



## Media Statement

### **Another big step toward a new and reliable source of gas for NSW**

- *NSW Gov announces development consent for AIE's Port Kembla Gas Terminal*
- *Consent paves way to finalise supply contract negotiations with industrial customers*
- *Final Investment Decision by consortium expected mid-2019*
- *First gas could be delivered to NSW industry by late 2020*

**April 29, Sydney: The NSW Government's decision today to award a Development Consent to Australian Industrial Energy's (AIE's) Port Kembla Gas Terminal (PKGT) paves the way for a new source of natural gas for the state, in time to avert forecast, critical gas supply shortages for manufacturing and electricity generation.**

The \$250 million PKGT project, which the NSW Government designated as Critical State Significant Infrastructure last year, could supply more than 70% of NSW gas needs, with first gas scheduled for late 2020. Having now received planning consent, AIE's PKGT project is by far the most advanced of various proposed LNG import terminal projects on the Australian east coast.

The project has already entered into an agreement with Hoegh LNG to supply the Floating Storage and Regasification Unit (FSRU), a critical component of the PKGT.

The Port Kembla location was chosen after a comprehensive evaluation process by AIE that assessed the long-term industrial nature of the site, port operations, berth configuration, proximity to existing east coast gas transmission infrastructure and AIE's expected key customer base, as well as strong support from the local community.

The project is expected to create up to 150 local jobs in the construction phase and 40 – 50 permanent roles once the terminal is operating. It will also underpin approximately 15,000 jobs within the Illawarra region which are dependent on affordable gas supplies.

The AIE Joint Venture Partners: Andrew Forrest's Squadron Energy; global energy infrastructure investor Marubeni Corporation ("Marubeni") and the world's largest buyer of LNG, JERA Co. Inc. ("JERA") are delighted the NSW Government has recognised the extensive benefits their project can bring to NSW industrial gas users and potentially also, the State's electricity consumers.

"Our Port Kembla Gas Terminal presents a real opportunity for NSW to take control of its gas supply challenges by introducing significant new and competitively priced supply directly into the heart of the Illawarra industrial region," the AIE partners said.

Natural gas plays a critical role in the state's energy mix, with 33,000 businesses and 300,000 jobs, as well as over one million homes, dependent on a reliable supply of reasonably priced natural gas. The timing of AIE's planned first gas supply into NSW coincides with when supply shortages are forecast to impact existing east coast gas supplies. This is especially important for NSW as the State currently relies on dwindling interstate supply for over 97% of the gas it uses for both manufacturing processes and electricity generation.

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AIE will use specialised ships as a “virtual pipeline” to transport LNG from a range of sources including domestic Western Australian and global suppliers. Shipping gas this way significantly reduces the transport component of final prices to gas consumers, enabling AIE to deliver a competitive product.

This built-in supply cost advantage, along with the AIE consortium’s global purchasing power through JERA, will help AIE’s Port Kembla gas terminal revolutionise the Australian east coast energy landscape.

Mr. Gaku Takagi, Executive Officer, Head of the Upstream Resources Business Group of JERA, said: “The Port Kembla Gas Terminal has the potential to be an important new entrant in the Australian east-coast energy market.”

“We look forward to providing the best solutions to secure stable and competitive gas supply for the businesses and people of NSW by utilising our own expertise as one of the world largest LNG players,” Mr. Takagi said.

Tsuyoshi Ikeda, General Manager of Marubeni said: “Marubeni has made careful choices about its trading and investment activities in Australia for over 60 years. This project can bring new supplier competition, new gas volumes and security of supply to NSW.”

“We see the PKGT as another important and productive investment and we are keen to realise the promising potential of this project,” Mr Ikeda said

The NSW Government’s development consent for the PKGT comes just a few weeks after the Commonwealth Government announced AIE’s associated proposal to construct an 800MW gas-fired electricity power station in the Illawarra had been shortlisted as one of 12 possible projects being considered for the Underwriting New Generation Investments program.

AIE’s proposed Combined Cycle Gas Turbine power station would be fuelled by natural gas from the Port Kembla Gas Terminal, meaning the Terminal would not only deliver a major new source of gas for NSW, but potentially play a significant role in generating lower-cost firming electricity for the state.

Mr Stuart Johnston, CEO of Squadron Energy, said: “We are extremely pleased to obtain the Development Consent. It paves the way for us to now focus on closing commercial negotiations with customers which in turn will enable the project to take a positive Final Investment Decision around the middle of the year.

When you factor in the role the terminal could play in combination with a proposed new gas-fired power station, you realise AIE’s proposed Port Kembla Gas Terminal has the potential to revolutionise NSW’s future energy landscape for the better,” Mr Johnston said.

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