Adam Giles
Chief Minister of the Northern Territory

**NT announces Jemena to build gas pipeline to east coast**

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The Northern Territory Government has selected Jemena Northern Gas Pipeline Pty Ltd to construct and operate the North East Gas Interconnector (NEGI) Pipeline to connect NT gas to eastern gas markets.

The pipeline will cost $800 million to construct and will run for 622 kilometres between Tennant Creek in the Northern Territory and Mount Isa in Queensland.

Northern Territory Chief Minister Adam Giles said the project would not require any underwriting from taxpayers.

“This nation-building project will generate investment in regional infrastructure and deliver real jobs with no financial commitment from taxpayers. This is a great outcome and shows Governments can deliver major infrastructure projects through a robust competitive process,” Mr Giles said.

“Make no mistake, this is, and always has been, about jobs for Territorians.

“The pipeline connects the ever-increasing energy needs of the east coast with the vast gas reserves in the Territory. Without this pipeline, the populated parts of Australia would have huge difficulty securing their energy needs.”

It is estimated the Territory has more than 200 trillion cubic feet of gas – potentially enough to power Australia for more than 200 years.

All royalties from the onshore oil and gas industry will go towards the vocational education and training and other areas of the education sector.

Mr Giles said the market had responded extremely positively to the challenge issued by the Northern Territory Government to connect the NT to the eastern gas markets and take another step to a truly national gas grid.

“Since I launched the process in Alice Springs at the end of October last year, the interest in and competition for the pipeline has been strong. The level of interest from international and domestic pipeliners indicates the government’s decision to conduct a competitive process was the right one,” Mr Giles said.
Construction of the NEGI will create more than 900 jobs during construction, 600 of which will be for locals and offer up to 100 contracts for local businesses worth about $112 million. There will be ongoing maintenance and operations teams based in Tennant Creek and Mt Isa.

Jemena expects construction of its 14 inch pipeline to be completed by 2018. Proponents to the NEGI competitive process made their own evaluation of two potential routes to connect the existing gas pipeline in the NT with the east coast gas network.

Mr Giles said the proposal from Jemena was compelling as it offered cheaper tariffs, cheaper gas processing costs and the option to increase the capacity of the pipeline prior to the laying of the first pipe if market conditions support increased capacity.

Jemena Managing Director Paul Adams said the pipeline would fast-track development of the NT’s gas industry.

“Building the NEGI will drive commercial exploration and development of currently untapped gas reserves, unlocking the next phase of economic growth for the Territory and helping build a stronger Northern Australia,” Mr Adams said.

“The pipeline is cost-effective and relatively quick to build, so it will support a strong gas industry for the Territory by getting gas to market at a competitive price, accelerating development of NT gas fields and helping create jobs and opportunities in the gas industry.

“As further reserves in the NT are proved up, we can expand our scalable pipeline to meet strong demand from east coast customers.”

Mr Adams said routing the pipeline to Mt Isa was the most efficient way to get gas to the east coast, as it reduced potential construction risks and required lower volumes of gas to be contracted to be viable.

“As soon as sufficient gas is proven in the NT, Jemena will seek to build a further link connecting Mt Isa to the Wallumbilla hub in Queensland. This will vastly improve the reliability of the gas transmission network by reducing sole reliance on Moomba as the hub for supplies. It will also introduce some much-needed competition into the east coast market, while accelerating the growth of the NT gas sector.

“By linking the Territory’s vast resources into the east coast network, NEGI will be the foundation of a more robust, competitive Australian gas market.”

Mr Adams said Jemena had been working closely with communities and businesses along the proposed route from the start of the bidding process, to harness as much local and Indigenous participation as possible in the delivery and ongoing management of the pipeline.

To ensure remote communities benefit as much as possible from the NEGI project in the long-term, Jemena is also investing in training programs, Indigenous apprenticeships and a new Indigenous social enterprise in Tennant Creek to provide support services for construction and road maintenance projects in the area.
Mr Giles said the first supplies of gas to sustain the pipeline will come from existing offshore and onshore gas reserves.

The previous Territory Government entered into a gas supply contract which binds the Territory into buying gas it currently doesn’t use and won’t need to meet future demand.

The NT Government’s Power and Water Corporation (PWC) will supply gas to the NEGI from its contracted suppliers. The quantity of gas PWC is entitled to under its contracts far exceeds the amount needed to meet the NT’s energy needs.

PWC will use a gas sales agreement with Incitec Pivot Ltd to lock in a guaranteed gas supply for approximately 10 years from the completion of the NEGI to 2028.

“This makes it an attractive commercial proposition for PWC and this commercial opportunity helps support the NEGI, and in turn, will lead to more competitive gas supplies for all users,” Mr Giles said.

Incitec Pivot Chairman, Paul Brasher said the long term gas supply agreement with Power and Water Corporation and pipeline development is a step change in the continuing development of Northern Australia.

“It will underpin existing regional jobs and create opportunities for many future investments,” Mr Brasher said.

“IPL’s fertiliser operation in North West Queensland is a major contributor to agriculture and is well placed to be part of Northern Australia’s long term development.

“The importance of this agreement will not be lost on those people whose employment revolves around the Phosphate Hill plant.

“This project will play a major role in the future development of Northern Australian agriculture, and in continuing to build a food source for Australia and Asia over the next decade.

“The Chief Minister of the Northern Territory has been true to his word on developing infrastructure for Northern Australia.”

Mr Giles said the new pipeline sets up a long term framework to increase gas supply, create a more competitive energy market and provide increased access to clean energy for local industry, Territory electricity generation and the eastern Australian gas market more generally.

“The combination of the NEGI pipeline, the PWC gas sale and a more efficient restructured PWC will promote development and competition in the Territory energy sector, create employment and reduce energy costs,” Mr Giles said.

“The Northern Territory will be significantly better off as a result and Government is currently looking at ways to pass on this benefit to every Territory household.

“The NEGI also further enhances the Territory’s reputation for leading the development of Northern Australia and will have positive flow on effects for Government’s ability to deliver better roads, schools and hospitals for Territorians.”
Media Contact: Scott Whitby 0438 531 583 (Chief Minister Giles)
Rebecca Harrison 0428 742 804 (Jemena Northern Gas Pipeline Pty Ltd)
Matthew Flugge 0409 705 176 (Incitec Pivot)

For further information, visit www.onshoregas.nt.gov.au for a range of factsheets on the NEGI pipeline, the competitive process run by the Northern Territory Government and the PWC Gas sale.