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## NSW Government locks in higher gas prices and risks thousands of jobs

The voice of Australia's oil and gas industry said the NSW Government's decision to effectively lockup most of New South Wales from gas development is a body blow for local consumers, thousands of jobs, the environment and businesses.

If NSW is to meet its energy agreement with the Commonwealth, it will have to now build an import terminal and at today's LNG prices, that means customers would be paying well over \$20/GJ for delivered gas.

APPEA NSW Director Ashley Wells said after nearly a decade of uncertainty on gas development, this decision to effectively limit future gas development to a single project – the Narrabri Gas Project – will mean NSW customers face higher gas prices for the long term.

"It is pretty simple, the cheapest gas is the gas closest to market. This shortsighted decision will mean higher gas prices in NSW are the norm not the exception," Mr Wells said.

"For the NSW Government to effectively ban a proven, safe and highly regulated industry doesn't make sense.

"The failure of NSW to respond to increasing gas demand and develop its gas reserves will have unfortunate consequences, in the form of lost jobs, higher energy prices, and foregone economic opportunity. Manufacturing jobs will go to other states and territories or overseas.

"Appeasement of vocal and extreme minorities will continue to mean that NSW will face ongoing economic and energy security risks.

"Embarrassingly, it means NSW will continue to have to import its gas from interstate for the foreseeable future. It has been well-documented by the ACCC that currently transporting natural gas from Queensland down to southern customers already adds an extra \$2-\$4 in costs – representing a 20-40% increase in the wholesale gas price.

"Natural gas fires up the barbie in the summer, is the source of delicious meals on the cooktop and provides heating and warmth during the winter months. It also powers many of our manufacturing industries.

"New gas supply is essential not only to meet our existing needs, but to support New South Wales transition to a renewable energy future. As we have seen in South Australia, Britain, the US and elsewhere, natural gas plays a critical role in complementing intermittent renewable energy sources such as wind and solar.

"Lowering greenhouse gas emissions is also critical and together natural gas and renewables have a major role to play in reducing the greenhouse gas footprint of the coal-dependent NSW energy system.

"It could have been done so differently, to everyone's benefit. In Queensland, farmers and the gas industry mutually prosper and landholders have been paid hundreds of millions in payments for access to gas reserves on their land."

Mr Wells said if NSW wants to have an advanced manufacturing industry, it needs gas.



“The oil and gas sector is vital for manufacturing, keeping the lights on, reducing emissions and employing thousands of people,” he said.

“Most people think gas is only used in electricity generation but in fact it is used doing things such as providing feedstock to manufacturing plants and helping create everyday products such as clothes, computers, phones, fertilisers and vital medical equipment such as heart valves.

“These are things other forms of energy such as renewables simply can’t do.

“Our industry is doing the heavy lifting when it comes to combatting climate change. Already the Australian Government estimates Australia’s LNG has the potential to lower emissions in LNG importing countries by around 170 million tonnes of CO<sub>2</sub>-e each year by providing an alternative to higher emissions fuels – the equivalent of almost one-third of Australia’s total annual emissions.

“Natural gas plays an important role in complementing renewable energy and our industry is also leading the world in the practical development of carbon capture and storage and hydrogen to ensure a cleaner, lower carbon energy future.

“The need for gas for a cleaner energy future is publicly supported by the United Nations, CSIRO, Australia’s Chief Scientist, the Australian Energy Market Operator, the Australian Energy Market Commission, the former Chief Scientist of NSW, the Independent Planning Commission and the Australian Council of Learned Academies.

“The NSW Government needs to urgently reconsider this decision.”

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