

DOWNSTREAM GAS SUPPLY AND AVAILABILITY IN NSW

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The Committee Manager
State and Regional Development Committee
Parliament House
Macquarie St
Sydney NSW 2000

Dear Sir/Madam

Inquiry into Downstream Gas Supply & Availability in NSW

Thank for you the opportunity to make a submission to this Legislative Assembly Inquiry.

Rather than address the individual "Terms of reference" we have taken a more holistic approach with a view to raising awareness of the potential natural gas supply and availability issues in the City's major industrial precinct – "Nexus".

In recent years AlburyCity has worked with other landholders and stakeholders to progress the development of approximately 450 hectares of General Industrial (IN1) zoned land in the City's North. Nexus is currently serviced by the City's main low pressure natural gas supply line from Victoria. This supply line ends in the Nexus precinct.

Two of the City's largest industrial users of natural gas are located in the Nexus precinct and draw from that low pressure supply line, with one business experiencing growth in recent years which has increased its demand for natural gas. We understand that this supply line is nearing capacity in terms of major industrial use given existing consumption and forward growth demand forecasts for the remainder of the city. As a result there may be limited opportunity for the expansion of existing or establishment of new major gas dependent businesses or industries in this precinct and arguably elsewhere in the city.

Recent investigations have revealed that the cost of augmenting the Victorian low pressure supply line to meet any major increase in industrial demand is in excess of \$40M. As a result, a comparative analysis was undertaken to determine the cost of establishing a high pressure line from the national North/South supply line at Culcairn into the Nexus Precinct. This analysis forecast an infrastructure capital investment of only \$20M with the added benefit of providing high pressure natural gas to major industrial users at significantly more competitive prices than could be achieved via the existing Victorian low pressure supply line. It is understood there is retail capacity in this high pressure line.

An alternative option to augmenting the existing Victorian low pressure supply line or connecting to the North-South high pressure line is to support energy generation initiatives that reduce the demand of

existing major users. An opportunity in this regard has been identified and while it is predominantly funded by the private sector it does require a level of State and/or Federal Government support to ensure it provides an adequate return on capital investment. This opportunity has been presented to the State Government unfortunately no financial support has been forthcoming to date despite the strategic advantages the project presents. This may be as a result of a lack of understanding of the regional challenges associated with gas supply at volumes that support major industrial users.

AlburyCity is unaware of the complexities associated with the national natural gas supply network or the arrangements that exist between the States of New South Wales and Victoria with regard to the provision of natural gas supply to Murray River communities. Regardless it would appear there are deficiencies within the existing network which could impact on the supply of natural gas to Albury's major industrial precinct and subsequently the expansion of existing or establishment of new major natural gas dependent industries in Southern NSW.

The Nexus precinct already supports a number of major employers. Located on the Hume Highway, with direct access via the northern ramps at the Davey Road interchange or the full diamond interchange at the Thurgoona Drive interchange, the precinct is also adjacent to the main Melbourne to Sydney rail corridor and has an established \$12M open access intermodal rail facility in the Ettamogah Rail Hub.

As the only large scale industrial precinct of its kind in the City it has the potential to support significant investment and job creation which will have a positive impact on the growth and development of Southern NSW. Any potential risk to the availability of natural gas to support major industrial demand for this resource could be an impediment and competitive disadvantage to NSW.

We appreciate the inquiry will seek to understand issues and opportunities associated with the long term sustainability of gas supply across the whole of NSW. We would however be grateful for the Legislative Assembly's consideration of this particular issue and that the need for further investigation of the opportunity is included in its recommendations to the NSW Government.

If you have any questions in relation to this submission please contact Tracey Squire, Director Economic Development & Tourism on 02 60238276 or by email to tsquire@alburycity.nsw.gov.au.

Yours faithfully

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Frank Zaknich
General Manager

Cc: Mr Greg Aplin, MP – Member for Albury