



MEDIA RELEASE

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LONG TERM LEASE FOR GAS TERMINAL ANOTHER KEY STEP TOWARDS GAS SUPPLY SECURITY FOR NSW AND ECONOMIC BOOST FOR ILLAWARRA

Australian Industrial Energy Pty Ltd (AIE) has signed a critical lease for up to 25 years with NSW Ports for the Port Kembla Gas Terminal (PKGTT) in another crucial step towards securing gas supply certainty for NSW as well as providing local employment opportunities and economic benefits for the Illawarra region.

AIE, part of Squadron Energy Group, is also pursuing the associated development of a dual fuel - LNG - Hydrogen 800MW power station in the Illawarra to be initially fuelled by gas from the PKGTT. The design provides for large scale dispatchable power and the ability to transition to hydrogen fuel as Fortescue Metals Group and other hydrogen suppliers bring industry scale production online.

With a forecast capital cost of \$250 million, construction of Australia's first ever gas terminal could see subcontracts worth around \$76 million awarded to local businesses in the Illawarra.

The PKGTT will create around 130 to 150 jobs during construction and between 40 to 50 ongoing roles during operation, as well as contributing to the diversification and growth of Port Kembla and the Illawarra region. The lease agreement includes a 10-year initial term with options to extend up to a maximum 25-year term.

AIE will immediately start a site handover process, paving the way for the new gas terminal construction works to commence. Construction of the PKGTT is forecast to take only 18-20 months, putting the project on track to supply more than 75% of NSW's gas needs by the end of 2022.

This cements the PKGTT as the only project in the eastern states with a potential timeframe to assist the NSW State Government to meet the terms of its recent MOU with the Commonwealth to inject an additional 70 petajoules of gas into the east coast market to meet predicted shortfalls.

Squadron Energy CEO Stuart Johnston said the agreement with NSW Ports further clears the way for agreements between AIE and future gas supply customers to be completed in the coming months.

"We have long recognised Port Kembla as the best site for this critical gas project and with the lease for the terminal now agreed, commercial arrangements around future supply contracts can be accelerated with confidence," Mr Johnston said.

AIE Chairman Michael Masterman said the PKGTT demonstrates the important role of natural gas as a transition fuel toward a low carbon future.

“Our commitment to delivering Australia’s first gas terminal is about reinforcing grid reliability today and investing in carbon-free technologies that support a more rapid decarbonisation of the economy,” Mr Masterman said.

The PKGT is strategically located in an existing industrial port with experience in hydrocarbons. The terminal will be located a short distance (6km) from the existing Eastern Gas Pipeline (EGP) which provides a major natural gas arterial between Victoria and NSW.

AIE acknowledge the strict requirements of the Development Consent granted by the NSW State Government, including the environmental guidelines around the marine environment, and are committed to meeting these over the lifetime of the project.

NSW Ports CEO Marika Calfas welcomed AIE’s long-term commitment to Port Kembla.

“The gas terminal brings a new trade to Port Kembla and provides significant opportunity for the region. It will also address future energy needs in NSW and other states. We commend AIE and Squadron Energy’s commitment to using local businesses to create value and jobs throughout the Illawarra region,” Ms Calfas said.

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About the PKGT

The PKGT comprises the development of a gas terminal incorporating LNG carrier vessels, a floating storage and regasification unit (FSRU), wharf facilities and a pipeline connection to the existing east coast gas pipeline. The project received Critical State Significant Status (CSSI) early on in the approval process and remains the only gas terminal in Australia with an existing development consent.

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About AIE

In October 2020, it was announced that Squadron Energy has taken 100% ownership and operatorship of AIE. Squadron Energy is a company within Tattarang – one of Australia’s largest private investment groups owned by the Forrest family. Squadron Energy looks to invest in a range of energy and related infrastructure businesses that facilitate the transition to a low carbon economy and ensure security of gas and electricity supply.

About NSW Ports

NSW Ports manages Port Botany and Port Kembla, key export and import gateways connecting to global markets, and the Enfield Intermodal Logistics Centre and the Cooks River Intermodal Terminal. NSW Ports is a private consortium of leading institutional investors: IFM Investors (including Cbus, HESTA and Hostplus), AustralianSuper, Tawreed Investments Limited and Q Super. Our shareholders represent over six million Australian superannuation fund members and are long term investors with interests in a range of Australian infrastructure assets.

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