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AEMO highlights urgent need for more gas development

The Australian Energy Market Operator (AEMO) has again highlighted the need for urgent policy reform to secure the nation's energy future.

APPEA Chief Executive Dr Malcolm Roberts said AEMO's *2016 National Gas Forecasting Report (NGFR)*, released today, was a timely warning for governments.

"AEMO has correctly described the east coast gas market as at a 'crossroads'," Dr Roberts said.

"To ensure we take the correct path, governments in eastern Australia must pull out all stops to encourage the investment needed to urgently address the gas supply challenges that are forecast to occur between 2018 and 2024.

"With the COAG Energy Council meeting next week, there has never been a more urgent need for positive action than there is right now.

"The NGFR forecasts total gas consumption will rise, driven by LNG exports and growth in gas-fired power generation (GPG). This highlights the vital role natural gas will play in providing cleaner energy to Asia and the growing role natural gas could play domestically in partnering with renewables as we move towards a cleaner energy future.

"But the information released by AEMO today is also another sobering reminder that the east coast needs rapid development of new gas reserves to guarantee supply. Our transition to a low carbon future is at risk.

"APPEA has long argued that if we wish to achieve a more competitive market, put downward pressure on prices and ensure stable, adequate supply, we must bring more gas to market.

"Unfortunately, a mix of policy indecision, restrictive regulations and politically motivated bans and moratoriums, particularly in Victoria, has stymied exploration and development."

Dr Roberts said the NGFR, in discussing the range of uncertainties and challenges facing the market, had also highlighted the large difference in gas supply arising from a 'weak' scenario and a 'strong' scenario.

"This brings into sharp focus the key role of policymakers in establishing sensible policy frameworks to allow the industry to reach its potential and play its part as we move towards a lower emissions future," he said.

"In Victoria, almost 80 per cent of households and thousands of local businesses rely on natural gas, yet the state refuses to develop its onshore resources."

"Sound policies are also needed to provide greater certainty and investor confidence to support exploration and reduce the high cost of development and production."

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