



# **New pipeline developments**

**Linking Australia's gas markets for improved energy security**

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**SEAAOC, Darwin  
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# About APA Group

APA is Australia’s largest gas infrastructure business

APA is an integrated operating business with direct management and operational control over its assets and investments

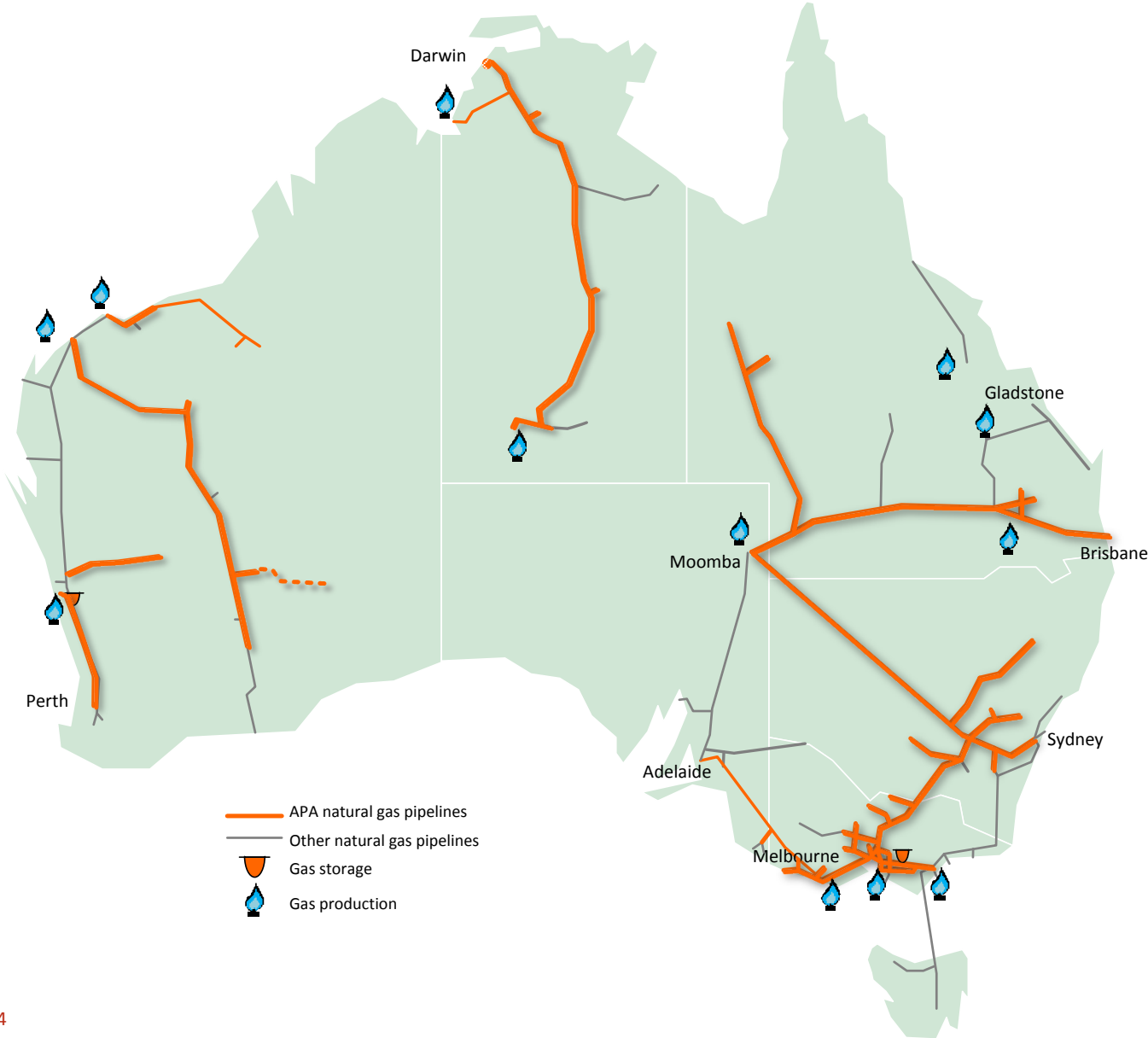
## Core business areas

- **Gas transmission pipelines and storage**
  - Owning and operating two thirds of Australia’s onshore pipelines
  - Interconnected pipeline networks
  - Transporting approximately half the gas used domestically
- **Gas distribution networks**
  - Operating approximately a third of the nation’s gas distribution networks
- **Other related energy infrastructure**
  - APA has developed and acquired complementary energy infrastructure, including gas and wind electricity generation, gas processing and electricity transmission

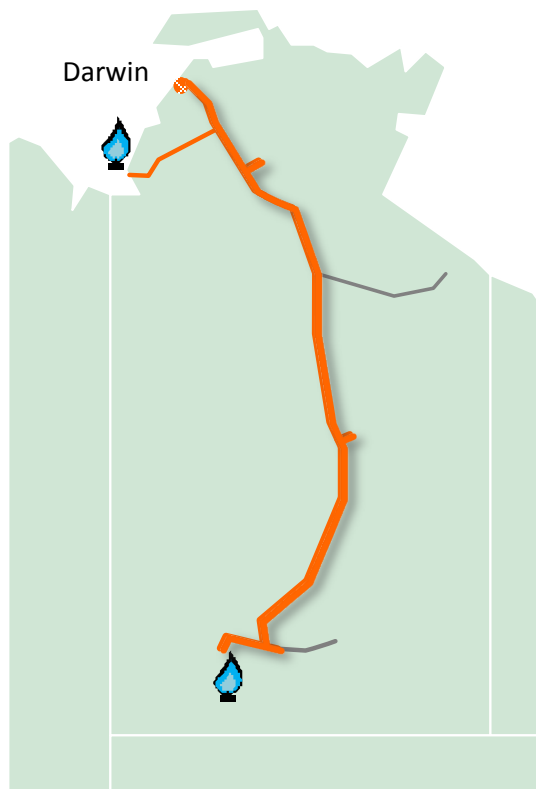
## APA (August 2014)

<b>Market capitalisation</b>	A\$6.4 billion S&P/ASX 50 MSCI All World Index; FTSE All World Index
<b>Assets owned/operated</b>	Over \$12 billion  <b>Gas transmission</b> 14,100 km transmission pipelines Underground and LNG gas storage  <b>Gas distribution</b> 27,100 km gas network pipelines 1.3 million gas consumers  <b>Other energy infrastructure</b> 430 MW power generation <sup>(1)</sup> 239 km HV electricity transmission Gas processing plants
<b>Employees</b>	More than 1,600
<b>Operator</b>	Operator of APA’s assets and investments

# APA – Australia’s largest gas pipeline owner



# APA in the Northern Territory and east coast

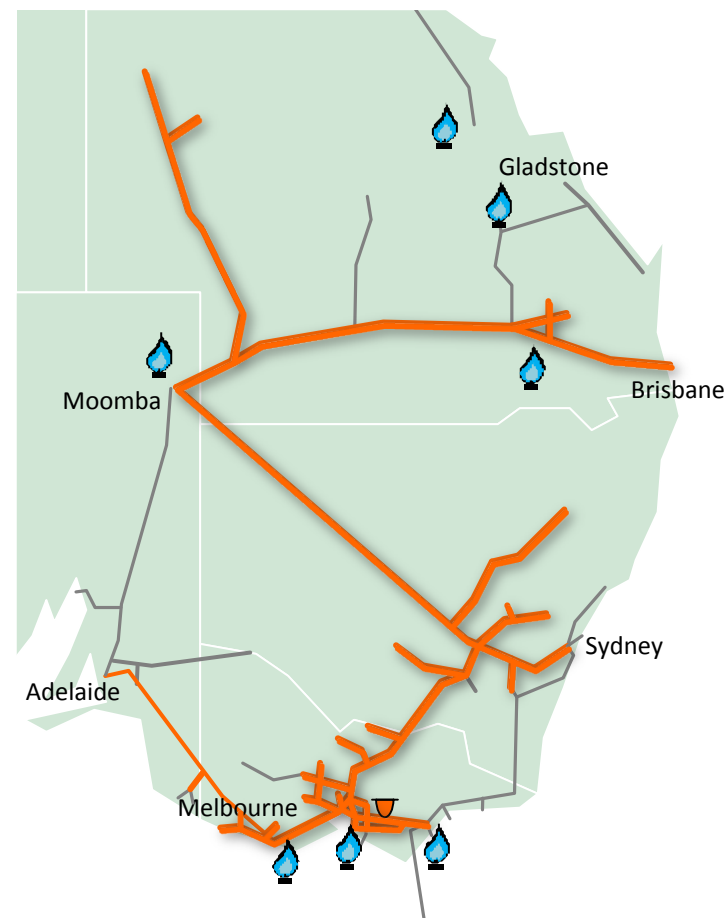


## Northern Territory

- 2,000 km gas pipelines
- Long term presence in the Northern Territory – since 1980’s with NT Gas until 2011

## East coast grid

- > 7,000 km across 5 states and territories
- Configuring pipelines to operate as single network system

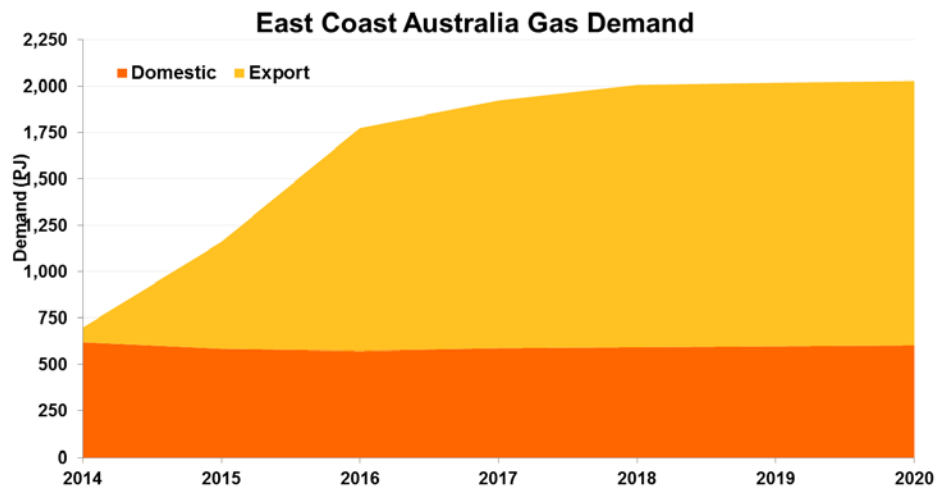


# NT link background



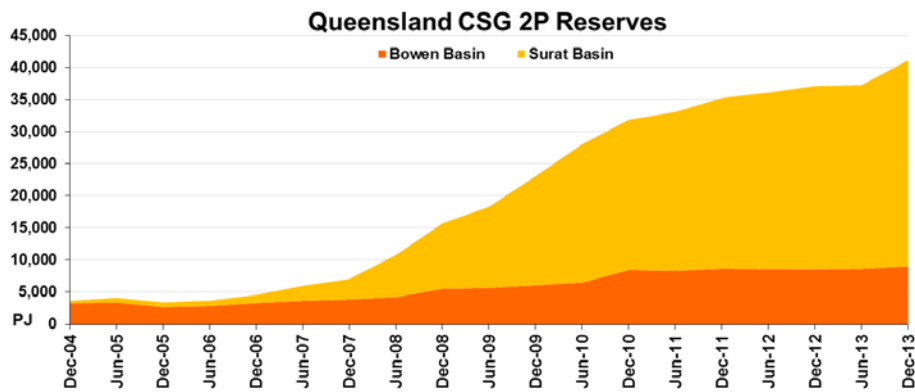
- Strategic initiative to connect NT to the East Coast Gas Grid
  - Flexible energy supply across the system, regardless of input/exit points
  
- Announced feasibility study for NT Link project and commitment of \$2 million (Feb 2014)
  - Assessing various connection options, including environmental considerations and cost estimates, to determine the most efficient and commercially viable link

# East coast gas market – supply challenges

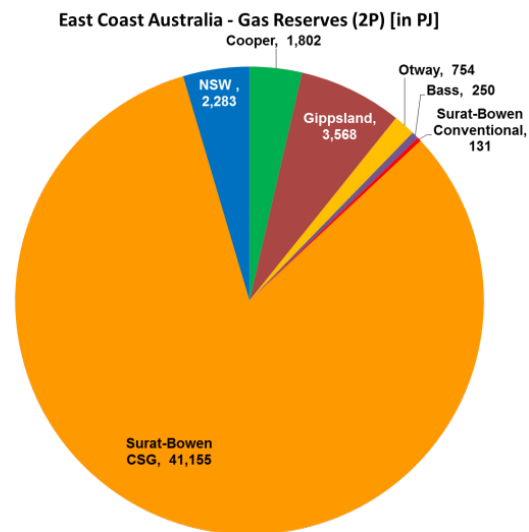


Source: AEMO Gas Statement of Opportunities Update, May 2014

- More than tripling of east coast demand due to LNG exports
- Supply sufficient for east coast demand for ~ 20 years
- BUT does not allow for any increase in demand, or any decline in reserves, or any demand beyond 20 years

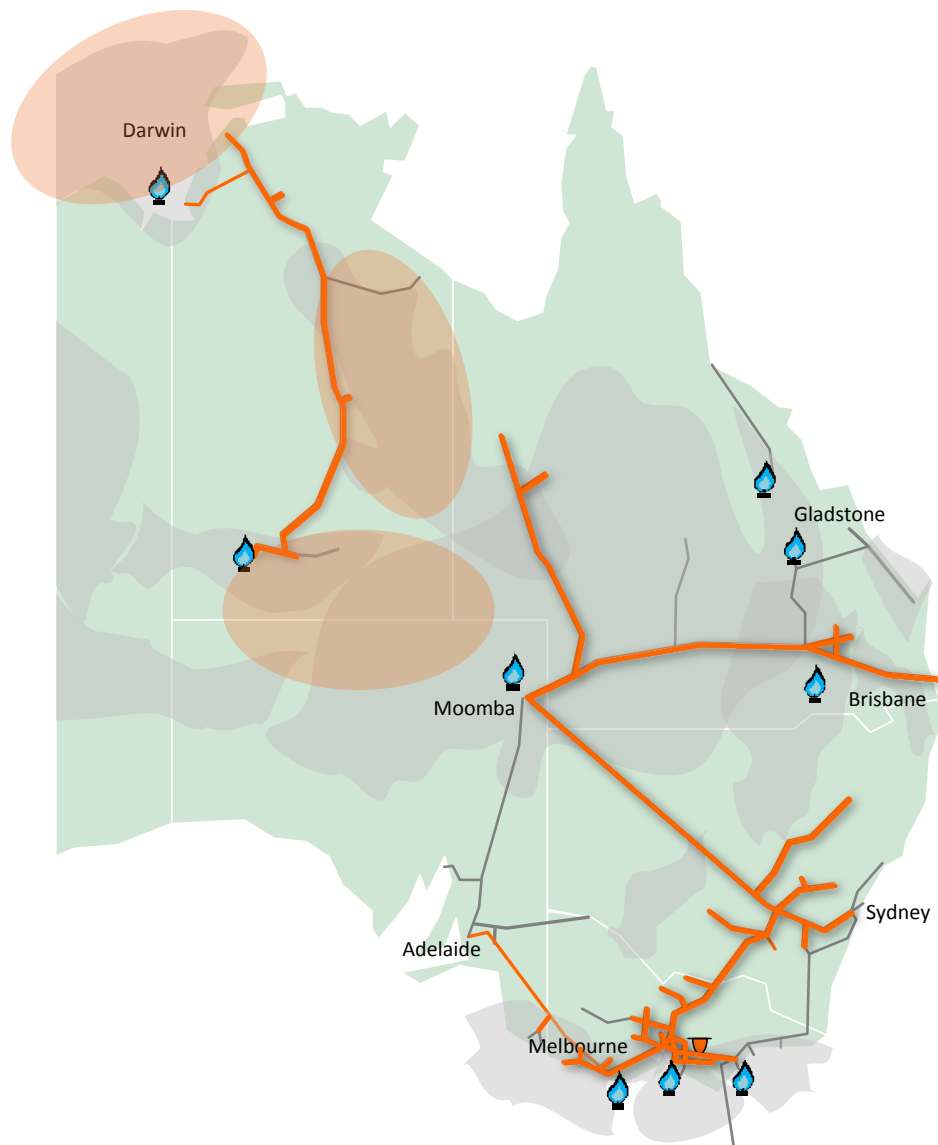


Source: Queensland Department of Natural Resources and Mines, Coal Seam Gas Reserves, update 1 July 2014



Surat-Bowen CSG reserves = 82.4% of East Coast 2P reserves

# Northern Territory gas resource



- >200 TCF<sup>(1)</sup> of gas resources
- 3 primary potential supply zones:

## Offshore NT

- Producing assets and staged developments in place
- ~60 TCF of identified reserves

## East NT

- Unconventional gas under exploration
- 5+ years from full development

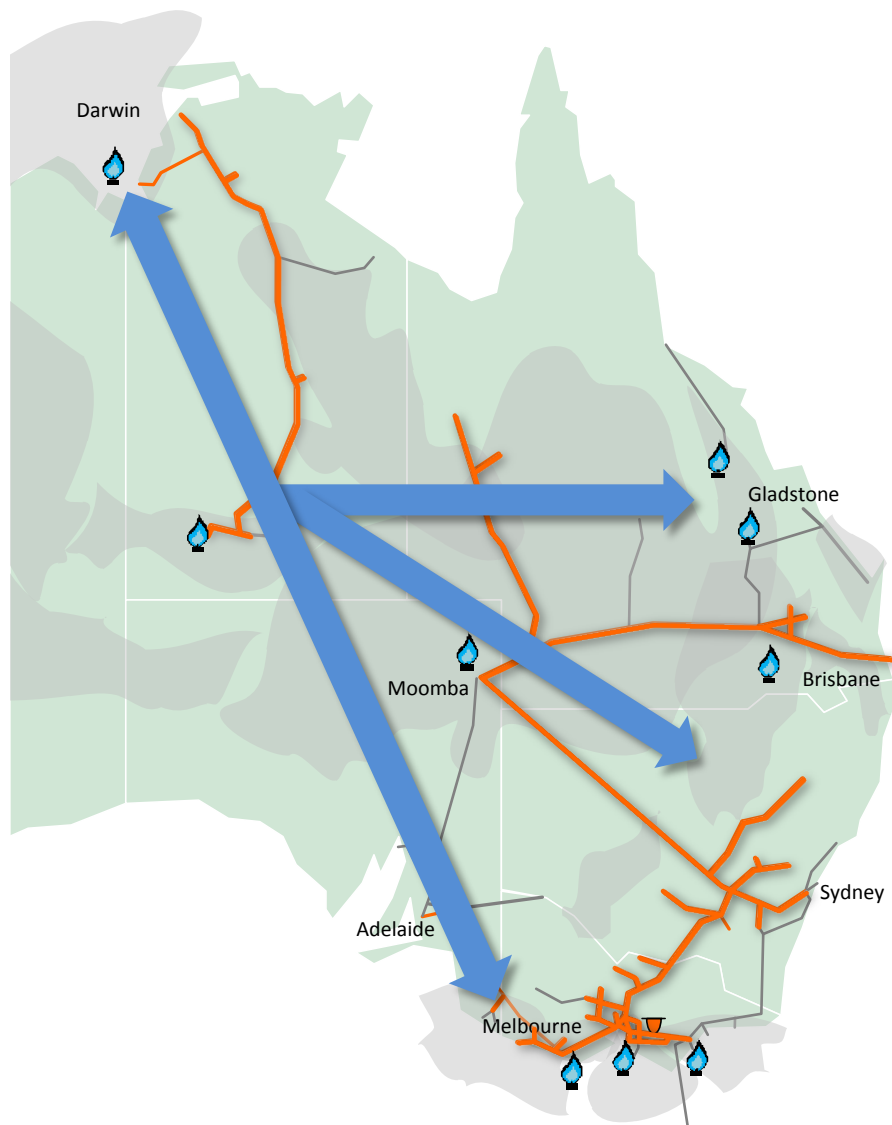
## South NT

- Small volumes of producing assets and unconventional gas
- 5+ years from full development

(1) NT Government media release 19 February 2014. Potential reserves of approximately 240 TCF across 6 basins

1 TCF  $\cong$  1,000 PJ

# NT Link Project Benefits



- Encourages exploration & production to meet growing demand
- Opens new markets & supply competition
- Seamless transport between Timor Sea, Bass Strait, Sydney and Gladstone
- Significant additional security of supply
  - East coast gas market growth (LNG exports)
  - Ongoing delays in development of New South Wales and Victorian CSG



# Feasibility study update

## Infrastructure

- Preliminary assessment of several possible pipeline routes
  - evaluating environmental considerations
  - determining whole of project construction cost estimates
  - route flyovers commenced (August 2014)
- Detailed engineering
  - 3 pipeline routes modelled, others being evaluated
  - infrastructure requirements in process of being defined

## Commercial

- Determining minimum volume required for project to be viable
- Early stage discussions with large downstream users on East Coast
- Exploratory discussions with major upstream producers & juniors/explorers

## Government

- Ongoing dialogue with government (Fed, State and Territory) & other stakeholders

# Pipeline route options

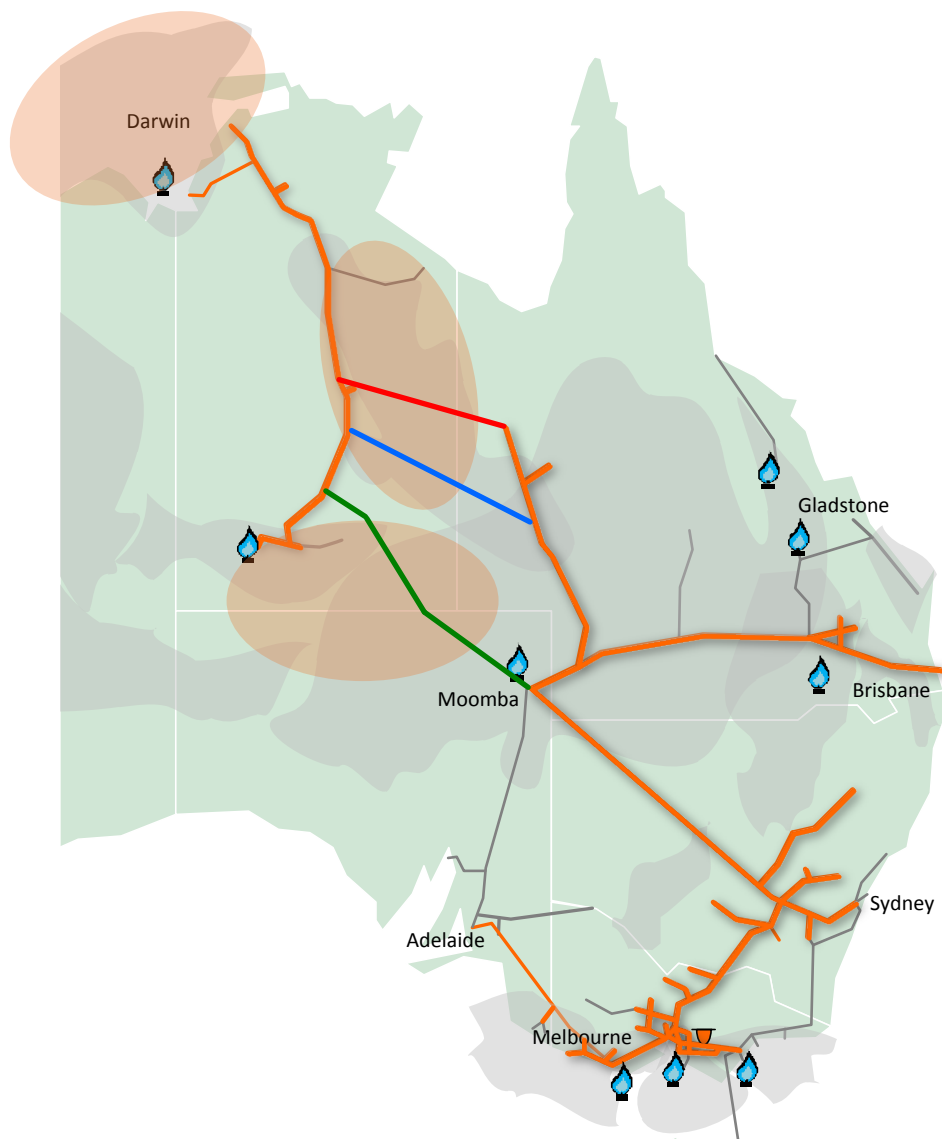


- A number of viable pipeline options ... each with its own challenges and opportunities

	Option A	Option B	Option C
<b>Location</b>	To Mt Isa	To Moomba	To CGP
<b>Length</b>	620 km	1,100 km	700 km
<b>Water crossings</b>	6	11	9
<b>Flood (1)</b>	25,000	352,000	117,000
<b>Rock/ outcrops</b>	35-45km	25-35km	50-60km

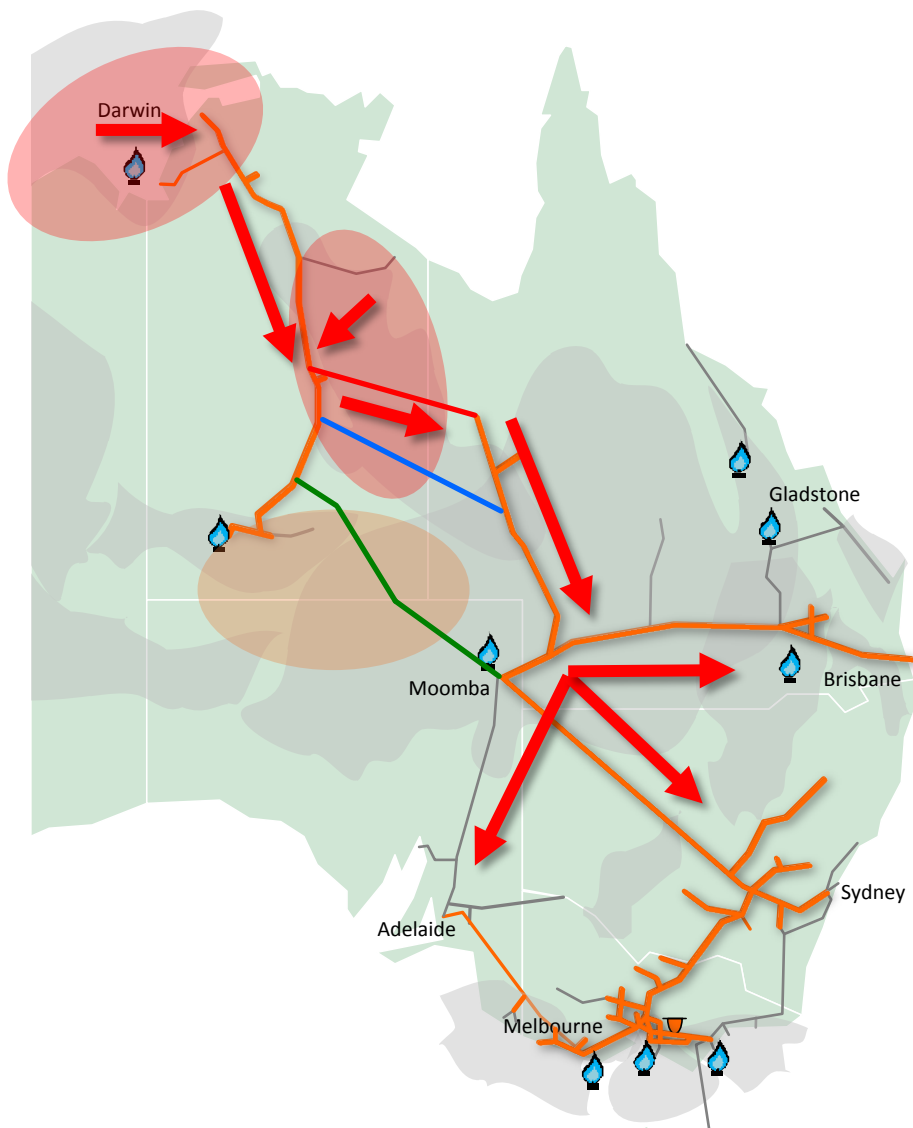
(1) Susceptibility to flooding – km<sup>2</sup> catchment upstream

# Development considerations



- Focused on identifying the most efficient and commercially viable link with the east coast grid
- Working with upstream and downstream parties to determine the most likely gas flow path
- Gas delivered to the east coast grid can be seamlessly delivered to any major delivery point
- Potential for additional LNG trains in the Northern Territory is a risk to NT Link development

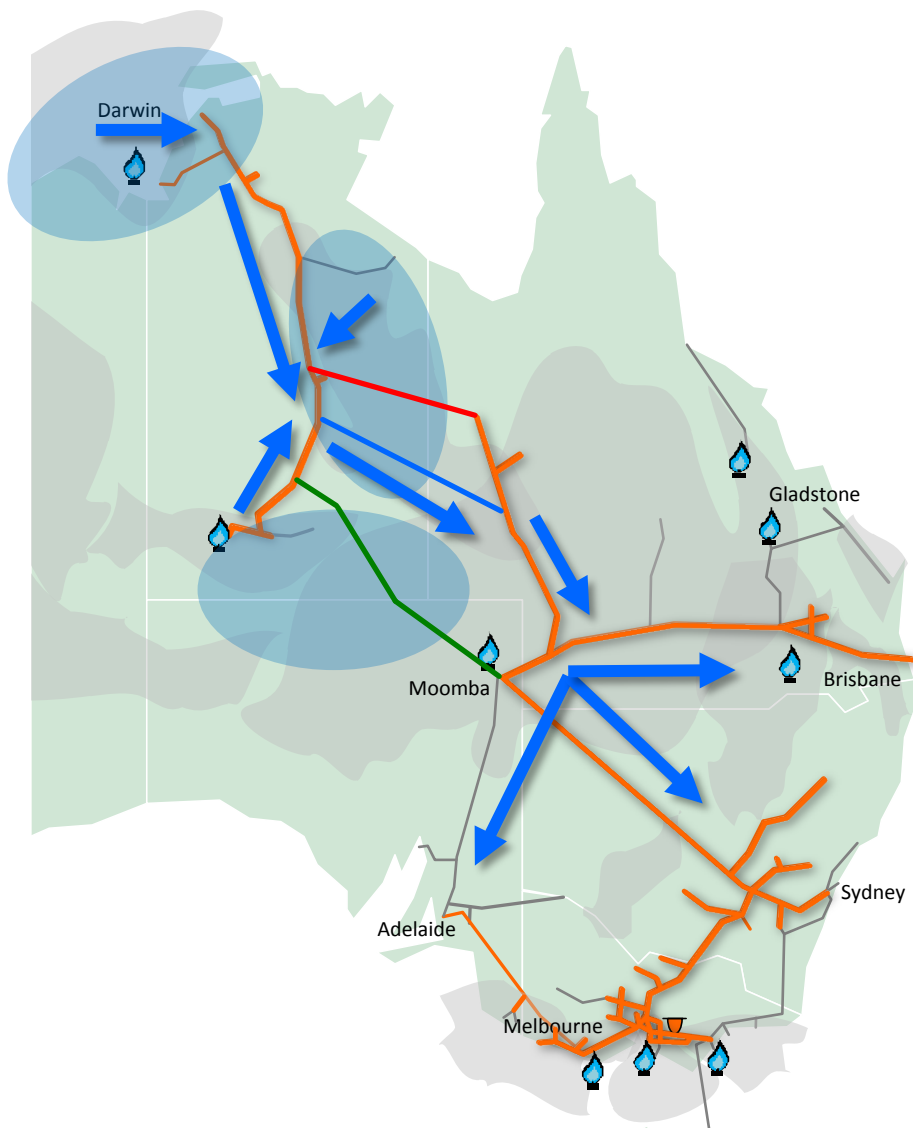
# Development considerations



Potential pipeline option – RED

- Key gas sources – offshore and eastern NT

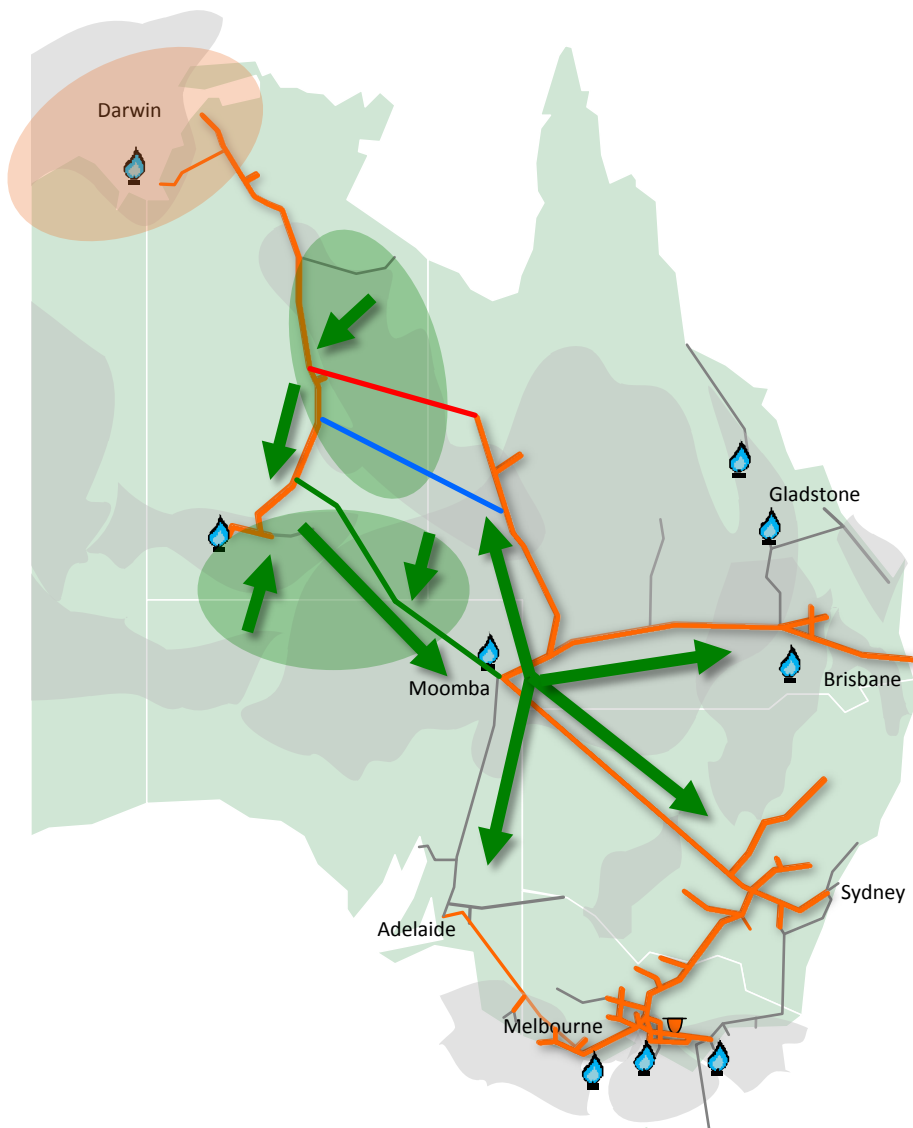
# Development considerations



Potential pipeline option – BLUE

- Gas sourced from all three locations (offshore, eastern NT and southern NT)

# Development considerations



## Potential pipeline option – GREEN

- Key gas sources – eastern NT and southern NT
- Pipeline travels through existing producing fields

## Conclusion

- Strategic initiative providing flexible energy supply between Timor Sea, Bass Strait, Sydney and Gladstone
- Feasibility study well underway – expected to be completed in FY2016
- Focus is to identify the most efficient and commercially viable link with the east coast grid
- Infrastructure sized to meet demand
- Working with upstream and downstream parties to best understand the likely gas path

### **APA's unique offering**

- APA can deliver a whole of system approach, leveraging the network capability from the east coast
- APA has appropriate capability, expertise and resources to fully develop this project in conjunction with NT Government



# Delivering Australia's Energy

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