



2 June 2022

APPEA STATEMENT ON REGULATOR USING GAS SUPPLY GUARANTEE MECHANISM

Australian Petroleum Production & Exploration Association (APPEA) Acting Chief Executive Damian Dwyer said:

The decision by the Australian Energy Market Operator (AEMO) to activate the Gas Supply Guarantee (GSG) is one of a suite of measures available to the regulator that have been designed to respond to situations like this.

The GSG is a mechanism developed by the gas industry to ensure gas is available to meet peak demand periods in the National Electricity Market.

We understand current spot prices, representing only 10% to 15% of the industrial gas market, are under pressure and we are working with all parties to resolve the issue.

The causes of the pressures are coal outages, relatively low levels of renewable power generation due to the weather and global market pressures arising from the Russian invasion of Ukraine.

We stress that the majority of manufacturers are unaffected because they are on long-term contracts which, not long ago, were offered for this year at price levels around \$6/GJ to \$9/GJ.

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