

MEDIA RELEASE



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ACCC AUTHORISES WA AND NT LNG PRODUCERS

The ACCC has authorised Chevron, INPEX, Shell and Woodside (ASX:WPL) to coordinate maintenance activities at their LNG facilities in Western Australia and Northern Territory.

The four LNG producers compete for a limited pool of skilled contractors and specialised equipment to conduct scheduled maintenance.

“LNG producers can now schedule maintenance together without risking breaching competition laws, reducing concurrent work at their facilities. This will improve efficiency and maximise LNG production,” ACCC Chairman Rod Sims said.

The producers’ facilities convert natural gas into LNG for export. Some of the facilities also supply, or have the ability to supply, natural gas to wholesale domestic markets. When the LNG facilities are offline for maintenance, some gas may be directed to these wholesale markets.

“If producers become aware of each other’s LNG facility shutdowns as part of this agreement, this information might give them an advantage in gas trading markets,” Mr Sims said.

To address this, the ACCC has imposed a condition of authorisation requiring the LNG producers to publicly disclose maintenance schedule information that they share with each other. A similar condition applies under an authorisation granted to LNG producers in Queensland in 2016.

“Information is a crucial component for creating efficient, well-functioning markets. Market-sensitive information disclosed to competitors as part of this process should be available to all participants,” Mr Sims said.

Authorisation is granted for five years, rather than the 10-year period sought by the LNG producers.

“With the evolving nature of the gas markets, there is significant uncertainty about the impact of the proposed conduct on related markets. If the parties wish to seek reauthorisation in 2023, the ACCC will test whether the expected benefits and detriments have arisen and to assess the effectiveness of the condition,” Mr Sims said.

The Gorgon, Wheatstone, North West Shelf and Pluto LNG facilities in Western Australia are operational. The Prelude LNG facility off the Western Australian coast and the Ichthys LNG processing facility are expected to be operational in 2018.

Further information is available at www.accc.gov.au

Notes to editors

Authorisation provides statutory protection from court action for conduct that might otherwise raise concerns under the competition provisions of the *Competition and Consumer Act (2010)*. Broadly, the ACCC may grant an authorisation when it is satisfied that the public benefit from the conduct outweighs any public detriment.