

Report claims WA gas supply shortfall by 2020

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A NEW report has forecast that Western Australia could face a gas supply shortfall of up to 600 terajoules per day in the next decade, though its assumptions have been questioned by the Australian Petroleum Production & Exploration Association.

According to the 2010 Western Australia Natural Gas Demand and Supply Forecast by Economics Consulting Services, production from existing fields is expected to decline by as much as two-thirds by 2020, leaving the state having to source at least 1100TJ/day of new gas to meet demand growth and replace existing supplies.

It noted that new projects such as Reindeer, Macedon and Gorgon would only provide up to 500TJ/day of new supply and, while other projects have been identified, they have yet to be proven commercial or had not secured supply commitments.

The report also identified more than 40 new resource projects in WA that might need gas to power their operations.

"The common belief that projects like Gorgon would solve the state's gas shortage by 2015 is clearly not the case," DomGas Alliance chairman Tony Petersen said.

"WA has a shortage of gas right now and it appears the state's economy will be shackled for many more years."

He also claimed that major producers had been "keeping their foot on the hose" while driving up WA wholesale gas prices up to three times the price in Victoria.

"Unless action is taken, business and households face even higher energy costs, higher greenhouse emissions and the potential for significant job losses."

However, APPEA WA director Tom Baddeley told *PetroleumNews.net* it was "ridiculous to think that the North West Shelf would let costly infrastructure sit idle".

"Where there is demand for gas at realistic prices, it will be met.

"Recent market reflective prices have triggered the biggest domestic gas development effort in almost three decades so there has been a strong supply response that will go a long way in meeting future demand."

Baddeley said he questioned some of the assumptions about demand made in the report.

"Is it blue sky dreaming or genuine demand?" he asked.



The North West Shelf
onshore gas plant at
Karratha