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APPEA REQUESTS URGENT MEETING WITH PM AS MORE DAMAGING INTERVENTION EMERGES

Australia's oil and gas industry has asked for an urgent meeting with the Prime Minister after more concerning details of his government's dismantling of the gas market across the whole of Australia emerged over the weekend.

A consultation paper and exposure draft of legislation released late Friday reveals the government's intervention is far more extensive than it announced earlier in the day, with extraordinary new powers to control the market on both the east and west coast and damage investment confidence across the entire energy market.

The measures include regulating gas prices permanently under its mandatory code of conduct, despite the government painting its \$12/GJ price cap as a temporary, short-term measure.

The Draft Bill would confer unprecedented powers to intervene in the gas market. Amongst other things, the Bill proposes:

- Allowing price caps to be extended and renewed.
- For the Government or government agencies to directly determine price and the terms of and conditions of gas supply agreements.
- Compulsory and mandatory mediation and arbitration provisions on both producers and customers.
- Forcing supply into the gas market, including potentially by breaking of commercial contracts.
- The revelation of commercially sensitive information.
- Extensive new regulations applying to all aspects of conduct in the gas market.
- Extraordinary compliance obligations and penalty provisions.

In addition, the provisions would appear to apply across Australia, and not just to the east coast market.

In doing so, the Bill proposes bypassing genuine consultation processes and good legislative and regulatory governance arrangements.

Taken together, the proposals undo 20 years of gas market and broader energy market reform, replacing the operation of what was an open and competitive gas market with heavy handed government regulation that places the operation of the market itself into the hands of government agencies.

The package also does nothing to bring on new supply, which is the enduring and sustainable way to ensure competitive prices in the gas market.

In response to details of the full package, APPEA Chief Executive Samantha McCulloch has written to Anthony Albanese requesting a meeting with him, senior ministers and APPEA board members.

Ms McCulloch said the interventions would have a devastating impact on investment, reduce new supply and push up household and business gas prices.

“The oil and gas industry welcomes relief from energy prices through the proposed energy rebates but a price cap combined with the emergence of other damaging measures will ultimately push up prices because they will undermine investment confidence and reduce new supply,” she said.

“The industry has been given only a two-day consultation period before the Australian Parliament is asked to vote on this important legislation which risks the nation’s energy security and making the energy system pressures even worse.

“APPEA seeks an urgent meeting with Prime Minister Albanese so we can address the serious concerns we have over his proposed dismantling of the gas market and Australia’s reputation as an open, market-based economy.

“The government said it was introducing a temporary price cap – but now we learn those caps can be extended and its mandatory code of conduct will have the ongoing power to regulate prices permanently.

“The powers provided through the Bill are extraordinary, providing for the Government to control the entirety of the market and intervene in an essentially unlimited way.

“This mandatory code comes without any consultation and only 71 days after a voluntary code was launched based on two years of extensive consultation between industry, government and customers.

“The government didn’t give the voluntary code, or the Heads of Agreement with east coast LNG exporters, a chance to work and instead succumbed to the undermining efforts of some ministers, unions and customers.

“Recent gas supply agreements confirm competitively priced gas is being secured by manufacturers and the market is working.”

Ms McCulloch said the package of measures – partly inspired by the Australian Competition and Consumer Commission – was misguided considering the ACCC’s own recent price updates for producers and retailers.

“Applying the cap to wholesale prices paid to producers is ill-considered when recent ACCC price data showed average prices paid to producers over the past 12 months rose 11% while those to retailers rose 95%,” she said.

Last week, EnergyQuest released analysis showing gas price caps would lead to damaging economic consequences including higher prices after investment confidence was hit and future supply was reduced as investors went elsewhere.

The negative impacts included reducing exploration, development of gas resources, the economics of gas storage in Victoria and the viability of LNG imports on the east coast.

The EnergyQuest report can be viewed [here](#).

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