

SOUTH WEST GAS STORAGE

Factsheet June 2018



Lochard Energy is drilling a new well at its Iona Gas Plant in south west Victoria to improve access to stored gas for use in Victoria's high demand periods.

Background

Natural gas is an important part of Victoria's energy mix and it will continue to be for many years.

Lochard Energy's Iona Gas Plant near Port Campbell in Victoria's south west has been a key gas storage operation for almost 20 years.

The existing wells provide reliable gas supplies to combat short term price rises, particularly at peak times such as winter.

The Iona plant is responsible for meeting approximately 30% of peak Victorian winter gas demand.

What is gas storage?

Gas storage involves injecting natural gas into porous sandstone reservoirs from where it can be retrieved.

Iona sources its gas from offshore gas reserves in Victoria's Otway and Gippsland Basins.

The new well is not subject to the Victorian Government's legislated conventional onshore gas moratorium, in place until 2020, as it does not relate to the extraction of new gas.

What is happening at the site?

The Iona Gas Plant will be expanded to include an additional well, allowing for higher gas rates to be injected and withdrawn from the gas storage reservoir.

The actual storage capacity of the Iona reservoir will not change. The construction of

an additional well will improve access to the gas stored on the site, providing more clean, safe and affordable gas for Victorians in the cold winter months.

The new well will be similar to the existing wells on the site, which have been in operation for over 16 years.

The improvement works at the site will see an additional 100 people employed at the site over a 3-month period, with an estimated \$1.5 million being poured into the local economy.

Works commenced in May 2018 and are expected to continue for six weeks into July.

There are expected to be minimal noise and traffic impacts around the site during the construction.

The main feature of the project will be a 50 metre high drilling rig, which was transported to the site in late April in accordance with VicRoads approved plans to minimise disruption.

The environment

Victoria's mining and resources regulator, Earth Resources Regulation, will monitor operations at the Iona Gas Plant to ensure strict controls are followed.

The processes used at the Iona Plant do not relate to fracking or unconventional processes, which are banned in Victoria.

All works will be conducted in accordance with the approved Iona Environment Management Plan.