

Why is AGL pursuing coal seam gas?

People frequently ask why AGL participates in the coal seam gas (CSG) industry.

AGL has been supplying gas to Sydney for more than 170 years. Now we supply gas to more than 1.3 million homes and businesses in eastern Australia. More than 700,000 of these customers are based in New South Wales.

Some years ago we supplied our customers solely from conventional gas found in central Australia and Bass Strait. However, eastern Australia's conventional gas reserves are declining.

Supplies of CSG into eastern Australia started about 15 years ago. CSG now accounts for 86 percent of eastern Australia's natural gas reserves and supplies a third of all gas consumption. Governments, particularly in Queensland, have encouraged this growth to increase the amount of gas available to generate electricity.

AGL recognised this trend a decade ago and started purchasing CSG from Queensland so that our customers across eastern Australia would have reliable gas supply.

About seven years ago, AGL decided to reduce its dependence on other companies for gas. We decided to invest directly in CSG developments to make sure that we can continue to supply gas to meet our customers' needs. Without this, there is a real concern that, from the middle of the decade, New South Wales would not have enough gas to keep households warm and businesses operating.

Recently, large amounts of CSG (and conventional gas) in Queensland and South Australia have been earmarked for export as liquefied natural gas (LNG). This means it is unlikely AGL will be able to secure future supplies for New South Wales from these places unless we pay much higher prices – which, in turn, will increase prices paid by our customers.

So where are AGL's CSG operations?

We operate the Camden Gas Project in south-west Sydney which now supplies about 5% of New South Wales' natural gas demand. It has been safely producing CSG alongside a variety of other land uses for more than 10 years.

We also operate CSG exploration projects in New South Wales (at Gloucester and in the Hunter Valley) and in Queensland (in the Galilee Basin near Longreach). As we expand our CSG operations, we will continue to use best practice standards and address areas of community concern, such as we are doing with our groundwater monitoring studies across all of our CSG projects.

In addition to its operated assets, AGL owns a 50% interest in the Moranbah Gas Project in Queensland which supplies CSG to Townsville, mainly to generate electricity.

With substantial amounts of CSG reserves in and around the Sydney Basin, AGL is committed to securing this gas for its customers.

Visit agl.com.au/CSG to learn more about CSG.

175
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