Australian LNG from Exporter to Importer

Phaedra Deckart
General Manager, Energy Supply & Origination
AGL Energy
East Coast gas market supply gap continues to grow

Market is increasingly reliant on the development of 2C contingent resources

Source: AEMO, AGL Analysis
South-Eastern Australia reserves are declining

A new source of supply is needed

Victorian gas demand is as much as NSW and South Australia combined.

Demand centres
Highest population

20% SA
30% NSW
50% VIC
The South West Queensland Pipeline (SWQP) connects Queensland to the southern states. With decline in Gippsland/Otway supply, additional supply from Queensland will likely hit pipeline capacity constraints of 384 TJ/day during winter time in the future.
Victorian LNG imports puts downward pressure on price

Provides lower Southern commodity price compared to Queensland alternative

LNG import to Crib Point

- LNG price in Asia USD8/MMBtu*
- AUD/USD 0.75
- MMBtu>GJ 1.055
- LNG: DES Crib Point AUD10.11/GJ

Diversion of QLD gas to Melbourne

- Price Gap AUD1.78
- AUD2.98 pipeline
- Gas diverted to Melbourne from QLD AUD11.89/GJ
- Netback price at Wallumbilla AUD8.91/GJ**

*Asian LNG Price used as a benchmark

**Asian LNG Price less avoided liquefaction, shipping & haulage

LNG 2019| April 2019
East Coast Gas Market needs Qld Gas to balance

Reserves are declining, capacity is needed to manage volatility

Currently filled by QLD production and diverted QLD LNG

Southern demand goes below production level due to supply being sent to either northern states or to fill storage

Victorian Supply expected to decline
Key milestones on the project continue to be met

- **LNG Import at Crib Point, Long-term Port agreements in place**
- **Supply re-gasified LNG to the market from FY2021 – LNG Supply discussions ongoing**
- **A floating Storage & Regasification Unit (FSRU) contracted**
- **Pipeline to connect Crib Point Jetty to Pakenham and the Vic gas distribution network in development**

- **Environmental Assessment process underway**
- **Environmental & HSE, & regulatory risks are being identified, minimised & managed**
- **First delivery of imported gas could happen as early as 2021 to meet peak winter demand**
- **Will receive ~ 12 to 40 LNG cargo ships per year**
- **Project Life ~20 years**
LNG Imports – providing new commodity & flexible capacity supply

Meeting the needs of homes & business in South-Eastern Australia by 2021