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NEW SUPPLY MEASURES NEEDED FROM NATIONAL CABINET, NOT DAMAGING INTERVENTION

Australia's oil and gas industry has urged leaders attending today's National Cabinet meeting to focus on bringing on new gas supply and letting the market work rather than interventions that will damage prospects for future investment.

The Australian Petroleum Production & Exploration Association (APPEA) today said leaders should allow mechanisms such as the recently announced Australian Gas Industry Code of Conduct and Heads of Agreement (HoA) introduced only weeks ago to do their job.

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

The Code of Conduct – two years in the making after extensive consultation with government and customers – boosted transparency and supply certainty in the market, with minimum standards of conduct for suppliers and a resolution process for customers.

APPEA Chief Executive Samantha McCulloch said several gas supply agreements (GSAs) announced recently showed competitively priced gas was being secured.

“National Cabinet must avoid the temptation of radical market interventions that risk future energy security and lead to higher prices for households and businesses down the track,” she said.

“The Code of Conduct and the Heads of Agreement need to be given a chance to work.

“The recent flow of gas supply agreements with manufacturers shows the market is working and competitively priced gas is being secured.

“We need to get more gas out of the ground close to where it's needed, especially in Victoria and NSW, and to do that we need policy that encourages new investment, not new intervention.”

Ms McCulloch said recent analysis by EnergyQuest showed price caps would have the opposite impact than intended, ultimately leading to higher prices by reducing investment confidence and diminishing future supply as investors would choose more attractive markets elsewhere.

“This analysis found a price cap would have substantial long-term economic implications – including negative impacts for exploration, development of gas resources, gas storage economics in Victoria and the viability of LNG imports on the east coast,” she said.

See the Heads of Agreement and Australian Gas Industry Code of Conduct [here](#).

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