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New Gas Supply Agreements with manufacturers shows market is working

The voice of the oil and gas industry today said the Gas Supply Agreement between Senex Energy and Adbri Limited to supply up to 11 petajoules (PJ) of natural gas to support Adbri's South Australian manufacturing operations to 2030 shows the market is working.

APPEA Chief Executive Andrew McConville said today's announcement was the second in as many days for Senex after it announced a GSA to supply 1.7 PJ to Nyrstar's metal processing plant at Port Pirie, South Australia.

"These two GSAs announced in the past two days means there have now been 106 agreements to supply gas to major domestic customers since 2012," Mr McConville said.

"Under the seven-year agreement, Senex will supply natural gas from January 2023 to Adbri at the Moomba Gas Hub at a fixed price.

"Adbri is a pioneering Australian construction materials and industrial mineral manufacturing company which manufactures cement, lime and concrete, employing more than 1,600 people across its diverse operations and engages many local contractors and suppliers.

"This is just another example of a domestic manufacturer taking advantage of consistently lower gas prices since 2016.

"The truth is domestic users are paying considerable less for Australian gas over the long term than overseas markets and have been doing so for some time.

"While we acknowledge those affected by the recent fluctuations in spot prices due to a number of uncontrollable factors, the vast bulk of manufacturers are like Adbri and are on longer-term contracts where prices do not fluctuate in line with spot price movements.

"At APPEA we understand spot prices can from time to time jump and hurt those manufacturers who haven't locked in contracts and that is why the NSW Government's decision to effectively ban gas exploration in that state is so baffling.

"Everyone knows the cheapest gas is the gas closest to markets and if some states opened the door to gas, prices could be even lower over the long term.

"Gas has showed how reliable it is throughout the pandemic and with the breakdown of other energy sources, the industry has continued to do the heavy lifting to ensure the lights are kept on, factories kept running and that there is no gas shortfall in the domestic market."

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