

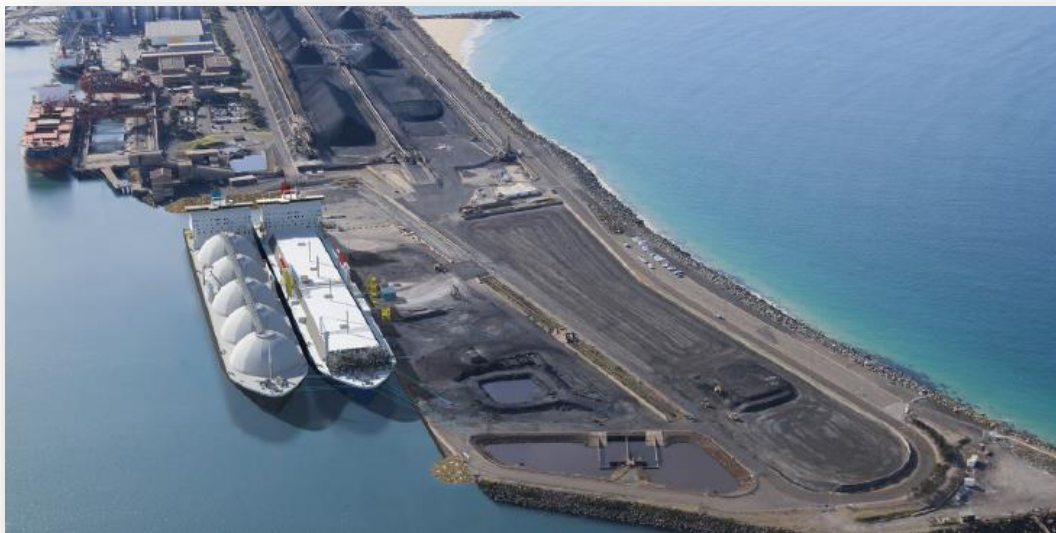
Port Kembla Gas Terminal Project Proposed Modification

Submission of support

17 December 2019

*A Submission to the NSW Government
– Department of Planning & Environment
for Environmental Impact Statement*

by Regional Development Australia – Illawarra



1) Executive Summary

Regional Development Australia (RDA) Illawarra is pleased to affirm our support for the Port Kembla Gas Terminal Project – Proposed Modification, November 2019.

In December 2018, RDA Illawarra provided a supportive submission for the Port Kembla Gas Terminal Project Critical State Significant Infrastructure Application No. CSSI 18_9471, which is provided at Appendix 1.

This submission affirms our continued support for the Port Kembla Gas Terminal Project Proposed Modification of November 2019.

RDA Illawarra supports the Port Kembla Gas Terminal Project Proposed Modification as it:

- Could provide cost-competitive and certain supply of gas to high-energy intensive manufacturing in the Illawarra region, and NSW, as well as supply to the NSW retail market
- effectively utilises Berth 101 in the Port of Port Kembla, which has been severely underutilised in the past
- maximises local content and multiplier jobs within the Illawarra region.

Port of Port Kembla – Berth 101



RDA Illawarra have undertaken a review of the EIS and outline our rationale for continuing to support the Port Kembla Gas Terminal Project in our submission.

The Modification to the Consent seeks only three conditions to be changed out of a total of 64 Consent conditions. The removal of Consent Condition 6 will enable the Port Kembla Gas Terminal to operate flexibly as well as meet the seasonal impacts of supplying to the retail gas market.

Therefore, **RDA Illawarra supports the removal of the project's current Consent Condition 6, which limits the Port Kembla Gas Terminal to 26 LNG cargo ships per annum.**

2) The Illawarra region Opportunity

RDA Illawarra has proactively supported and liaised with Australian Industrial Energy (AIE) since early 2018. We have been a part of a regional consortium who have welcomed the investment to the Port of Port Kembla and provided local connections, insights and advice.

The opportunity that the proposed Port Kembla Gas Terminal LNG Import Facility provides at Berth 101 at the Port of Port Kembla has the potential to provide a capital investment of \$200-\$250 million along with 130-150 construction jobs. This investment is welcomed to the Illawarra region by RDA Illawarra and other stakeholders.

Beyond the construction phase, the project is expected to support between 40-50 ongoing operational jobs. While this is of course a benefit to the Illawarra, the flow-on economic and job opportunities are also extremely attractive. It is our understanding that the flow-on multiplier jobs which will be supplied locally will include high value add maintenance work as well as other ancillary services.

The proponent has expressed a desire to maximise local content for both construction and operation, which is strongly encouraged by RDA Illawarra.

3) The Proposed Modification

It is our understanding that the proposed modification is sought to provide additional supply of LNG gas to the NSW market. NSW is the only eastern state that does not have its own material local gas supplies and relies on other states for >95% of gas needs. As such, NSW consumers may pay as much as an additional \$3.50 per GJ in gas transportation costs.

While we understand that industrial users are still a large part of the project, the change in volumes of LNG through Port Kembla is now required to meet the demand from retail customers, as well as the original industrial users.

'The project will provide NSW with its own 'virtual pipeline' to natural gas production zones all around Australia and the world.'

The introduction of retail customers also brings a requirement to provide critical peaking supply in periods of high demand, typically during the winter cold and summer hot peaks. The seasonality impact on the project has meant that the proponent is seeking greater operational flexibility than is currently achievable under their existing consent to meet the demand and seasonality impacts.

It is our understanding that the Port Kembla Gas Terminal will provide a new source of competitively priced gas to the east coast market of Australia. The Project will therefore help to apply downward pressure on gas prices as well as improve gas security for NSW. The modification to the project will also provide critical peaking supply in periods of high demand through the Port of

Port Kembla, as well as support its diversification and growth.

It is noted that the Modification to the Consent only requires the modification of three out of a total of 64 consent conditions, therefore is considered a minor modification.

The proposed modification has sought either the removal or modification of Clause 6 of the current Consent, 'Limits on Operations':

'LIMITS ON OPERATIONS 6. The Proponent must not import more than 26 shipments of liquified natural gas from LNG carriers in any calendar year.'

RDA Illawarra supports the removal of the project's current Consent Condition 6, which limits the Port Kembla Gas Terminal to 26 LNG cargo ships per annum. We note that NSW Ports have also supported the removal of this restraint on capacity, seeking a removal of capacity limits or shipment limits for their port tenants.

The removal of this Consent Condition 6 will enable the Port Kembla Gas Terminal to operate flexibly to meet the seasonal impacts of supplying to the retail gas market.

4) Conclusion

RDA Illawarra have reviewed the Port Kembla Gas Terminal Proposed Modification Environmental Assessment, November 2019, and wish to **affirm our support for the Port Kembla Gas Terminal Project Modification.**

The Project will provide a secure supply of gas to NSW, as well as ease price pressures in the east coast gas market. This will support not only NSW, but also and importantly, support high-energy intensive industries in the Illawarra region to continue to be sustainable and viable operations.



Debra Murphy

Chief Executive Officer

RDA Illawarra

Appendix 1

RDA Illawarra submission for the
Port Kembla Gas Terminal Project
Critical State Significant Infrastructure
Application No. CSSI 18_9471
10 December 2018