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Report confirms urgent need for new south east gas supply

APPEA welcomes the release of the *Offshore South East Australia Future Gas Supply Study*, which confirms the urgent need to develop new supply – offshore and onshore – for eastern Australia.

APPEA Chief Executive Dr Malcolm Roberts said the study draws together data from the Commonwealth, South Australian and Victorian governments in an independent, objective assessment of the future role of offshore gas supply in eastern Australia.

“The report confirms what industry has been warning for years: that there is a pressing need to develop new gas supply to meet the energy demands of businesses and homes,” Dr Roberts said.

“A single sentence from the study sums up the transition occurring in the east coast market:

“Future [offshore] production sources will continue to shift from the high volume, shallow depth, high-quality gas fields to low volume, deeper, low-quality gas fields, and most will effectively backfill existing capacity rather than create net new gas volumes for the market.”

“The major established gas fields of offshore south-east Australia are mature and are costly to develop.

“Offshore gas will continue to be vital to the market but the challenges and costs of creating new supply will only grow.

“Companies such as ExxonMobil, BHP, Cooper Energy and Beach Energy are committing billions in risk capital to find and develop new offshore gas supplies.”

Dr Roberts said the report was yet another wake-up call for governments to support developing onshore gas supply.

“The Australian Competition and Consumer Commission recently warned that Victorians can pay a 25 per cent premium in transport costs when they import interstate gas, a cost they could avoid if the State Government followed the lead of Queensland and South Australia to support local gas projects,” he said.

“Maintaining a ban on onshore gas restricts supply and drives prices up. Victoria has the opportunity to safely develop onshore gas which will be needed more and more, to complement offshore supply. Playing short-term politics with energy guarantees long-term and unnecessary pain. Victoria needs to get on with developing new supply.

“As the report clearly states, successful exploration and appraisal will be required to maintain production over the longer term. All jurisdictions need to be part of the solution.”

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