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SUFFICIENT GAS AVAILABLE FOR DOMESTIC ENERGY SUPPLY

Australia's gas industry says it will ensure gas supply next year, reassuring customers that the industry is responding, as has always been the case, to ensure energy security.

The Australian Petroleum Production & Exploration Association (APPEA) said today's Australian Competition & Consumer Commission *Gas Inquiry Interim Report* was designed to provide new information that would allow the industry to plan and respond to issues before they actually occurred.

"The ACCC report shows 167 PJ of uncontracted gas is available for supply into the domestic market next year. This is more than enough gas to ensure that no shortfall occurs," said APPEA Acting Chief Executive Damian Dwyer.

Mr Dwyer said there had never been an actual shortfall and the ACCC had found 11 consecutive surpluses previously.

"Gas customers can be assured supply will be adequate next year so households and businesses can continue uninterrupted," he said.

"There has never been an actual shortfall and there will not be one next year – this is the ACCC signalling that action is needed, and the industry will act.

"The report also shows contract prices for gas delivered into the market in 2022 and for delivery into the market in 2023 remained competitive. The report found, for example, that prices paid for gas supply agreements for delivery into southern states falling from \$11.50/GJ in January-August 2021 to \$9.25/GJ in September 2021-February 2022.

"While prices for delivery in 2023 have increased, they remain well below international prices.

"We very much understand our obligation to Australians and the importance they place on gas in running their homes and businesses, and that will be honoured.

"It has been confirmed by AEMO just last week that the reason for pressure on the system is the extraordinary and rapid demand for gas we have seen this winter because of the extreme pressure on the broader energy system (*See notes below*).

"There have been major coal-fired generations outages and renewable generation not stepping up when required due to bad weather as well as a cooler winter and immense pressures on the global energy market due to the Russian invasion of the Ukraine.

"The industry stood up when the east coast needed us this winter and we will do so again now as we have done for decades, providing safe and reliable energy supply."

Mr Dwyer said the report further underlined the need for more supply and investment to continue to ensure energy security.

"Today's ACCC report underlines what we have been saying for a long time: ensuring more investment in supply with conducive policy settings," Mr Dwyer said.

"We have been warning for years that moratoriums and bans in Victoria and New South Wales – our two biggest users of gas – are going to have an impact and that is making the pressures worse."

Notes:

Australian Energy Market Operator (AEMO) Quarterly Energy Dynamics Report last week found:
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"Key factors underlying the extraordinary rise in wholesale prices in Q2 included:

- The impacts in local fuel markets of extremely high international prices for traded gas and thermal coal.
- Reduced availability of coal-fired generation, due to scheduled maintenance as well as long- and short-duration forced outages, driving high levels of gas-fired generation, which both raised electricity prices and put pressure on local gas markets.
- Physical fuel supply and hydrological constraints at a number of thermal and hydro generators which further limited their operational flexibility."

EnergyQuest's *East Coast Energy Market Review June 2022* found:

- Gas price spikes for March, April and May 2022 were related to the increase in GPG rather than LNG exports.
- Pressure on industrial market gas spot prices was due to an unprecedented call on gas-powered electricity generation (GPG) caused by coal-power generation (CPG) outages, quadrupling coal prices and bad weather cutting renewable energy output.
- Gas-powered generation increased 54% in May 2022 compared to last year.
- Queensland projects were a net contributor to the east coast market as spot prices rose in March, April and May – CSG production from the LNG projects exceeded exports by 8.1 PJ.
- East coast gas users paid lower prices than overseas customers – the domestic gas spot price was 23% lower than the LNG spot price in May.

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