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COAG must help end gas supply uncertainty

The Council of Australian Governments (COAG) Energy Council meeting in Canberra tomorrow must accelerate its gas supply strategy to remove the policy and regulatory roadblocks obstructing security of gas supply in eastern Australia.

APPEA Chief Executive Dr Malcolm Roberts said energy security, jobs, investment and economic growth are all at stake.

“Natural gas is an essential source of energy for homes and businesses,” Dr Roberts said.

“In Victoria, for example, almost 80 per cent of households use gas. Its manufacturing sector relies on gas as an essential feedstock. Yet the State maintains a complete ban on onshore gas development.

“As the recent power problems in South Australia and Tasmania showed, gas-fired generation is essential to reliable electricity supply – its rapid response technology is the natural complement to intermittent renewable energy. That balancing role will only grow in importance.

“Despite this critical role, gas-fired generation in eastern Australia is in decline.

“It’s crunch time for COAG. Australia needs more gas and it needs it now.

“Without access to affordable and reliable supplies of gas, families and businesses will face higher energy costs and our transition to a low-emissions future will be much harder.

“Supply restrictions in parts of Australia are already seeing significant demand destruction in the industrial sector, with immediate economic costs.

“The prospects for future investment in key manufacturing sectors – perhaps even the survival of some businesses – may depend on access to a stable supply of competitively priced gas.

“The Energy Council will be considering the way forward on a range of key gas market reforms and major reviews conducted over the last year.

“For example, the Australian Competition and Consumer Commission’s (ACCC) East Coast Gas Inquiry urged governments to manage the risks of individual gas supply projects on a case-by-case basis, rather than using blanket moratoria.

“Similarly, the Report of the Australian Energy Market Commission’s (AEMC) *East Coast Wholesale Gas Market and Pipeline Frameworks Review* contains useful recommendations to increase the trade and transportation of gas on the east coast.

“Market reform is important, but can only achieve so much. Urgent policy and regulatory reform is also required to increase supply, enhance competition and put downward pressure on prices.

“At its last meeting, the Energy Council stressed the need to develop more supply for the east coast market. All jurisdictions should commit to action that will make them part of the solution.”

Media contact: Kieran Murphy – 0408 151 922 – kmurphy@appea.com.au