



MEDIA RELEASE

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Carbon pricing mechanism to add cost to LNG exporters

The Australian Petroleum Production & Exploration Association (APPEA) Chief Executive, David Byers, said: "The commencement today of the carbon pricing mechanism represents an addition to the cost structure of Australian liquefied natural gas (LNG) exporters competing in global markets.

"It is important to recognise there is no international carbon price in operation. So while natural gas as a lower emissions fuel source will be more competitive as an energy source for domestic power generation, Australia is imposing a cost on its gas export industry that will not be borne by any of its LNG competitors. This will diminish its international competitive standing.

"For every tonne of carbon dioxide associated with the production, export and consumption of Australian LNG, up to 9½ tonnes are avoided in customer countries when LNG is used in place of coal.

"APPEA encourages the Government to work with the industry to ensure the new carbon pricing mechanism operates as efficiently and cost-effectively as possible. A range of complicated administrative arrangements underpin aspects of the scheme – particularly those applying to natural gas liability. It is vital that compliance with the scheme does not impose extra and unnecessary costs on the industry or disrupt existing commercial arrangements.

"The Federal Government should also expedite, through the newly established Council of Australian Governments process, the opportunity to remove the 230 or more other policies and programs regulating greenhouse gas emissions in Australia.

"It is clear that the growth of disparate and conflicting Australian, state, and territory government greenhouse initiatives is increasing costs and uncertainty for Australian industry.

"The plethora of regulatory and pseudo carbon pricing mechanisms – such as the Energy Efficiency Opportunities scheme, the imposition of greenhouse conditions under environmental approval processes and the Renewable Energy Target – are no longer consistent with the Government's stated policy intention. All should now be removed."

APPEA's *Climate Change Policy Principles* are available at www.appea.com.au/news-a-publications/publications/climate-change-publications.html.

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The Australian Petroleum Production & Exploration Association represents the upstream oil and gas industry in Australia. APPEA member companies produce around 98 per cent of Australia's oil and gas.