



14 July 2017

Mr Clement Sheil
Energy Security Office
Department of the Environment and Energy
John Gorton Building
PARKES ACT 2600

By email: mrps@environment.gov.au

PETROLEUM AND OTHER FUELS REPORTING RULES 2017

Dear Clement

Gas Energy Australia (GEA) welcomes the opportunity to provide comments on the *Petroleum and Other Fuels Reporting Rules 2017*.

First, I wish to advise the members and associates of GEA agree that the quality and coverage of the collection and publication of monthly national and state data should be improved under the proposed legislation.

GEA noted in earlier correspondence that when Australia joined the International Energy Agency in 1974 to bolster our energy security through concerted action, including information sharing, with other Western nations in response to Middle East oil supplies at the time, there were few alternatives to oil as a transport fuel. Today, the use of alternative gaseous fuels, represents another way to preserve energy security in response to disruptions to oil supplies.

GEA is encouraged that the proposed *Petroleum and Other Fuels Reporting Rules 2017* includes alternative gaseous fuels in the monthly collection of petroleum statistics. By doing so, the data will provide a truer reflection of Australia's fuel stockpile and a more accurate picture of Australia's energy security.

One issue that needs to be examined is the desirability of ensuring Liquefied Petroleum Gas (LPG) production from natural gas fields includes LPG extracted at Kleenheat's Kwinana facility from natural gas supplied through the Dampier to Bunbury pipeline.

- At present, this LPG appears most likely to be captured under the section dealing with "refining a covered product of any kind at an Australian refinery during a reporting period".
- GEA considers this LPG should be covered under the section dealing with "processing natural gas liquid at an Australian plant during a reporting period".

The classification of the LPG produced at Kleenheat's Kwinana facility came up recently as an issue when we were finalising GEA's 2016 LPG supply and demand study. In this case, we ended up reclassifying this output in 2016 and earlier years as field LPG rather than refinery LPG. In the case of mandatory reporting, the key issue is that this production should be picked up but our view is that it

should be picked up by the gas extraction provisions and the draft legislation needs to be amended so extraction doesn't need to take place at the field.

In addition, during the processing of the data for our 2016 LPG supply and demand study, our consultant who compiles it, Mr Alan Smart (ACIL Allen Consulting), advised of some issues with the ABS's LPG trade data. He is following up on these issues and is prepared to speak to your Department about these issues. I have attached a copy of this report for your information.

We would be more than happy to discuss our comments with you in more detail.

In closing, I would like to commend the Department of the Environment and Energy's Energy Security Office on the management of this process.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Griffiths", with a long horizontal flourish extending to the right.

John Griffiths
Chief Executive Officer