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IMPORTANCE OF CONTINUED GAS INVESTMENT UNDERLINED BY ACCC REPORT

A new report by Australia's competition and consumer watchdog confirms the need for more gas investment and exploration, according to the Australian Petroleum Production & Exploration Association (APPEA).

For the eleventh consecutive time, the latest Australian Competition & Consumer Commission Gas Inquiry Interim report today found that there was no shortfall in the east coast domestic gas market.

APPEA Chief Executive Andrew McConville said the price rises outlined in the report were very modest compared to what was going on in international markets.

"The report has reaffirmed for the eleventh straight time there is no shortfall in Australia's domestic gas market," he said.

"Domestic prices are still well below international prices, which have increased by 230% between February and August 2021 and have increased further since. Despite an extremely volatile international market, our industry is providing secure supplies of competitively priced gas to customers all over Australia."

The report finds prices offered for 2022 supply by gas producers were in the range of \$6.50-8.20/GJ in late 2020 and \$6.70-9.40/GJ in mid-2021. Notably, in relation to gas supply agreements (GSAs), the ACCC notes in its report:

"Average prices agreed by producers for delivery in the southern states in 2022 decreased ... under gas supply agreements (GSAs) executed between March and August 2021."

Mr McConville said the report showed the market was working – as further evidenced by the industry signing at least 116 GSAs and other commercial agreements since late 2012.

"Our members are constantly working with customers to meet their energy needs and bring more supply online for domestic customers," he said. "They continue to bring more supply online for domestic customers. This includes billions of dollars in new investment to bring more gas into the domestic market."

But Mr McConville stressed that the competitiveness of investment settings still needed to be strengthened further – encouraging more gas investment, exploration and supply.

"There is a massive economic opportunity for Australia – but it will only happen if the policy settings are right," he said.

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