



MINISTER FOR RENEWABLES AND ENERGY

Parliament House
State Square
Darwin NT 0800

GPO Box 3146
Darwin NT 0801

Ms Nerise Cook
General Manager Pipelines
Gas Markets
Jemena

Email: [REDACTED]

Dear Ms ~~Cook~~ Nerise

I am writing to express the Northern Territory Government's support for Jemena's applications to the Australian Energy Regulator (AER), seeking long term exemption under the National Gas Law from obligations to ring fence the Northern Gas Pipeline's (NGP) Phillip Creek Compressor Station (PCCS) from Jemena's other pipelines.

I understand Jemena is currently operating with the benefit of a Letter of No Action from the AER, which is facilitating Jemena's pipeline commercial team to manage urgent augmentation works to the NGP to make it capable of flowing in both directions. However, from 14 November 2024 this arrangement will lapse and in the absence of a long-term exemption from the AER, the management of the NGP/PCCS and will need to be transferred to an alternative and ring fenced Jemena team.

As the Territory's sole connection to the east coast gas market, the NGP is important to the Territory's ambitions to develop its onshore natural gas resources in the Beetaloo Sub-basin, which are needed to ameliorate gas supply shortfalls in the eastern gas market projected by the Australian Energy Market Operator. The NT Government is concerned that the medium and long-term development of the NGP may be hindered, if the specialist commercial project development and market analysis skills, which exist in the Jemena pipeline business, are unavailable to support its continued development.

The NT Government has assessed the application of ring fencing to the NGP/PCCS and does not consider that there would be net benefits for gas consumers because:

- The nitrogen removal service provided by the PCCS is not a typical gas production activity, given its role is to convert gas that is already suitable for consumption; and satisfies the NT's gas specification to be transported through the NGP and meet the different east coast gas specification.

- The nitrogen removal service provided by the PCCS is covered by the competitively determined and binding NGP access principles, which provide a non-discriminatory regime under which prospective users are able to access to the NGP/PCCS' services.

Every assistance is needed to ensure the timely development of the NT gas resources and supporting infrastructure.

If you would like to discuss this matter further, please contact Mr Matthew Sargeant, Executive Director, Office of Sustainable Energy, at the Department of Industry, Tourism and Trade, on [REDACTED]

Yours sincerely

A handwritten signature in black ink, appearing to be 'KWL' or similar, written in a cursive style.

KATE WORDEN

31/07/24