

W. Australia Proposes Cross-Country Gas Pipeline to Cut Carbon

By Angela Macdonald-Smith

Oct. 20 (Bloomberg) -- Building a pipeline across Australia would help increase use within the country of locally produced natural gas and help reduce carbon emissions harmful to the environment, said Western Australian Premier Colin Barnett.

Such a line would take gas from fields off the northwest coast to Moomba in central Australia, from where it would be distributed to users in the more-populous southeastern states, Barnett said today in Perth. Such a move would be "easier" than introducing a carbon tax, or trading system, and may be more effective to reduce emissions blamed for global warming, he said.

Previous moves to promote a trans-continental pipeline have failed to gain momentum because of costs and land-access issues. Australia's federal government plans to introduce a carbon trading system in 2010 in a move opposed by Woodside Petroleum Ltd., Chevron Corp. and other liquefied natural gas producers concerned the additional costs will stymie new projects.

"What the federal government is proposing is extraordinarily complicated, it's not understood by industry let alone the community, and the biggest loser out of that scheme looks like being the state of Western Australia," Barnett told reporters. "Pipelines go from Siberia to Western Europe, they have criss-crossed the North American continent for decades. Why can't we in Australia make some big decisions" for an engineering-based rather than economic solution to carbon emissions, he said.

Australia gets more than 80 percent of its electricity supplies from coal, which emits more carbon dioxide when burnt than gas. Western Australia exports most of its gas to users in north Asia as LNG.

'Easy Things First'

"Why don't we use our gas for ourselves?" Barnett said earlier at a conference. "We need to do the easy things first."

If Australia made a policy decision that half of new power generation projects built by 2030 would be gas-fired, combined-cycle generators rather than coal, national greenhouse gas emissions would be reduced by at least 5 percent, Barnett said. Such a policy decision would drive the required investment in a trans-Australian pipeline, without the need for government support, he said

Combined-cycle plants harness waste energy to produce steam for power generation.

Building LNG import terminals off Sydney, Melbourne and potentially Brisbane so that gas can be shipped around the coast to the eastern states may be more economic than building a pipeline across Australia, said Don Voelte, chief executive officer of Perth-based Woodside.

`Desperate' Need

Western Australia state, which has suffered a shortage of gas supplies since a June 3 explosion at an Apache Corp. gas plant off the northwest coast, ``desperately" needs additional gas supply projects to improve energy reliability, Barnett said. Investments are also required to expand the gas pipeline network, particularly in the southwest of the state, to provide fuel for upgrading raw materials, he said.

Western Australia, which has 10 percent of Australia's population, has about A\$160 billion (\$111 billion) of planned investment projects. It is about four times the size of France and produces 75 percent of the nation's gold and a third of the world's traded iron ore. Woodside, Royal Dutch Shell Plc and Chevron are among petroleum companies planning LNG projects in the state.

The state's gas resources, currently estimated at about 113 trillion cubic feet, may rise to 200 trillion cubic feet thanks to advances in exploration technology and increased drilling in deep water regions, Barnett said.

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