

WA's future energy security vulnerable

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WESTERN Australia could be vulnerable to energy crises into the next decade and would remain dependent on key gas hubs, a forum on the Varanus Island gas plant explosion was told yesterday.

Former Woodside Petroleum executive Keith Spence told the Committee for Economic Development of Australia forum in Perth, there were no quick fixes for WA's energy security in the foreseeable future, AAP reported.

Spence said the state would remain dependent on two to three key gas hubs well into the next decade.

The North West Shelf Venture will remain central to WA's energy supply but forthcoming liquefied natural gas developments and a new Apache natural gas hub would play key roles, he explained.

"Apache's Devil Creek natural gas hub near Dampier, which should start production in 2010, would provide one-third of the state's domestic gas supply by 2012, falling to 20 per cent in 2015," Spence said.

He added Woodside's Browse Basin and Chevron's Gorgon Liquefied natural gas projects could become other prime sources of WA's domestic gas, as well as Inpex's Ichthys LNG development.

The forum also heard that large LNG developments offer an economy of scale that means developers could provide domestic gas without impacting their earnings.

"The importance of scale is quite critical. You can get scale if you're looking at domestic gas on the back of an LNG development," Spence said.

"We have critics saying LNG is bad for domestic gas because it's taking gas away [for export]. It's actually good for domestic gas because it brings gas [from offshore] to the beach.

"There are opportunities associated with these big LNG projects to get domestic gas into the state at a price that is potentially going to be substantially different to the way a standalone domestic gas development may see it, maybe substantially lower."

The Varanus Island gas plant explosion damaged export pipelines, gas sales compressors and other infrastructure, slashing Western Australia's gas supply by 30%.



Fire damaged pipelines at Apache Energy's Varanus Island gas processing plant