

Gas crisis minister may have misled

Nigel Wilson
Energy writer

A WEST Australian minister and a senior state government employee may have misled the public over frantic efforts to overcome a critical gas shortage last month, documents obtained by *The Australian* reveal.

During the past two days, Energy Minister Fran Logan and Shirley In't Veld, managing director of the state's biggest energy supplier, Verve Energy, have publicly challenged reports first published in *The Australian* on Wednesday about Mr Logan's role in securing critical gas supplies by paying more than 20 times the going price in a deal that cost the state's taxpayers \$9 million.

Mr Logan has described as "completely inaccurate" claims he discussed prices with any of the companies he spoke to during the crisis.

But a leaked internal email and other documents obtained by *The Australian* raise serious concerns about public statements made by Mr Logan and Ms In't Veld.

An email between two senior energy executives involved in the purchase of the gas directly contradicts the minister's claims

concerning a deal to buy gas from Indian billionaire Pankaj Oswal's Burrup Fertilisers business in the state's northwest.

The email, from inside the company that ultimately paid some of the bill for the Burrup gas, Horizon Power, says Verve could have achieved a lower price "but the minister's direction was that Verve should not make this a trading opportunity — it should pay whatever was necessary to make other companies happy to help".

It also reveals that the minister directed Verve to "place supply continuity above commercial considerations" and that the minister ordered Verve to "pay whatever was necessary" for the gas.

The memo also states that energy executives believed the "price for the Burrup Fertilisers gas was determined in consultation with the minister for energy", directly contradicting claims by Mr Logan that he did not discuss prices.

In early January, a critical gas shortage followed an electrical switch gear fault on the Burrup Peninsula in the state's northwest, which shut down Wood-

side's gas operations, cutting domestic gas supplies by 75 per cent. Burrup Fertilisers supplied the gas at \$35 a gigajoule, or about 30 per cent more than other emergency supplies available in the northwest, and in some cases, 20 times the price of other gas supplies in other parts of the state.

Horizon Power, another government-owned energy utility that supplies electricity to the state's remote areas, ultimately paid some of the bill after Verve bought gas on its behalf.

Mr Logan said the purchase of Burrup Fertilisers' gas ensured that electricity supplies could be maintained in a number of northwest towns, as well as parts of the southwest.

He said it was completely inaccurate to suggest that he had told Verve to pay Burrup Fertilisers' bill despite complaints from within the utility.

Ms In't Veld repeated yesterday that at no time had Mr Logan directed or demanded Verve take up Burrup Fertilisers' gas and that it was not correct to say that Verve could have obtained cheaper gas.