

**29 September 2022**

## **EAST COAST GAS SUPPLY SECURITY ASSURED BY LNG EXPORTERS**

Australia's east coast LNG exporters will ensure supply amid a forecast risk of energy system pressures next year as part of a package of measures - delivering secure, competitively-priced gas to domestic customers.

The Australian Petroleum Production & Exploration Association (APPEA) today said the signing of a new Heads of Agreement (HoA) between the three east coast LNG projects and the Commonwealth demonstrated the industry's commitment to Australian homes and businesses.

The new HoA means that the LNG exporters will first offer uncontracted gas on competitive market terms to the domestic market before it is offered to the international market.

The LNG exporters will comply with a newly published Australian Gas Industry Code of Conduct that will boost transparency in the market.

LNG exporters will also provide data to the Australian Competition and Consumer Commission (ACCC) and publish information on uncontracted gas volumes on their websites to give domestic gas customers more visibility of gas available to the market.

APPEA Chief Executive Samantha McCulloch said the new HoA confirmed the industry's commitment to ensure domestic gas supplies while fulfilling obligations to trading partners and investors.

"The industry has always been committed to delivering reliable and competitively priced gas supplies to the domestic market and today's agreement confirms that," she said.

"The importance of gas in our energy mix has never been clearer. Australian households and businesses can be assured that local supply will continue to be prioritised, despite broad energy market challenges locally and globally.

"Gas is increasingly in demand as coal-fired generation declines and because its flexibility makes it a natural partner for renewable energy – just as we saw during the recent winter.

"Ultimately, the long-term solution is encouraging investment in new supply with positive policy settings. Policy settings and market signals must be there to encourage a diversity of gas producers and projects to develop more gas supply and increase competition in the market.

"The industry has announced more than \$20 billion in investment in recent years but moratoriums and regulatory uncertainty are impacting future investment opportunities.

"The Minister has also confirmed today that there is no need to activate the Australian Domestic Gas Security Mechanism (ADGSM).

“This is a welcome announcement and confirms, as was always the case, that there is enough gas to supply the domestic market while honoring our export contracts and trading relationships.

“This ability to deliver domestically is underpinned by our world-leading gas export industry.

“Today’s HoA also ensures these exports can continue uninterrupted for our overseas trade partners.

“The domestic benefits of these exports will also continue to flow for Australians, with billions of dollars in royalties helping fund hospitals, roads and schools while allowing importing customers to reduce emissions by switching to the cleaner fuel of gas.”

Ms McCulloch said the transparency measures, including the Code of Conduct, would strengthen the relationship between the industry and its customers.

“This will reaffirm good faith between parties, increase transparency in negotiations and provide for dispute resolution processes,” she said.

The Australian Gas Industry Code of Conduct (the Code) will deliver better outcomes in the Australian domestic gas market, providing for improved transparency and greater supply certainty. It provides minimum standards of business conduct for suppliers to build and sustain trust and cooperation while providing an effective, fair and equitable dispute resolution process for customers to raise complaints about compliance. The Code reflects extensive consultation and agreement between gas users and gas suppliers, commencing in late 2020 and continuing through 2021. We encourage gas users to sign up to the Code.

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