



2 August 2018

ACCC report finds improved gas market conditions – now time to remove supply restrictions

The release today of the Australian Competition and Consumer Commission's (ACCC) latest *Gas Market Inquiry 2017-2020* report confirms that east coast gas prices have fallen sharply since early 2017, due in large part to new supply brought into the market by gas producers.

The report also confirms the latest AEMO supply-demand forecasts, which should remove any lingering concerns about the possibility of a supply shortfall in 2019.

APPEA Chief Executive Dr Malcolm Roberts said the July 2018 report confirms the key points in previous ACCC reports.

"The ACCC finds that prices have eased since early 2017, with most price offers now in the range of \$8-11/GJ. Producers – particularly LNG producers – have made significant volumes of additional gas available to the local market.

The October 2017 agreement between LNG producers and the Commonwealth ensures that any uncontracted gas is offered to domestic customers first.

"In the past year, we have seen significant announcements from Arrow Energy, Shell Australia, Senex, Cooper Energy, Strike Energy, GLNG, Australia Pacific LNG, Origin Energy, Santos, ExxonMobil and BHP to bring on new supply.

"The report also restates the ACCC's concern that customers in New South Wales and Victoria will continue to pay more for their gas because of State government restrictions on developing local gas resources. Importing gas from Queensland can add \$2 to \$4/GJ to the price paid by consumers in the southern states.

As the ACCC noted in releasing the report:

To lower prices in the southern states, lower-cost gas must be produced in the southern states ...

and, very importantly

The ACCC continues to urge state governments to adopt policies that consider and manage risks of individual gas developments rather than implementing blanket moratoria and regulatory restrictions ...

"Governments wanting lower gas prices have the solution to hand – follow the Northern Territory's lead and support the safe, responsible development of the resources in their State.

"It is now time to shift the focus back to where it belongs – the need to ensure more gas supply and more gas suppliers. This should be the focus of all governments."

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