

# Big gas users call for incentives for producers

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Australia needs fiscal incentives to drive the supply of natural gas to local consumers and avoid producers focusing on the export market, says a group of big WA gas users.

The DomGas Alliance – which includes Alinta, Alcoa, NewGen Power, Synergy, Perth Energy, Alcoa, Newmont Mining, Fortescue Metals Group and Burrup - said a range of federal and state incentives would promote exploration and the development of fields for domestic supply and offset the industry's focus on liquefied natural gas export projects.

Demand for natural gas in WA is set to double in the next six years, the alliance estimates.

WA has suffered a gas shortage since the explosion of the Apache Corporation plant on Varanus Island in June.

Woodside and Inpex are among companies developing fields off the northwestern coast for exports, while BG Group and ConocoPhillips are among those seeking to develop gas-export plants in the northeast.

"Under current tax and royalty arrangements, there is an incentive for producers to develop Australia's natural-gas resources as large-scale LNG projects," Stuart Hohnen, chairman of the DomGas Alliance, said in the statement.

"Through targeted incentives, the government can play a key role in promoting domestic gas exploration and development."

At least \$36 billion of power, resources and industrial-processing ventures are currently or potentially seeking gas for expansions, the group says.

Most undeveloped gas fields off WA are earmarked for export projects rather than the state's gas users.

Apache, which is developing the Reindeer field to supply WA buyers, is yet to decide whether to develop its larger Julimar discovery for the local market or send it for processing at an LNG plant.

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