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INVESTMENT SETTINGS CRITICAL TO UNLOCKING NEW NATURAL GAS SUPPLY

Today's release of the Australian Energy Market Operator's (AEMO) 2021 Gas Statement of Opportunities (GSOO) confirms the need to remove barriers to new gas supply and projects in Australia.

APPEA Chief Executive Andrew McConville said the GSOO found that throughout the pandemic the industry continued to provide reliable supplies of gas to the east coast domestic market and that there is no shortfall in the domestic market.

"However, AEMO has identified that additional supply is needed from 2023 to meet ongoing domestic natural gas demand," Mr McConville said.

GSOO modelling indicates that overall supply from committed projects, be it for domestic use or export, is forecast to significantly reduce from 2023.

"New supply can only come from a new wave of investment across exploration, development, construction and operation," he said.

"To make that investment at a time of growing international competition for capital, the industry needs policy certainty. It is no coincidence that the last wave of industry investment came at a time of greater regulatory stability."

"A recent EY report found that there is a \$350 billion economic boost and 220,000 jobs at stake if we can get the investment settings right. Today's report underscores that need."

Mr McConville said this included:

- Maintaining open markets, to allow the industry to invest with certainty;
- Improving fiscal settings, including structuring investment allowances to facilitate the scale of investment needed;
- Reducing and streamlining regulation; and
- Continuing work on the Strategic Basins plan to facilitate more exploration and supply.

Mr McConville said Australia's natural gas industry was more essential than ever to support Australia's economic recovery and ensure secure energy supplies are maintained to households, businesses and industry across the nation.

APPEA members are taking all steps necessary to ensure the production and delivery of gas supplies continues, be it from new gas supply agreements to local companies or massive new projects such as West Barracouta project which will bring much-needed new gas supply to the Australian east coast domestic market this year.



“Natural gas is an economic and environmental strength for Australia. Not only can it deliver jobs, it is also critical to reducing emissions both in Australia and in our region, through replacement of coal, as a feedstock for hydrogen and in support of more renewables.

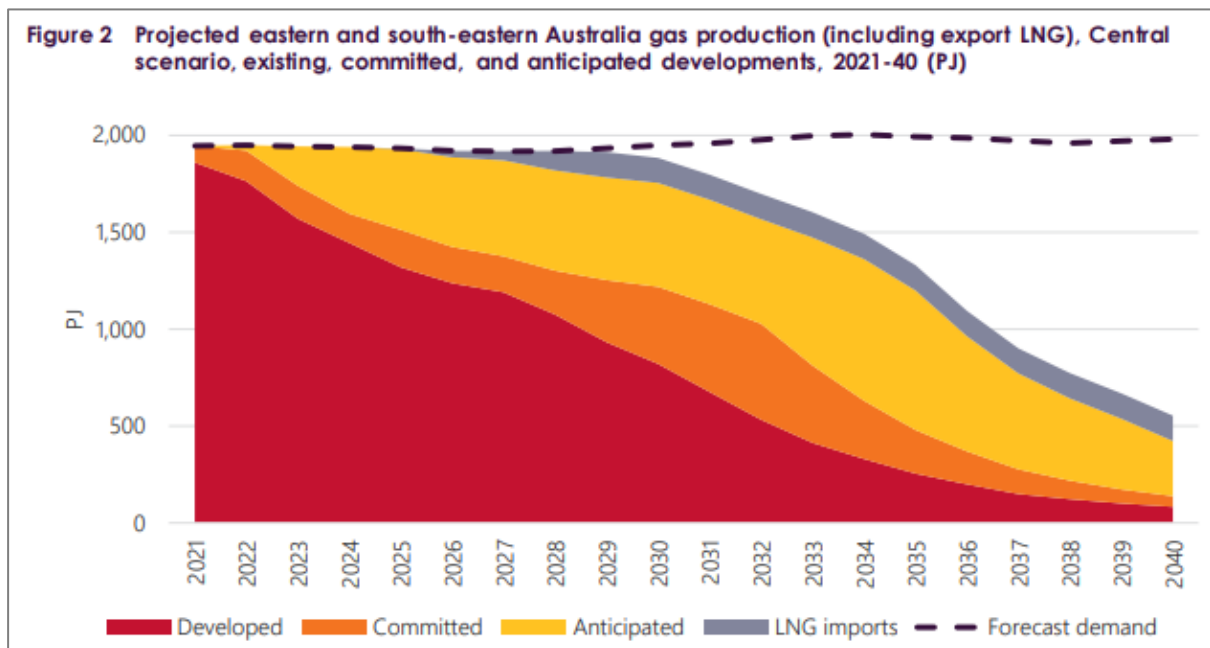
“The investment window is there, but it can only be met through the right regulatory and policy environment,” he said.

“Today’s Gas Statement of Opportunities underscores the risk of not getting it right, and we look forward to working with State and Federal Governments to facilitate more investment and keep bringing supply to the Australian and international markets.”

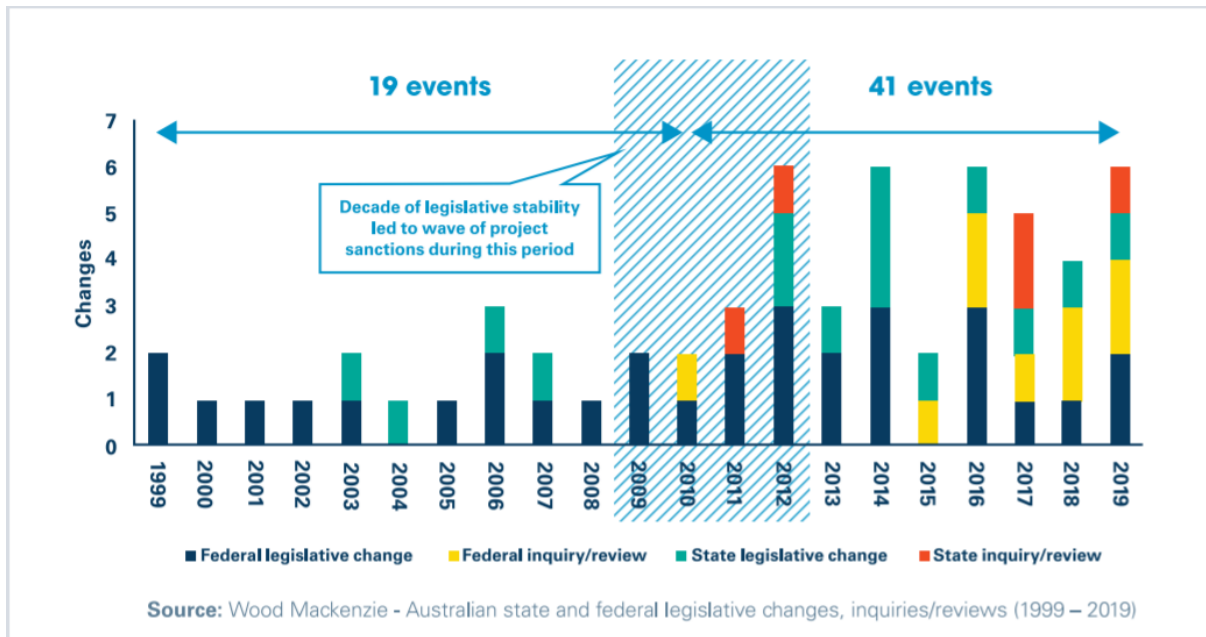
Sources:

*From AEMO Gas Statement of Opportunities

https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/gsoo/2021/2021-gas-statement-of-opportunities.pdf?la=en



**Policy stability through the years



Media contact: Shaun Rigby – 0438 021 936 – srigby@appea.com.au