

HUGS PIPELINE & PROJECT FACT SHEET



KEY POINTS

RETIRING COAL-FIRE PLANTS

5GW of coal generation will close by 2030 and a further 14GW may become uneconomic by 2030

MISMATCH OF SUPPLY & DEMAND

This means the winter peak demand period will not match the summer peak of renewable energy generation, creating the need for energy storage

EXPANDING THE IONA FACILITY

The HUGS Project will expand the underground storage capacity of Iona to help ensure there is adequate winter gas for generation and provide additional security of supply and reliability to the market

DEVELOPMENT OF NEW WELLSITE & UNDERGROUND PIPELINE

A new wellsite will be developed and will have access to three depleted gas fields. The new HUGS Pipeline is required to transport gas to and from the proposed new wellsite

Expansion of energy storage to support energy security in Victoria

ABOUT THE HUGS PROJECT

As Australia's energy market transitions away from coal-fired power generation to renewable energy, energy storage capacity of different technology types is needed to ensure a consistent and reliable supply. Lochard Energy is the proponent of the Heytesbury Underground Gas Storage (HUGS) Project and the proposed new HUGS Pipeline, which will expand the storage capacity of the Iona Gas Storage Facility (IGSF).

As the market transitions, we expect that the IGSF will play an increasingly important role, by providing underground storage services to gas-fired power generators, which will be critical in providing back-up supply during periods of low renewable energy generation. This combination of renewable energy, supported by gas-fired power generators and other technologies, will help facilitate a more rapid and smoother transition away from high emitting coal generation.

The HUGS Project is designed to provide additional security of supply and reliability to the growing demands for energy storage in the eastern Australian energy market, which will help support the transition to a lower carbon future.

The proposed HUGS Project does not involve hydraulic fracturing or 'fracking', a practice that is banned in Victoria.

DEVELOPING THE EXISTING HEYTESBURY DEPLETED GAS FIELDS

Underground storage capacity of the IGSF will be increased through the development of the existing Heytesbury depleted gas fields. The Heytesbury depleted gas fields are all natural sandstone formations that have had pre-existing natural gas extracted and are therefore ideal as a natural geological reservoir for the storage of gas.

The HUGS Project will develop a new wellsite which will have access to three depleted gas fields being Mylor, Fenton Creek, and Tregony (referred to as the MFCT wellsite). The current plan is to develop the Mylor field with 1-2 new gas storage well(s).

The new development is expected to provide a further ~7.5% increase in the storage capacity of the IGSF from the Mylor field alone. By increasing this capacity, the HUS Project will help keep the supply of gas secure, reliable and safe for Victoria.

The map below shows the location of the wellsite and pipeline in relation to existing infrastructure.



Lochard Energy are actively consulting with local community, landowners and occupiers on the HUGS Project and have established a Community Liaison Committee to engage with community members and other stakeholders.

POTENTIAL FUTURE PURPOSE

In the future, there is potential for the HUGS Project to become an underground renewable hydrogen storage project. As such, the HUGS Pipeline is being designed to safely convey both natural gas and hydrogen or a blend of both so that Lochard Energy can maintain the opportunity to explore the repurposing of its underground assets for the safe storage of hydrogen.

The HUGS Pipeline Licence application includes the option to convey both natural gas and hydrogen or a blend of both.

COMMUNITY ENGAGEMENT

Lochard Energy is committed to effective communication with landowners, occupiers, stakeholders and the local community, and will communicate throughout all stages of the proposed HUGS Project to provide information on timeframes and activities, potential impacts, and to understand and address any questions or concerns about the Project.

During periods of construction, Lochard Energy will work to minimise impacts including noise, traffic, dust or other disruptions that may arise. Relevant work methods and operations will be incorporated to reduce community impact.

Lochard Energy will also draw on its Community Liaison Committee (CLC), convened online or at Iona, for advice and feedback on community and landowner engagement for the Project.



ABOUT THE HUGS PIPELINE

The HUGS Pipeline is required to transport gas to and from the new wellsite. The HUGS Pipeline will be an extension of the IGSF's existing pipeline network.

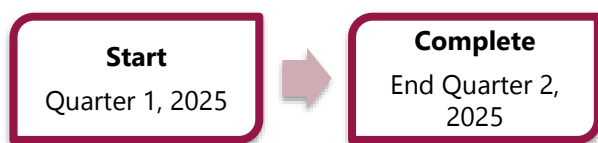
The selected HUGS Pipeline route will be a 5.3km 300mm diameter underground pipeline from NPPS to the MFCT wellsite. The HUGS Pipeline will then connect into the existing NPPS – Iona gathering line.

The HUGS Pipeline will be bidirectional, which allows gas to be injected into wells for storage, and then from the wells to Iona for reprocessing and export.

Pipeline Construction Timing

Planning for the HUGS Pipeline is currently underway and subject to regulatory approvals.

At this stage, the proposed timing for construction is:



It is intended construction will take place over the summer months to avoid weather-related delays and impacts.

Once the necessary project approvals have been granted, further detail regarding dates and schedules will be provided. Lochard Energy will continue to provide landowners, occupiers, stakeholders and the local community with key updates to the HUGS Project and Pipeline.

Regulatory Approvals

The HUGS Pipeline is subject to several regulatory approval requirements prior to any works commencing and the primary legislation governing construction are the Pipelines Act 2005 (Vic) and the Pipelines Regulations 2017 (Vic). The Pipelines Act is administered by the Department of Energy, Environment and Climate Action (DEECA) and Energy Safe Victoria (ESV).

Construction and installation of high-pressure transmission pipelines in Victoria require Ministerial approval in the form of a Licence to Construct and Operate a Pipeline. Prior to obtaining a Pipeline Licence, Lochard Energy is required to develop a Pipeline Consultation Plan (PCP) that must be approved by the Victorian Minister for Energy and Resources. The PCP for the HUGS Pipeline is available [here](#).

The PCP provides information on how Lochard Energy will consult with landowners, occupiers and other key stakeholders about the proposed pipeline and meet the consultation requirements laid out in the legislation and regulations. Certain consultation activities required by the Pipelines Act, such as giving Notice of Intention to Enter Land for Survey and Notice of Pipeline Corridor, and Notice of Pipeline Licence Application, cannot commence until an approved PCP is obtained.

Further information on the regulatory approvals required for the HUGS Pipeline is provided in the HUGS Pipeline Regulatory Approvals Overview fact sheet.

Impact of the HUGS Pipeline

Lochard Energy is committed to supporting sustainable practices and strives to ensure that at a minimum, it complies with Victorian legislation regarding health, safety and environmental considerations on its projects.

Potential adverse impacts for example on land, health, safety and the environment listed in the Pipelines Act, have been systematically identified during the consultation process through desktop studies and on-the-ground assessments, to reduce risk so far as is reasonably practicable.

To minimise the impact the proposed HUGS Pipeline might have on land, health, safety, the environment, landowners, occupiers, stakeholders and the local community, Lochard Energy has developed and will comply with several impact management plans. All these plans, other than Property Management Plans, will be reviewed and monitored by Victorian regulatory authorities including DEECA and ESV. Construction of the pipeline may only commence once the relevant impact management plans are approved.

The management plans for the HUGS Pipeline will include:

Property Management Plan

This is prepared for individual parcels of land with impacted landowners and occupiers, and identifies concerns such as access, amenity, commercial considerations and environmentally sensitive areas.

Cultural Heritage Management Plan

This will provide detail of the proposed construction methodologies required to avoid or minimise impacts from construction and ongoing operation on sensitive cultural heritage areas. This plan is prepared in consultation with the relevant Registered Aboriginal Party.

Environmental Management Plan

This will identify sensitive environmental areas and detail the construction and operational methodologies to avoid or minimise environmental impacts. This plan includes a HDD Management Plan, should horizontal directional drilling be required.

Construction Safety Management Plan

This will detail the systems and processes to be implemented during construction, including hazard alert protocols, incident reporting, safety meetings and hazard analysis processes.

Operations Safety Management Plan

This will provide an integrated safety management approach in line with Lochard Energy's existing safety management policies and procedures for pipeline operations.

INDEPENDENT ADVICE

Landowners and occupiers impacted by the HUGS Project are encouraged to seek independent advice in relation to dealings with Lochard Energy should any concerns be held regarding the legal implications of the HUGS Project and its potential impact on their land.

Pre-defined and agreed reasonable costs associated with obtaining independent advice provided by legal and professional services firms in relation to the proposed HUGS Project will be met by Lochard Energy.

ABOUT LOCHARD ENERGY

The proposed HUGS Project is being developed by Lochard Energy.

Lochard Energy are trusted infrastructure specialists that develop, own and operate energy infrastructure, which help facilitate a smoother and more rapid transition toward a lower carbon emitting economy.

We are committed to operational excellence, an outstanding safety culture and being a dependable member of the communities in which we operate.

How to contact us

If you have any questions about this project, please get in touch with Lochard Energy or one of the relevant Victorian regulators.

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