



28 July 2016

AEMC gas market report welcomed

Increasing the supply and affordability of natural gas is critical to the development of a genuinely national strategy to transition Australia to a cleaner energy future.

APPEA chief executive Dr Malcolm Roberts said the Australian Energy Market Commission's report on the wholesale gas market released today provided many useful recommendations to increase the trade and transportation of gas on the east coast.

"APPEA welcomes the release of the AEMC's report and supports moves to improve transparency, efficiency and liquidity in the market," Dr Roberts said.

"But changes to the wholesale gas market can only achieve so much. Urgent policy and regulatory reform is also required to increase supply, enhance competition and put downward pressure on prices.

"Market reform is important but removing the existing restrictions on exploration and development is vital."

Dr Roberts said it was essential next month's Council of Australian Government energy council meeting consider in tandem the recommendations of the AEMC report and the Australian Competition and Consumer Commission's report on its east coast gas inquiry.

The ACCC report, released in April, warned that onshore regulatory restrictions and hydraulic fracturing bans in NSW, Victoria and Tasmania – as well as a proposed fracking ban in the Northern Territory – had increased uncertainty and contributed to reducing investment in gas operations.

Dr Roberts said that while the AEMC's terms of reference did not specifically include examining regulatory barriers, its report did point out that restrictions in some states are impeding gas supply resulting in higher wholesale prices and less market liquidity than would otherwise have been the case.

He said the AEMC report was timely given the crucial role of gas in alleviating recent energy supply problems in South Australia.

"APPEA supports moves to enhance gas and pipeline market transparency and to simplify and better align existing and proposed trading mechanisms and looks forward to working with governments, gas customers and other stakeholders to progress the AEMC's recommendations," Dr Roberts said.

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