

ESTIMATES COMMITTEE

Question Taken on Notice

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From: Mr Joshua Burgoyne

To: John Langoulant

Portfolio: Essential Services

Agency: Power and Water Corporation

Subject: Gas Strategy

QUESTION:

- 1. Can you please describe the gas strategy that is described in SCI page 12?**
- 2. How many new gas purchase sales and transportation agreements has Power and Water Corporation entered into since the development of the strategy?**
- 3. What is the revenue to Power and Water Corporation from those arrangements?**

ANSWER:

- The Power and Water Corporation's Statement of Corporate Intent (SCI), of which Gas Services is a division, provides the strategic direction for the Corporation over the next four years. The gas strategy referred to on page 19 of the SCI is a summary of the vision and objectives for the Gas Services division. The separation of Territory Generation and Jacana Energy from Power and Water Corporation resulted in the need for a strategic review of the Gas Services business including a new vision and objectives. The vision is "to be a profitable gas business operating seamlessly within the Northern Territory and across the east coast of Australia".

The strategy also sets out high level activities to be undertaken over the short, medium and long term to achieve the stated vision and objectives. The key elements of the strategy are to ensure the reliability of gas supply and transport for the power generation sector of the Northern Territory; reduce controllable costs; and increase gas sales particularly in the Northern Territory.

The vision and objectives of this strategy were largely achieved by the end of the 2020 financial year with few gas disruptions, costs contained and significantly improved sales and associated revenue.

An updated strategy, which continues to focus on growing the gas business, was approved by the Power and Water Corporation Board in August 2019.

2. The Gas Services business has entered into numerous contracts with the private sector on a long, medium and short term basis to maximise both revenue and quantities of gas sold. As a foundation gas customer of the Northern Gas Pipeline from Tennant Creek to Mt Isa, Power and Water Corporation has been able to tap into the east coast gas market with sales to Mt Isa, Brisbane, Sydney and Melbourne. This has resulted in seven gas supply contracts and four gas transport contracts.

One of the recent contracts for gas supply to Newmont Tanami won a Chief Minister's Award in 2019 for economic development of the Territory.

3. Gas Services division total revenue over the past three years has been:

- 2017/18 - \$154.8 million
- 2018/19 - \$207.7 million
- 2019/20 - \$263.8 million

Gas Services has increased revenue by over 70% from 2017/18 to 2019/20. Revenue is expected to grow over the next SCI period.