



6500 customers, including 500 companies are now connected

Tassie is warming to gas

Despite a smaller than hoped uptake in gas connections the future looks bright as RACHEL WILLIAMS reports . . .

EVERY Tasmanian has contributed \$112 to fund the connection of 6500 customers to gas around the state.

The number of people to take up the electricity alternative is well below the 100,000 target.

But those in charge of the roll-out say that the project is a perfect example of a long-term investment that, far from costing the state, is actually providing untold benefits.

"Based on the energy those 6000 customers are using, the estimated saving by these people is over \$1 million a month on every energy bill and that is excluding the Bell Bay Power Station and large customers like Comalco and Australian Bulk Minerals who are saving millions of dollars," TasGas general manager Richard Sheather said.

The roll-out of the gas network in Tasmania began by Powerco, now TasGas, in 2003.

It followed the completion of the \$440 million Duke Energy pipeline

from Victoria in 2002.

The first stage of the roll-out involved the laying of 100 kilometres of pipeline in the urban areas of Hobart, Launceston, Longford, Westbury, Bell Bay, Wynyard and Devonport.

Stage two, which was completed in April 2007, involved 612 kilometres of gas pipe across Hobart, Launceston, Burnie and Devonport.

The network passes 43,000 homes and businesses.

Just 6500 customers, including 500 companies and up to 50 large industries, are connected.

Pipelines for commercial customers cost \$200 million to lay — with the contribution from the public purse totalling \$56 million.

That is \$8615 a connection. With a population of about half a million people, that equates to \$112 for each Tasmanian.

Mr Sheather said that it was not accurate to suggest that the roll-out had been a financial disaster.

"You can do the sums in a number of ways to make it look how you want," Mr Sheather said.

"But this is an investment for the future and if we look again in 10 years it will be different again.

"You can't quantify how much money has been saved by the businesses that have signed up

and how much opportunity it is generating for the state."

That was highlighted last week when BOC turned the first sod on a liquefied natural gas plant at Westbury, which will convert gas from the TasGas pipeline into fuel for 120 trucks.

The investment in the plant, refuelling stations and new trucks is more than \$300 million.

Also on the horizon is a new gas roll-out at Ulverstone, primarily for the Simplot processing factory.

And, a number of co-generation plants to use the gas for heat and energy are being progressed.

The first co-generation plant, a \$1.7 million unit, is already operating at the Launceston General Hospital — saving it \$20 million over 15 years.

Mr Sheather is also comfortable with the benefits that residential consumers get and the company is preparing for an increased uptake on the back of a 7.2 per cent rise in Aurora's electricity price last month.

The hike follows rises adding up to 20 per cent in less than two years.

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At last week's LNG plant sod turning at Westbury are Des Taylor, of the Exeter Sawmill, Launceston sawmiller Kevin Morgan, Chas Kelly, of Kelly Transport, LNG Refuellers chairman Ken Padgett, Leigh Arnold, of Country Roadways, Alvaro Ascui, of LNG Refuellers, Les Walkden, of Les Walkden Enterprises, and Rod O'Connor, of Aprin Transport.

Picture: PAUL SCAMBLER



'This is an investment for the future'

— TasGas general manager
Richard Sheather



Conversion a matter of time, says Sheather

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“We’ve had over 450 people apply in the last two months so we are pretty happy with that,” Mr Sheather said.

As home owners need to replace household items, he said they would be more inclined to make the swap from electricity.

“If you look at Melbourne, which has had gas for a long time, it now has penetration rates of 90 per cent so I guess it is a matter of time.

“We’d expect them to slowly convert across to gas and we will have penetration rates similar to Melbourne.”

Discussions with the State Government about funding assistance for further roll-outs into more areas to reach the magic 100,000 milestone have not been fruitful.

“As a business, we look at where we can economically extend the network,” Mr Sheather said.

“If they are a long way from the existing (pipeline) infrastructure they need to use a lot of gas to justify the initial expenditure and residential usage is not enough to warrant it by itself.”

A State Government spokeswoman said: “At this stage the Government has no plans to financially support further broad-scale roll-out of natural gas.

“The transmission and distribution networks now in place have given the state a critical mass for commercial natural gas supply to grow organically wherever viable.”