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Hope is not a strategy for securing NSW gas supply

Australia's oil and gas industry has for two years* been warning that inadequate and poor NSW energy policy settings would result in higher-than-necessary east coast gas prices and declining NSW investment.

Today the Independent Pricing and Regulatory Tribunal (IPART) has made a final determination that will see retail gas prices increase by an average 17.8 per cent across NSW from 1 July.

APPEA Chief Operating Officer – Eastern Region Paul Fennelly said: “Gas prices have been lower in eastern Australia for the last 15 years but are now rising due to a range of factors, including increased supply costs and restrictions on the ability of companies to adequately obtain access to resources.

“As demand for any commodity increases, and the cost of producing that commodity increases, so too does the price.

“Industry has long argued that downward pressure cannot be placed on rising gas prices without expanding the natural gas industry in NSW. Yet policy settings that provide certainty for industry to explore and produce natural gas are sadly lacking.

“There is a large natural gas resource in Australia for both domestic and export customers. However, gas resources are of no benefit while they remain undeveloped.

“Natural gas projects underway near Narrabri in the north-west of NSW and Gloucester, in the mid-north coast region, are vital for the supply of natural gas into the NSW domestic market as they would reduce the current heavy reliance on gas imports for 95 per cent of the state's supply.

“Today's IPART determination shows that NSW must contribute to the east coast market and get on with developing its natural gas resources, lifting a freeze on exploration and giving urgent consideration to projects that would increase supply.”

* http://www.appea.com.au/media_release/gas-supply-shortage-looms-while-nsw-dithers/

Media contact: Chris Ward 0408 033 422 or cward@appea.com.au