

PRESS RELEASE

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Warning Signs Ignored so Price Shocks were Inevitable

Energy Users Association of Australia (EUAA) CEO Andrew Richards today called on governments and regulators to work more closely with industry to repair the damage to energy markets before Australia's economy is changed permanently.

"Large energy users have been warning governments and regulators for many years that energy markets were heading down a dangerous path," said Mr Richards.

"Today's AIG report '*Energy shock: No gas, no power, no future?*' shows those warnings have come to fruition with energy and gas prices skyrocketing. Without urgent attention this may become the 'new normal' and this would be bad news for everyone in Australia, not just large users."

EUAA members are part of a critical network of companies spanning manufacturing, food processing, transport, energy, mining and raw material providers that benefit the Australian community. Price rises across this group have flow on effects to all consumers.

"Price rises amongst large energy users are in an order of magnitude not seen before in Australia – one member who spoke to me recently has just been offered a one year gas contract of \$17 a gigajoule (Gj)," said Mr Richards.

"If these energy prices continue at the trajectory we are seeing they will flow through to the prices of everyday essentials that the community relies upon. The other option is that companies just disappear from the Australian economy."

"Warning signs of what is to come have been evident for some time and while the Finkel review is underway and will consider what is possible to resurrect our dysfunctional market in the medium to long term, large users simply cannot wait. We need urgent attention now before it's too late."

"Large users need some short term solutions put in place within the next 12-18 months to ensure they can remain competitive and still be around in the medium to long term," added Mr Richards.

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