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DBP update on Stage 5 expansion plans

Dampier Bunbury Pipeline (DBP) has decided that its Stage 5 expansion of the Dampier to Bunbury Natural Gas Pipeline (DBNGP), to meet the State's growing energy needs, should be developed on a staged basis.

DBP Executive Chairman Stuart Hohnen said DBP had announced in February 2006 that requests had been received from shippers (customers), for a 375TJ/d expansion of the pipeline – comprising 310 TJ/d of full haul and 65 TJ/d of part haul capacity. This expansion was expected to cost around \$1.5 billion, with final commitments required mid 2006. Mr Hohnen said that a number of shippers are still completing feasibility studies and are unable to meet the deadline. As a result DBP has concluded that the most effective and efficient way of expanding the pipeline is to do it progressively, rather than as one large single project.

Construction of the first core component of approximately 110 TJ/d of full haul and 80 TJ/d of part haul capacity – to be known as Stage 5A - is expected to commence in early 2007 for the delivery of new gas in the first half of 2008 to meet shipper requirements.

Mr Hohnen said DBP hoped to be in a position in the third quarter of 2006 to give a formal go-ahead for this work.

“Given the extremely tight deadline to meet initial gas demand from shippers, it is important to proceed with the Stage 5A immediately.

“Stage 5A will be a very significant expansion project which will provide extra capacity for important projects such as Western Australia's new baseload power station at Kwinana.

“The Stage 5A expansion project will increase loads to a similar degree to the current Stage 4 expansion, which is expected to cost about \$430 million.”

Mr Hohnen said that a number of other significant industrial developments, requiring full haul capacity of approximately 100 TJ/d, were progressing through the feasibility process. DBP expects to be able to make a decision to proceed with this next component of expansion - to be known as Stage 5B - before the end of calendar 2006. Other industrial developments requiring extra full haul capacity in the order of a further 100 TJ a day – to comprise the Stage 5C expansion – are being progressed for approval during 2007.

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* Dampier Bunbury Pipeline is the trading name of the DBNGP group of companies, ultimately owned by the consortium that purchased the Dampier to Bunbury Natural Gas Pipeline in October 2004. DBP is majority owned by DUET – Diversified Utility and Energy Trusts - with Alcoa and Alinta being minority owners.

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