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More supply is vital for domestic gas market

Today's release of the Australian Competition and Consumer Commission's (ACCC) latest *Gas Market Inquiry 2017-2020 report* once again confirms the actions taken by Australia's oil and gas industry to bring more natural gas into the domestic market are working.

APPEA Chief Executive Andrew McConville said the ACCC's July report highlighted the industry has increased the flow of gas to the east coast market but southern states continue to face higher prices due to a lack of local supply.

This follows similar findings by the Australian Energy Market Operator (AEMO) when releasing its [2019 Gas Statement of Opportunities](#) in March this year.

"The ACCC has highlighted that prices have eased since early 2017, with most price offers now stable in the range of \$10-12/GJ. Producers – particularly LNG producers – have made significant volumes of additional gas available to the domestic market," Mr McConville said.

Mr McConville said the report again raised the ACCC's concern that customers in New South Wales and Victoria continue to pay more for gas because of state government restrictions on developing local gas resources.

"What would most relieve price pressures is developing new low-cost supply in the southern states," the ACCC Chair Rod Sims said today.

The report also dispelled the myth the domestic consumers are paying more than overseas customers:

- *The delivered prices that commercial and industrial (C&I) gas users in the east coast gas market pay are lower than delivered prices paid by C&I gas users in Asian countries that purchase Australian LNG.*
- *In the first quarter of 2019, the averages of prices offered by producers in Queensland for gas supply in 2020 appear to have fallen broadly in line with expected 2020 LNG netback prices.*

Mr McConville said there continues to be a significant number of new supply agreements in 2019 providing natural gas to domestic customers.

"The oil and gas industry has announced billions of dollars in new investment to bring more gas into the market, supporting both domestic gas consumption and export projects that are underpinning much of Australia's economic growth," Mr McConville said.

In the past two and a half years, there have been announcements from Arrow Energy, Shell Australia, Cooper Energy, Senex, Strike Energy, GLNG, Australia Pacific LNG, Origin Energy, Santos and Westside Corporation to provide new supply in various parts of eastern Australia's gas market.

"The best way to place downward pressure on natural gas prices is to increase production. This should be the ongoing focus of all involved in this debate – governments and industry."

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