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Gas statement of opportunities highlights lack thereof

The Australian Energy Market Operator's *2015 Gas Statement of Opportunities* (GSOO) released today highlights the need to develop more gas to put downward pressure on prices.

The report forecasts a 17 per cent decline in 2019 for industrial, residential and commercial gas consumption.

While it remains clear eastern and south-eastern Australia's natural gas supply and demand is adjusting to a dynamic and transitioning market, new gas resources must be developed to alleviate pricing pressures for residential, industrial and commercial customers.

With demand declining for a number of reasons, including upgrades to gas market infrastructure and storage, now is the time to ensure exploration and development of natural gas is fostered in NSW and Victoria rather than hampered by moratoriums and excessive regulation.

NSW, in particular, relies on other states for 95 per cent of its supply when it has far more cost-effective alternatives to meet gas demand much closer to where it's needed most.

Already this financial year, NSW households are dealing with price rises of more than 10 per cent on the average bill while potentially 500 years' worth of natural gas remains trapped underground.

The cost of gas must remain affordable as further reductions in demand would not only reduce the state's economic output but employment in the manufacturing sector.

Last month, the Productivity Commission found that removing regulatory burdens that restrict exploration and production of natural gas, particularly in Victoria and NSW, would not only allow the market to work more efficiently and effectively, but would also bring on more gas supply.

In addition, the Australian Government's *Energy White Paper* released last week found that tightening supply in Australia's gas market is exacerbated by barriers to new onshore gas production.

Keeping in mind that gas projects take years to reach commercial production, planning for the state's long-term energy needs remains paramount. Projects in NSW currently in the early stages of development could meet up to 65 per cent of the state's domestic gas demand.

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