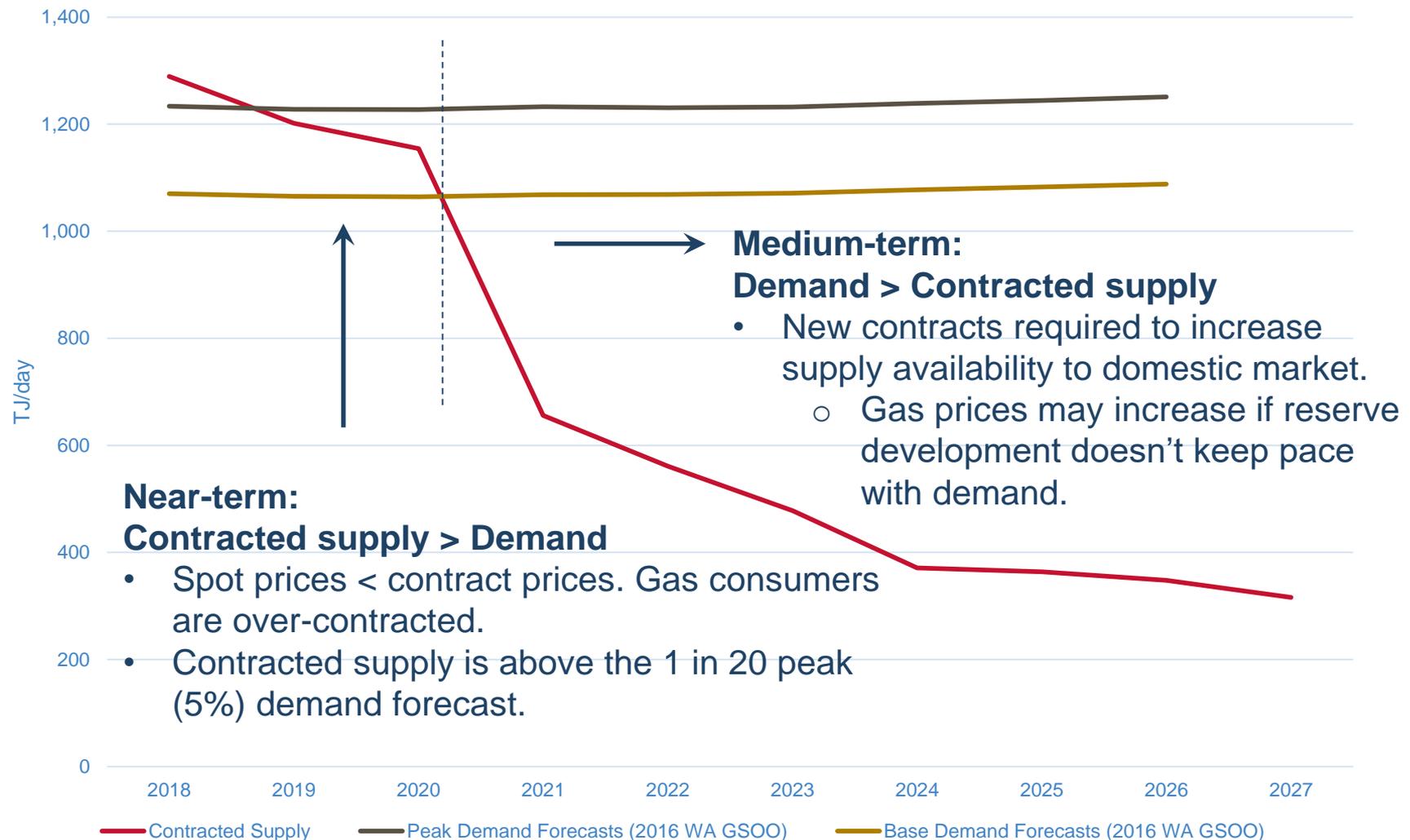
- Gas demand forecasts from previous WA GSOOs are compared against actual gas consumption on the WA Gas Bulletin Board.
- Gas demand forecasts for a year ahead are accurate to within 2%.

PRELIMINARY RESULTS FROM AEMO'S 2017 INFORMATION REQUEST

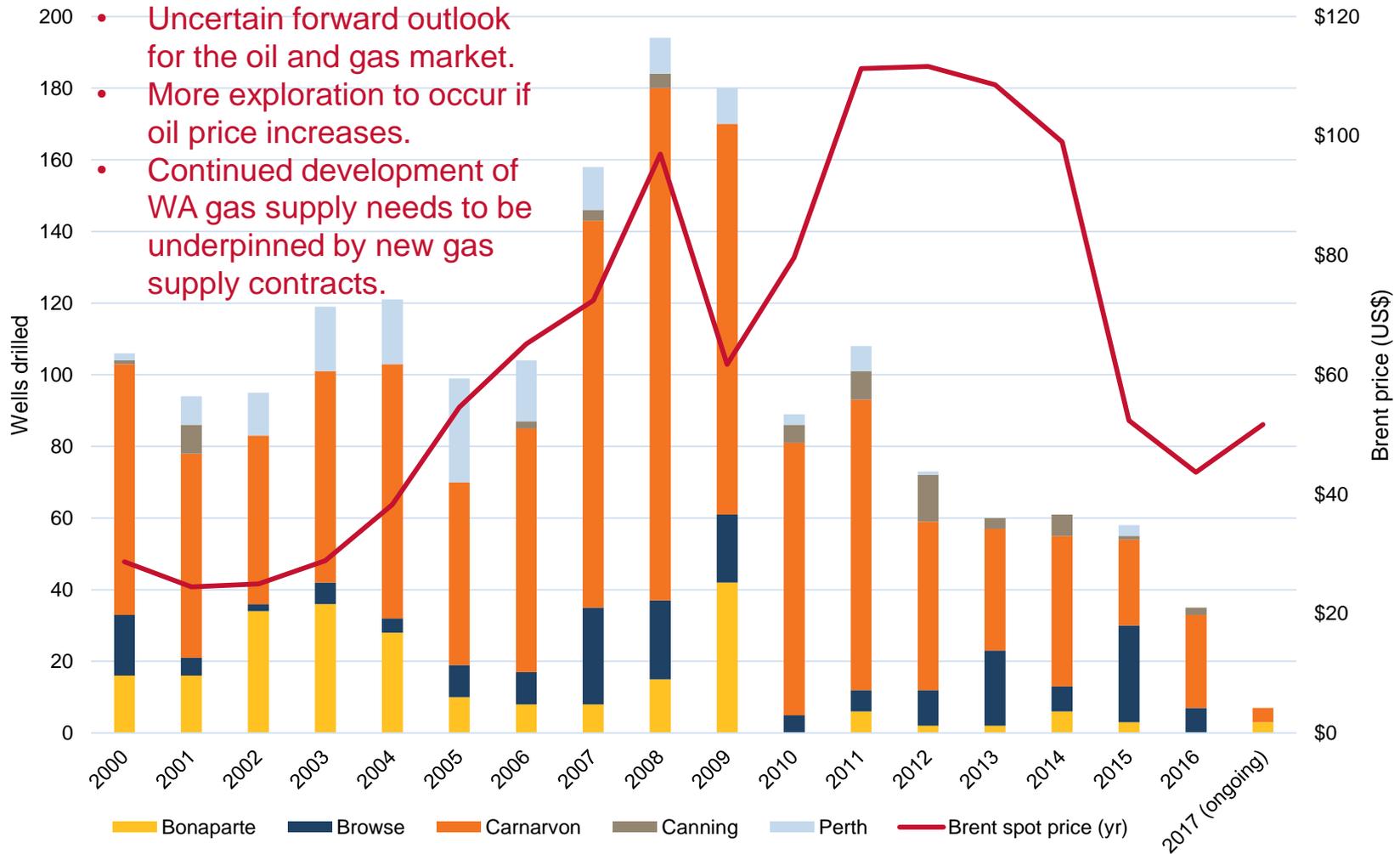


- 100% response rate to the formal information request sent out in April 2017.
- Non-GSI participants voluntarily provided additional information to AEMO.
- AEMO appreciates the gas industry's assistance in providing information and improving the outcomes of the WA GSOO report.

WA CONTRACTED GAS SUPPLY AND BASE/PEAK DEMAND, 2018-27



WA EXPLORATION CONTINUES TO FALL



2017 GSOO IMPLEMENTATION PLAN



Item	Expected timeline
This WA gas consultative forum	12 Sep 2017
WA GSOO modelling and results	Sep-Oct 2017
An update on the development of the WA GSOO	Oct/Nov 2017
Approval by AEMO Board	Early Dec 2017
Publication of WA GSOO	By Mid-Dec 2017

Please contact AEMO directly at
wa.capacity@aemo.com.au

Feedback sought includes:

- Any gas related issues that concern the industry and/or your company.
- Potential content improvements for the WA GSOO.
- Potential industry insights for the WA GSOO.