



10 March 2016

Gas supply warning demands urgent action

Governments in eastern Australia must pull out all stops to encourage the investment needed to address predicted gas shortages as highlighted by the Australian Energy Market Operator (AEMO) today.

The latest *Gas Statement of Opportunities (GSOO)* warns that developed gas reserves in eastern and south-eastern Australia can only meet forecast demand until 2019.

“The information released by AEMO today is a sobering reminder that the east coast needs rapid development of new gas reserves to guarantee supply,” APPEA Chief Executive Dr Malcolm Roberts said.

“We have long argued that if we wish to achieve a more competitive market, put downward pressure on prices and ensure stable, adequate supply, we must bring more gas to market.

“Unfortunately a mix of policy indecision, restrictive regulations and politically motivated moratoriums, particularly in Victoria, has stymied exploration and development of our abundant natural gas resources.

“Almost 80 per cent of households in Victoria and thousands of local businesses rely on natural gas, yet the State refuses to develop its onshore resources.”

Dr Roberts said the commercial climate for exploration and development in Australia was already extremely difficult. Fewer onshore exploration wells were drilled in 2015 than at any other time in the last 20 years.

“In eastern Australia, the number of exploration wells drilled almost halved from 2014 to 2015 – from 70 wells to just 40,” he said.

“Sound policies are needed to provide greater certainty and investor confidence to support exploration and reduce the high cost of development and production.”

The GSOO comes a day after the Australian Competition and Consumer Commission called for urgent policy and regulatory changes to enhance gas supply to the eastern Australian market.

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