



30 January 2018

Report for COAG shows gas prices moderating – time for Victoria and New South Wales to lift restrictions on supply

The *Gas Price Trends Review 2017* report prepared by Oakley Greenwood for the COAG Energy Council has injected some overdue facts into the debate about east coast gas prices.

The report finds that, after increasing in 2016, wholesale gas prices for large industrial customers fell in all east coast states in 2017.

“In 2017, the media often reported anecdotes about contract offers of \$18 or more to industrial customers. Now, with the report to COAG, we have a comprehensive, independent analysis which shows actual prices in the market,” said APPEA Chief Executive Dr Malcolm Roberts.

“The report shows that the average delivered price for large industrial customers is \$10.08/GJ, with the wholesale gas component of that price \$9.19.

“As in 2015, when they last reported to COAG, the analysts advise that “*gas prices reflect the supply and demand balance*”. In 2017, “*wholesale gas prices increase with distance from Queensland*” (page 8).

“Governments in Victoria and New South Wales should squirm when they read the report.

“Victoria now has the most expensive wholesale gas in the market. New South Wales is almost entirely reliant on interstate supplies of gas, mostly coal seam gas from Queensland.

“The political gestures of bans and moratoriums may feel good to these state governments but customers in these states are paying the price.

“The report underlines a simple, inescapable truth – the only sustainable way to place downward pressure on gas prices and to improve energy security is more gas supply and more gas suppliers.”

“Cooler heads must prevail in 2018. The focus must move back to where it belongs – the need to ensure more gas supply and more gas suppliers.”

The *Gas Price Trends Review 2017* report, prepared by Oakley Greenwood for the COAG Energy Council, can be found [here](#).

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ATTACHMENT

OAKLEY GREENWOOD REPORT – GAS PRICE TRENDS 2017

Table 1: Wholesale gas price (excluding transmission costs) trend 2015 to 2017 by region (\$2017)

Region	2015 ¹	2016	2017
East coast high	\$10.60 NWQ	\$10.67 Victoria	\$10.00 Victoria
East coast low	\$5.45 Victoria	\$7.36 Gladstone	\$7.00 Gladstone
East coast average	\$7.60	\$9.78	\$9.19
Western Australia	\$8.17	\$6.09	\$5.00
Australia	\$7.82	\$8.40	\$7.63

Figure 1: Delivered gas price (\$2017) trends for large industrial customers on new gas supply agreements.

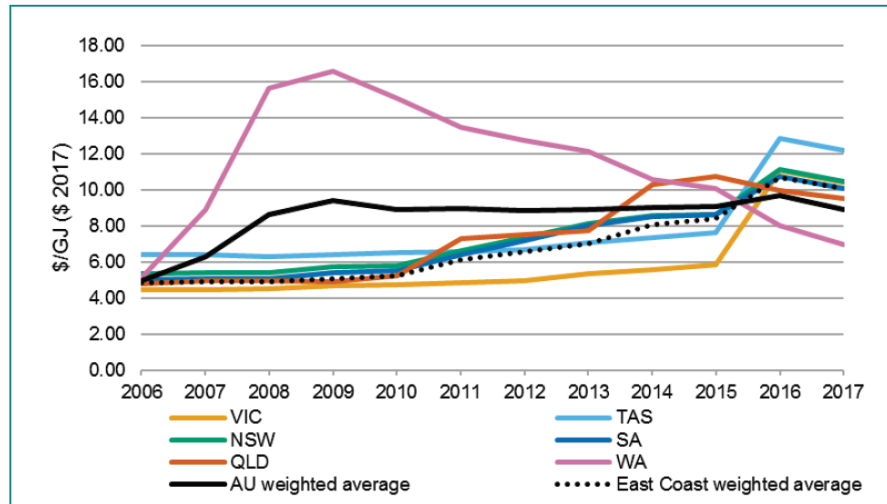


Figure 2: Australian weighted average large industrial gas price (including transmission) for National weighted average, East Coast weighted average and the West Coast.

