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## **Project Modification approval clears way for final gas supply negotiations and agreements**

**Australian Industrial Energy (AIE) today welcomed NSW Government approval of its application to modify the existing Development Consent (Consent) for the Port Kembla Gas Terminal (PKGT).**

The Modification will allow increased volumes of gas to flow through the Terminal, satisfying the market need for more gas during winter months. This will be achieved by increasing the permitted output of the Terminal, as well as increasing the number of LNG cargoes able to be received by the Terminal.

With the additional capacity now approved, AIE will continue working with government agencies to complete post-consent requirements and with customers to firm up supply contracts. With firm supply contracts in place, AIE will be able to take its final investment decision (FID) and commence the relatively short and simple 14 –16 months construction program for the Terminal.

Of the various gas import facilities proposed to service the East Coast market, the PKGT is the only Terminal with a planning consent. It is also well placed to service both the NSW and Victorian markets.

AIE has appointed a major construction contractor, Spiecapag Soletanche Bachy (SCSB), and secured the Höegh Galleon as the Floating Storage and Regasification Unit (FSRU) for the Terminal. If customers now commit to supply agreements, making FID possible in 2020, gas could be flowing into NSW as early as 2022. The Terminal has the capacity to deliver well over 100PJ's of gas each year, representing about 75% of NSW total market needs. It can source LNG supplies from WA, QLD, NT or anywhere in the world offering the most competitive prices.

The approval cements the PKGT's position as the only project in NSW with a potential timeframe able to assist the NSW State Government to meet the terms of its recent MOU with the Commonwealth to support the injection of 70PJ's of new natural gas supplies into the market by 2022.

AIE has adopted a highly flexible approach to accommodating customer needs offering not only long-term fixed schedule supply contracts for industrial customers, but also tolling capacity so large volume customers, such as energy companies, can secure their own cargoes and delivery frequencies.

Mr Peter Mitchley, the head of AIE's PKGT Project said: "Import terminals can be operational faster and cheaper than on-shore resources. Production rates can be dialled up or down quickly to reflect market demands and the capacity of terminals can, in some instances, exceed volumes available from onshore gas fields. When located in industrial zones, like our NSW Port Kembla site, there is also the added benefit of significantly reduced environmental and community impacts.

"AIE welcomes the NSW Government's approval and looks forward to working with our customers to secure a reliable, affordable supply of gas for the businesses, electricity generators and households who will need it as we move into economic recovery post COVID-19," he said.



## ENDS

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### **About the Project**

Australian Industrial Energy (AIE), formed in 2017, is a consortium comprised of: Australian businessman Andrew Forrest's Squadron Energy; major Japanese trading and investment company, Marubeni Corporation; and JERA Co.Inc, the world's largest buyer of LNG.

The PKGT has NSW Government approval to supply more than 75% of NSW's gas needs.

The Terminal will be located at Port Kembla, near Wollongong, south of Sydney. The \$250 million project involves minimal infrastructure, consisting of four key components:

- LNG carrier vessels
- The Höegh Galleon, a vessel known as a Floating Storage and Regasification Unit or FSRU, which will remain moored at Berth 101 in Port Kembla's Inner Harbour
- Wharf facilities – the existing berth will be modified and upgraded to include offloading arms to transfer the LNG from the FSRU to the wharf
- A standard high-pressure pipeline connection from the wharf to the existing gas transmission network

LNG carriers transporting liquefied natural gas sourced from other parts of Australia or overseas, will dock alongside the FSRU and unload their cargoes onto the vessel.

The FSRU will store the LNG and convert it back to gas onboard. The gas will then be transferred to the onshore pipeline for distribution into the network.

The Project's main infrastructure, the FSRU, remains a seaworthy vessel and will simply sail out of Port Kembla at the end of the Project life.