

Depleted Otway Reservoirs Offer Peak Season Relief

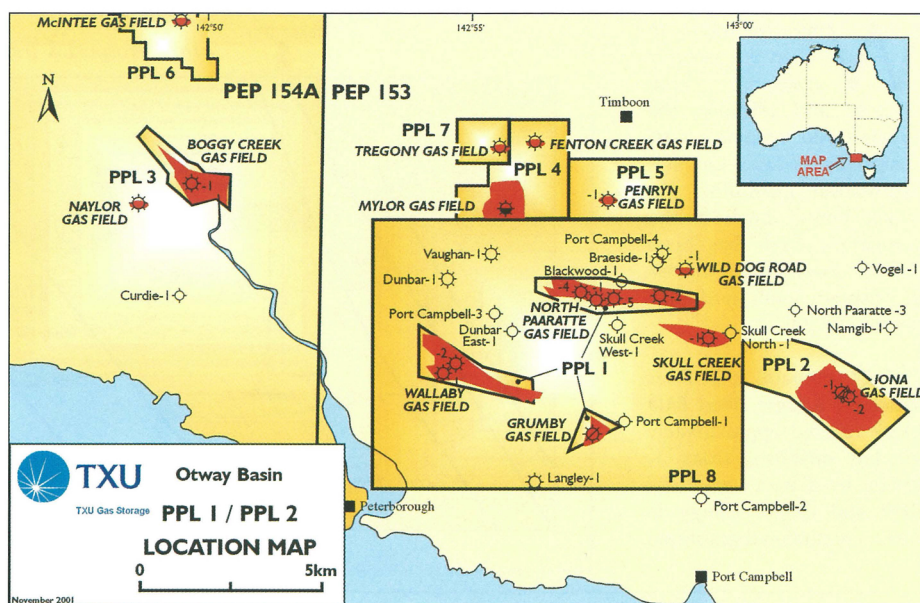
TXU Gas Storage has brought popular American technology to Australia to help Victoria cope with its peak winter energy demand.

A wholly-owned subsidiary of TXU Australia Pty Ltd, TXU Gas Storage owns and operates Australia's only commercial underground natural gas storage facilities, whereby gas is re-injected into underground rock structures in preparation for periods of high gas demand.

TXU holds contracts for gas storage and processing with both Victorian Gas Utilities and operators of nearby fields. Gas for storage comes from the Bass Strait fields via the Victorian Gas Transmission System and also from the nearby fields.

TXU has in excess of 10 PJ storage capacity in their Iona reservoir, located 6 km onshore from Port Campbell in Victoria. Gas can be injected into the reservoir at up to 90 TJ/day and, when needed, withdrawn and processed at a rate of 250 TJ/day, which would meet a quarter of Victoria's daily gas needs.

Rod Harris, TXU Reservoir Manager, said the gas reservoir of the Iona field is located in the Waare Sandstone, known to have excellent porosity and permeability with very high gas deliverability. "These features, combined with strong aquifer support, provided an ideal



location for the first commercial storage project."

The company also has additional, as yet undefined capacity at the nearby North Paaratte and Wallaby Creek reservoirs, acquired in June 2000.

TXU's gas supplies currently service markets in western Victoria and in the greater

Victorian system through the South Western Pipeline.

Rates of withdrawal and processing of the stored gas are set by bids from the market participants who have contracted storage capacity. VENCORP, the regulatory body of Victoria's spot gas market, balances the bids of gas buyers, setting the daily price and ensuring there is sufficient gas in the pipeline system to meet daily demand.