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**Gas contract ‘dithering’ a threat to Territory power prices**

The Territory apparently had not yet secured gas supplies for its power generation plant and electricity prices consequently could be forced substantially higher, according to the Shadow Minister for Business and Economic Development Terry Mills.

Mr Mills said the existing contract for the supply of gas was due to expire in 2009 and no new suppliers of gas – at a reasonable price – appeared to have been identified.

“In spite of the large reserves of gas off shore in the Territory the Government has been unable to secure any gas so that power can be guaranteed in the future in Darwin,” Mr Mills said.

“The Channel Island power station is reliant upon gas from central Australia – gas that may run out as soon as mid 2007.

“If the Government has indeed renegotiated gas contracts then it should let Territorians know about this – and now!”

Mr Mills said the Government had dithered over renegotiating the gas contract when it came to power and it now seemed unlikely it would be able to secure gas at an acceptable price.

“The Government did not take advantage of the Wickham Point facility and all the gas from that facility is being sold off-shore. As I understand it, not a single cigarette lighter full of gas is going to find its way to our Channel Island power station,” he said.

“The international price of gas has doubled in the past month and is now worth about US$6 per gigajoule. I believe the Government is in the market place with an offer of about A$3 per gigajoule.

“The major companies are under no obligation to sell to the Territory at any price and the longer that the Government waits the more difficult its bargaining position becomes.”

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“This Chief Minister had an opportunity to be a foundation customer of Conoco Philips but through her arrogance or ignorance she thought she knew best. Now there is no certainty in the gas supply for domestic power generation and Territorians will ultimately be forced to pay a premium for their power.”

- Terry can be contacted on 0418 833 594