

19 July 2022

## **MEDIA STATEMENT**

Lochard Energy notes recent statements by the Australian Energy Market Operator (AEMO) notifying participants of a threat to system security in the Declared Transmission System, due to low Iona underground gas storage inventory.

We understand the pressures on energy supplies on the Australian east coast but note that the Iona gas storage facility (**Iona**) is operating effectively and in the manner for which it was designed.

Iona provides gas storage services to its customers, mainly energy retailers and industrial users. Iona customers inject gas into storage during low demand periods and withdraw gas throughout the year to meet the needs of their customers, including for gas-fired power generation and gas heating.

It is expected that Iona's customers generally withdraw most of their gas in storage during winter and refill once the season has passed each year. We are currently at the point of peak winter demand and high withdrawals from Iona are to be expected. The current levels of inventory are broadly in line with expectations given the purpose of the facility.

It is the case that gas supply and winter peaking capacity are becoming increasingly tighter on the east coast. Iona is one of the main facilities in place to help manage east coast energy needs over a sustained period.

This year, unplanned coal fired generation outages and especially cold winter weather have led to Iona customers starting to withdraw gas from storage earlier and in larger quantities than usual. Customers are in control of their own inventories and able to manage their own supply and demand, and Iona supports them to do this.

Iona is working with its customers to meet their current and future storage and peaking capacity needs. In 2023, an expansion of Iona, coupled with further expansion of the Southwest Pipeline, is expected to deliver an additional ~58 TJ/d of peaking capacity from the Otway region. The capacity is needed and will enhance the security and reliability of gas supply on the east coast.

Lochard Energy continues to work very closely with our customers and AEMO to support the market as it manages through the current winter period.

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