



MEDIA RELEASE

NEW GAS PIPELINE WILL ENABLE LARGER VOLUMES OF GAS TO BE TRANSPORTED TO IONA STORAGE FACILITY

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Construction will start today on APA Group's Western Outer Ring Main (WORM) gas transmission project to enable larger volumes of gas to be transported to Victoria's Iona Underground Storage Facility for use during peak demand, APA Group CEO and Managing Director Rob Wheals said.

"The WORM pipeline builds on our track record of investment to expand our east coast gas grid and will create a vital new link in the Victorian Transmission System that bypasses the low-pressure network in Melbourne's CBD to increase critical gas storage at the Iona Underground Storage Facility for use during peak demand," Mr Wheals said.

"When completed, the WORM investment will also provide increased system capacity, reliability and security of supply to Victorian households for their heating, hot water and cooking, as well as for small and large businesses. A more secure supply of gas will also support more gas-fired power generation on days when it is needed, providing firming for renewable generation and further benefiting electricity customers.

"As this energy crisis has shown, gas stored at the Iona Underground Storage Facility is crucial in meeting peak gas demand in Victoria during winter with gas use sometimes three times higher in Victoria, compared to summer. Critically, gas delivers about two thirds of winter energy demand, double the electricity energy consumption.

"Importantly, this investment in the WORM is being delivered now and without government support, unlike proposed LNG import terminals, which are potentially years away from operation and with LNG in short supply as global competition for LNG intensifies across Europe and Asia.

"If we were to proceed with gas import terminals on the east coast, Australia would be in the somewhat bizarre position of being a leading gas exporter, while simultaneously importing the same gas, to heat our homes and support our homegrown industries. It's disingenuous to stop much needed new gas development in Australia, while at the same time supporting higher cost, higher emissions LNG gas imports from elsewhere.

"Through this energy crisis we have seen gas power generation and APA's existing gas infrastructure stepping up to help fill the electricity supply gap across the east coast – the construction of the WORM will help to address potential future gas shortages forecast by AEMO by getting more gas to the Iona Underground Storage Facility in the most efficient way.

"The start of construction on the WORM follows our continued support to work with customers and the industry to pull out all stops to bring further capacity to Victoria when it's needed.



“We’re also investing \$60 million right now to expand the South West Pipeline connecting the Iona Underground Storage Facility to Melbourne’s CBD by about 8.6 per cent through the installation of additional compression ahead of gas supply shortfalls highlighted by AEMO.

“In the past two months, with coal and solar generation down, gas power generation in NSW has increased on a daily average by a staggering 100 per cent compared to the past 12 months and getting domestic gas from Queensland to NSW and Victoria is a scenario we planned for well ahead of this energy crisis.

“We are investing right now to expand our east coast gas grid in Queensland and NSW to increase capacity by 25 per cent ahead of winter in 2023 and 2024. Construction is underway on stage 1 and due to be delivered ahead of winter in 2023, while design and procurement for stage 2 has commenced which will be delivered ahead of winter 2024.

“Expanding our east coast gas grid and making this \$270 million investment now, will provide a cost-effective, safe and reliable means of transporting Australian domestic gas from northern gas producers to southern markets, ahead of future potential shortfalls in 2023 forecast by the ACCC this week.

“Over time, we know a combination of renewables brought to market by new electricity transmission, and supported by firming provided by batteries, hydro and importantly gas generation, is the most economical and responsible pathway to net zero.

“Gas and gas infrastructure is not only the perfect complement to renewables when the sun doesn’t shine and the wind doesn’t blow, it will also buy us much needed time while we undertake the monumental rebuilding of our energy systems.

“That’s because Australia’s existing gas infrastructure is akin to a big battery, capable of dispatching and delivering energy security when it’s needed most, making it a vital complement to variable renewable energy.

“These are critical investments APA is making in the national interest, recognising the vital role we play as a leading Australian energy infrastructure business, in connecting Australian homes, businesses and communities with responsible energy solutions today, while supporting the development of the energy solutions of tomorrow, such as hydrogen and biogas. Our existing gas infrastructure will be essential to enable these potential future industries.”

When complete, the WORM gas transmission pipeline will be 51km and provide a new high-pressure connection between existing pipelines at Plumpton in Melbourne’s west and Wollert in the north and includes a new additional compressor at the existing Wollert compressor station.

Construction on the WORM is expected to be complete in June 2023.

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