

Port Kembla Gas Terminal Project

Submission of support

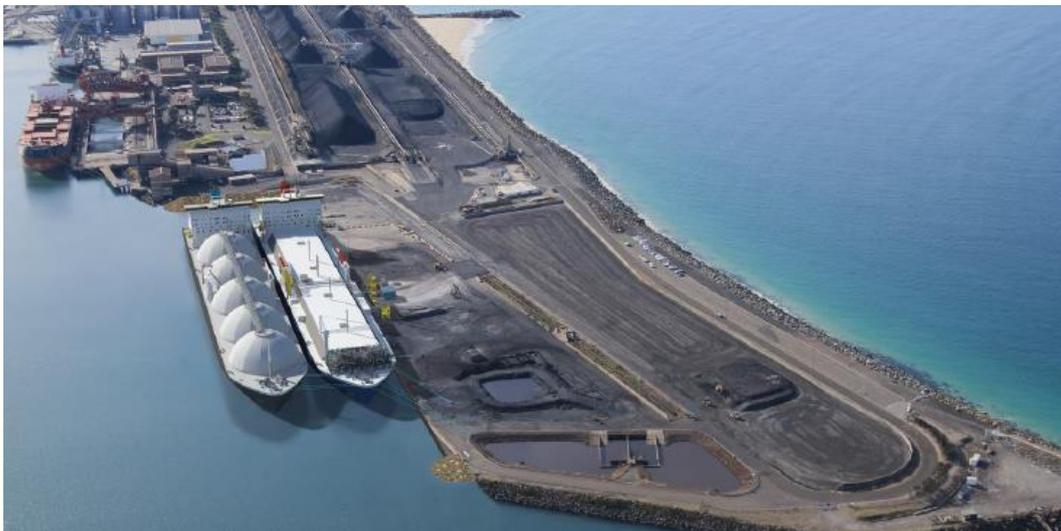
Critical State Significant Infrastructure

Application No. CSSI 18_9471

10 December 2018

***A Submission to the NSW Government
– Department of Planning & Environment
for Environmental Impact Statement***

by Regional Development Australia – Illawarra



1) Executive Summary

Regional Development Australia (RDA) Illawarra is pleased to affirm our support for the Port Kembla Gas Terminal Project.

An urgent need has been demonstrated for the Project. The outcomes of the Project go above and beyond the capital investment (200-\$250 million) and jobs (130-150 construction jobs and 40-50 ongoing operational jobs) it provides. There is a clear need for downward pressure on gas prices in the east coast gas market, which this Project can support.

RDA Illawarra supports the Port Kembla Gas Terminal Project as it:

- could provide cost-competitive and certain supply of gas to high-energy intensive manufacturing in the Illawarra region, and NSW
- effectively utilises Berth 101 in the Port of Port Kembla (see map below), which has been severely underutilised in the past
- maximises local content and multiplier jobs within the Illawarra region
- provides a new industry to NSW and the potential hazards and risks have been assessed in the EIS in accordance with global best practice
- provides a win for the environment with dredged material being recycled to the Outer Harbour development footprint in the Port of Port Kembla
- provides for safe navigation of vessels in the Inner Harbour turning basin.

RDA Illawarra have undertaken a review of the EIS and outline our rationale for continuing to support the Port Kembla Gas Terminal Project in our submission.

Port of Port Kembla – Berth 101



2) Introduction

Regional Development Australia (RDA) Illawarra has an active and facilitative role in the Illawarra region, with a clear focus on growing a strong and confident regional economy that harnesses competitive advantages, seizes on economic opportunities and attracts investment.

RDA Illawarra Board, its CEO and staff are neutral brokers and collaborators across all levels of government, community, business and stakeholders for the growth of the Illawarra's economy (including Wollongong, Shellharbour and Kiama local government areas).

3) The Illawarra region Opportunity

RDA Illawarra has proactively supported and liaised with Australian Industrial Energy (AIE) since early 2018. We have been a part of a regional consortium who have welcomed the investment to the Port of Port Kembla and provided local connections, insights and advice.

The Port of Port Kembla is an economic asset of national significance, critical to the future economic growth and development of both the Illawarra region and NSW. Port Kembla is a deep-water harbour surrounded by large parcels of employment generating industrial land, which is ideally suited to the proposed Gas Terminal.

The Port of Port Kembla is currently under-utilised. Specifically, Berth 101 has for many years had low utilisation rates. The current downward trend in coke and coal exports, along with alternative berths being utilised at BlueScope's site for coke exports, saw the Port Kembla Coal Terminal's Berth 101 reduced to virtually no throughput.

The opportunity that the proposed Port Kembla Gas Terminal LNG Import Facility provides at Berth 101 at the Port of Port Kembla has the potential to provide a capital investment of \$200-\$250 million along with 130-150 construction jobs. This investment is welcomed to the Illawarra region by RDA Illawarra and other stakeholders.

Beyond the construction phase, the project is expected to support between 40-50 ongoing operational jobs. While this is of course a benefit to the Illawarra, the flow-on economic and job opportunities are also extremely attractive. It is our understanding that the flow-on multiplier jobs which will be supplied locally will include high value add maintenance work as well as other ancillary services.

The proponent has expressed a desire to maximise local content for both construction and operation, which is strongly encouraged by RDA Illawarra.

4) Energy supply benefits

- the Illawarra and NSW urgent need for the Project

The cost of energy is rising and causing pressure on businesses to be profitable. While all businesses and consumers face energy cost pressures, there is significant and urgent pressure on the Illawarra's steel and associated industries.

A large number of high energy-intensive manufacturers in the Illawarra and Shoalhaven regions, such as BlueScope, Manildra, Bisalloy and other manufacturing companies, have an urgent need for cost-competitive, secure and long term supply agreements for energy, including gas.

RDA Illawarra supports an LNG Import Terminal construction at Port Kembla as it could provide a long-term, certain supply of gas for manufacturing and related organisations in our region. These high-energy intensive organisations have an urgent and ongoing need to be cost-competitive to ensure the jobs are sustainable into the future.

It is our understanding that the Port Kembla Gas Terminal will provide a new source of competitively priced gas to the east coast market of Australia. The Project will therefore help to apply downward pressure on gas prices as well as improve gas security for NSW.

Recent media demonstrates the urgent need for this Project (See Appendix A) and below.

Media:

Power prices still concern BlueScope

The Australian, 23 November 2018

Mark Vassella, Managing Director of BlueScope, said 'rising gas and electricity prices, as well as supply issues, would hamper the competitiveness of BlueScope's Australian manufacturing operations.'

The Port Kembla Gas Terminal Project has the capacity to supply over 70% of NSW's total annual gas demand. It is our understanding that this Project could deliver gas to the market by 2020. The Project's additional gas energy supply to the Illawarra region's high energy intensive industries, as well as NSW, could put much-needed downward pressure on gas prices in the east coast market.

5) The Project – Port Kembla Gas Terminal

It is our understanding that the scope of the Port Kembla Gas Terminal Project includes:

- Berth 101 modifications, including landside offloading facilities, dredging and excavation works
- Operations of around 24 LNG vessels per annum
- Floating Storage Regassification Unit (FSRU) to receive LNG, store LNG, convert LNG to gas, and then connect to the gas pipeline
- Construction of 6.3 kilometres of gas pipeline to connect through a tie-in point at Cringila.

It is our understanding that the construction phase of the Project will take approximately 12 months, and that operations could commence in 2020. Furthermore, the design life of the facility is expected to be 10 to 15 years.

6) Response to Environmental Impact Statement

RDA Illawarra have reviewed the Environmental Impact Statement (EIS) and wish to **affirm our support for the Port Kembla Gas Terminal** Project.

Our rationale for continuing to support the Port Kembla Gas Terminal Project is primarily due to the following:

- A clear need is demonstrated for the Project, and there are significant investment and economic benefits from the project, as outlined in sections 3 and 4 above.
- The Project provides a new industry to NSW and the potential hazards and risks have been assessed in the EIS in accordance with global best practice.
- The assessment found that there is very low risk to people and property in industrial and residential areas. Furthermore, there are no visual amenity concerns as the elevated topography forms a visual 'bowl' within which the flat landscape of the project site lies. It is clear that the new operation will be visually integrated with other industry and port infrastructure in Port Kembla.
- Excavation and dredged materials of around 600,000 cubic metres will be disposed of in the Outer Harbour as part of the Port's existing reclamation works. This is a win for the environment, with dredged material being recycled to another location in the Port of Port Kembla.

- The Project's operation proposes 24 LNG shipments per annum, or one every two to three weeks. The risk of a potential collision between an LNG carrier and another vessel was considered. A navigational simulation study indicated some modifications when other vehicles enter the turning basin in the inner harbour. This has been incorporated by the Project and will ensure safe navigation of other vessels to within 40 metre off-set from the Inner Harbour turning basin.
- It is noted that there will be some temporary construction impacts, however, these are minimal and may see some noise and dust amenity impacts on nearby residents and industrial sites. Furthermore, the Green and Golden Bell Frogs may have some minimal potential for impact during the pipeline construction phase. However, it is noted the mitigation strategies will be engaged to manage these potential temporary construction impacts.
- The cumulative impacts have been assessed and were considered in the EIS. It was also noted that the construction of the Project may coincide with the Port Kembla Bulk Liquids Terminal, resulting in additional truck movements on the local road network. However, a detailed traffic and transport assessment has been undertaken and indicates that key intersections will be subject to minor additional traffic during the temporary construction phase. However, there are no anticipated adverse impacts on the road network.

7) Conclusion

RDA Illawarra have reviewed the Environmental Impact Statement (EIS) and wish to **affirm our continued support for the Port Kembla Gas Terminal Project**.

The Project will provide a secure supply of gas to NSW, as well as ease price pressures in the east coast gas market. This will support not only NSW, but also and importantly, support high-energy intensive industries in the Illawarra region to continue to be sustainable and viable operations.



Debra Murphy

Chief Executive Officer

RDA Illawarra

Appendix A

[The Australian](#) – Power prices still concern BlueScope Steel

Power prices still concern BlueScope Steel

By **STUART CONDIE**

AUSTRALIAN ASSOCIATED PRESS
10:49AM NOVEMBER 23, 2018

BlueScope Steel has flagged continuing concern over power prices and reliability following the failure of the federal government's national energy guarantee.

"We were disappointed that the Australian federal government chose not to proceed with the planned National Energy Guarantee," BlueScope managing director Mark Vassella told the steelmaker's annual general meeting in Sydney on Friday.

"We thought this policy had real potential to deliver less volatile electricity prices and greater reliability of supply, while also cutting emissions."

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STEPHEN BROOK

Mr Vassella said rising gas and electricity prices, as well as supply issues, would hamper the competitiveness of BlueScope's Australian manufacturing operations.

"The company's objective is to seek policy that ensures energy supplies are reliable, affordable and contribute to meeting Australia's Paris commitments," Mr Vassella said.

"We also seek policy that encourages global reductions in emissions from the steel industry, and does not contribute to carbon leakage, in which steel production shifts to other jurisdictions with no environmental benefit."

The national energy guarantee was formulated this year but abandoned amid opposition from conservative MPs shortly before Malcolm Turnbull was ousted as Prime Minister by his own party.

Opposition leader Bill Shorten said this week that Labor would revive the policy if elected next year.

Mr Vassella said BlueScope was heartened that government was still seeking to improve reliability.

Mr Vassella also said domestic sales volumes remained robust driven by continuing strength in both non-residential and residential construction, with the latter focused on alterations and additions, and new detached homes.

Shares in BlueScope jumped 3.38 per cent to \$12.55 by 1045 AEDT.

'Disappointing': Business leaders slam Morrison government on energy policy

By Nick Toscano, Cole Latimer & David Crowe
23 November 2018 – 4:54pm



The federal government faces a mounting business backlash over energy policy as leaders of some of nation's biggest companies and most influential lobby groups have publicly lamented the ditching of the National Energy Guarantee and blasted its proposed replacement.

One of the country's biggest manufacturers, Bluescope, on Friday singled out the decision to scrap the National Energy Guarantee as disappointing.

BlueScope chief executive Mark Vassella said the steelmaker, which employs thousands of people around Australia, understood energy policy was "complex and political" but the challenges in the sector needed to be addressed.



BlueScope CEO Mark Vassella said the government has wasted the potential of the National Energy Guarantee. LOUIE DOUVIS

"We have been very concerned about the impact of skyrocketing gas and electricity prices, and declining reliability of supply, on the competitiveness of our Australian manufacturing operations," he said.

"We thought [the NEG] had real potential to deliver less volatile electricity prices and greater reliability of supply, while also cutting emissions."

His criticism came as the Business Council of Australia slammed the Morrison government's energy plan as "ad hoc and extreme" in a warning on the need for a policy to deal with carbon emissions as well as prices.

The BCA declared the government's proposed new powers over the energy market set a "dangerous precedent" and could raise concerns about sovereign risk.

Mr Vassella said Bluescope wanted to ensure Australia's climate policy was effective in cutting global greenhouse emissions, in line with the Paris agreement and Australia's 2030 target, but that should be done in a way that did "not lead to unnecessary closures of domestic manufacturing operations".

RELATED ARTICLE



ENERGY

'Without balance' and 'sensible': Labor's massive energy plan divides critics

“Accordingly, BlueScope has been prominent in debates about energy and climate change policy, particularly in Australia and New Zealand,” he said.

Matt Kay, chief executive of oil and gas company Beach Energy, also called for more certainty but declined to back calls from oil and gas rival Woodside for the introduction of a carbon price.

“There’s no magic wand or single solution for energy policy and climate change,” Mr Kay told Fairfax Media.



“The key message from all parties in the energy industry is that we need clarity and certainty at all levels on regulation and rules, from the upstream [gas wells] to the end consumer.”

He said as Australia moves away from coal-fired power to more renewable energy, gas will play a key role in supporting this energy transition.

The Business Council’s sharp criticism, lodged in a detailed submission on Thursday, urged the government to proceed with the National Energy Guarantee and its scheme to reduce emissions, despite Coalition declarations that the policy is “dead”.

The rebuke of Prime Minister Scott Morrison and Energy Minister Angus Taylor is especially powerful because it warns of long-term damage to electricity reliability and affordability – the two problems the politicians are claiming to fix.

“The Business Council of Australia supports lower electricity prices but does not believe this will be achieved by ad hoc and extreme intervention in the electricity market which brings new risks, unintended consequences and has never worked before,” the submission says.

The business group says that while it supports the need to put a priority on affordability, it does not believe that the “heavy-handed” and “intrusive” regulations are the answer.

RELATED ARTICLE



ENERGY

'This won't reduce power bills': Industry rubbishes forced divestment plan

BCA chief executive Jennifer Westacott, who signed the submission, warns that the Australian Competition and Consumer Commission did not call for the divestment power, while the Australian Energy Market Commission did not find "gaming" in the system to justify the scale of the government's new regulations.



Business Council of Australia chief executive Jennifer Westacott. ALEX ELLINGHAUSEN

Ms Westacott blamed policy failures for the increase in wholesale prices, citing the ACCC's view that the National Energy Guarantee could encourage investment.

The business group has previously criticised a key element of the government plan – a divestment power to force energy companies to sell assets – but the submission to Treasury amplifies the objections by noting how the Coalition policy conflicts with official advice from regulators.

The Australian Industry group called the divestment powers an "extreme step".

"Forced divestiture would set a dangerous precedent for the whole economy, and was specifically ruled out by the ACCC in their recent comprehensive report on improving electricity prices," Ai Group chief executive Innes Willox said.

The Australian Chamber of Commerce and Industry has also called for a return to the NEG saying it was the "only long-term policy that enjoyed overwhelming support across the business community".

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