



29 June 2018

## Australian average wholesale gas prices remain below Asian average

The latest international survey of wholesale gas prices confirms that Australian prices are amongst the lowest in the Asia region.

The International Gas Union's *Wholesale Gas Price Survey 2018* shows that the average wholesale gas price in Australia last year (\$US4.62/MMBTU<sup>1</sup>) was about 40 per cent less than the average wholesale price for the Asia-Pacific region and around one-third less than the average wholesale price in Asia.

Australia's leading trade partners Japan, South Korea and China all paid average wholesale gas prices between \$US7 and over \$US8/MMBTU. Australia also enjoyed lower wholesale gas prices than its two regional LNG export competitors, Malaysia and Indonesia.

Globally, Australia's average wholesale price ranked 29<sup>th</sup> in a survey of 54 nations.

"While prices for new contracts on the east coast are higher than they once were, the evidence shows that the widely repeated claim that Australian prices are higher than prices in the countries importing our liquefied natural gas (LNG) is wrong," APPEA Chief Executive Dr Malcolm Roberts said.

"While the Australian gas market is tight and prices for new contracts are higher than they have been historically, it remains the case that across the economy, Australian gas consumers are not paying prices above those paid on average in Japan or other LNG importing nations," Dr Roberts said.

"Quite the opposite is true. Australia's wholesale gas prices remain in the 'middle of the pack', a position we have held for many years.

The IGU's report follows the release last week of the *2018 Gas Statement of Opportunities* (GSOO) by the Australian Energy Market Operator (AEMO) which confirmed that the actions taken by the industry to bring more gas into the domestic market have removed any concerns about potential shortfalls out to 2030.

"Reports this year by the Australian Competition and Consumer Commission and independent consultants engaged by the Council of Australian Governments show that east coast gas prices have fallen from the elevated prices experienced in 2016 and early 2017. Prices will fluctuate according to many factors but the last twelve months have seen a general improvement.

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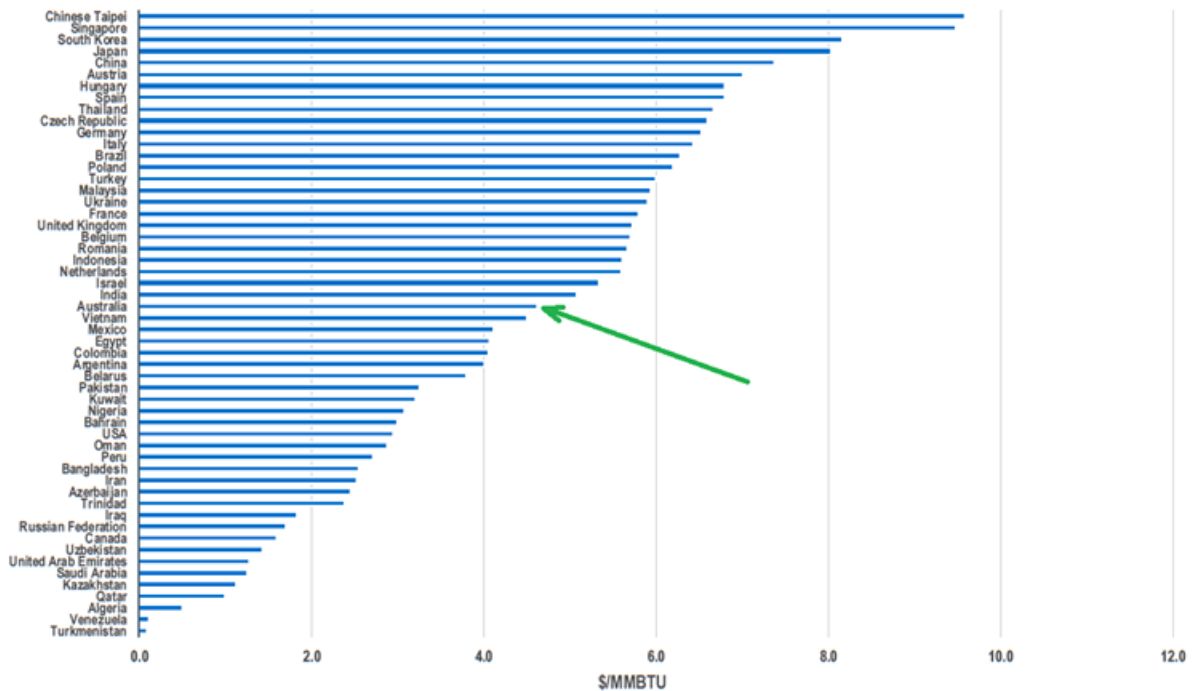
<sup>1</sup> MMBTU = one million British Thermal Units. The BTU is a traditional unit of work equal to about 1,055 joules. It is the amount of work needed to raise the temperature of one pound of water by one-degree Fahrenheit. The more usual measure of price used in Australia is gigajoule (GJ).  
1 MMBTU = 1.055056 GJ.



“Removing unnecessary government restrictions on exploration and development is the most effective way to boost supply, enhance competition and put downward pressure on prices, ensuring Australia retains or improves its global position, while enjoying the substantial and on-going benefits that flow to the nation from our LNG exports.”

The IGU report can be found [here](#). See below for a chart of Wholesale Gas Prices in 2017 by Country.

Wholesale Gas Prices in 2017 by Country



Source: International Gas Union, *Wholesale Gas Price Survey 2018*, page 19.

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