

PRESS RELEASE

FOR IMMEDIATE RELEASE – Monday, April 13, 2015



ACCC Inquiry welcome as drop in gas demand forecasted

The Energy Users Association of Australia (EUAA) has welcomed today's official announcement that the ACCC will commence a 12 month inquiry into the competitiveness of wholesale gas prices. This is a timely announcement considering today's report from Australian Energy Markets Organisation (AEMO) that shows the previously forecast gas shortage will not take place.

"Under normal circumstances prediction on no gas shortage is good news to energy users until one reads the reason for the change in forecast – gas demand has dropped due to a slow down and withdraw of manufacturing demand" said EUAA Chief Executive Phil Barresi.

"Large gas energy users in the eastern states have long cried out for relief to their inability to secure reliable, affordable and long term gas contracts. The AEMO projections are not a cause for relief but for deep concern." Said Mr Barresi

"The ACCC has the investigative powers to pursue users concerns regarding lack of competition amongst suppliers, imbalance in contract negotiations, opaque pricing information, pipeline access arrangements and general lack of distrust between domestic users and suppliers."

The EUAA looks forward to the ACCC

- Drilling down into the gas contracts between gas suppliers and gas users and not be distracted by the headline supply contracts between one supplier and another supplier.
- Investigating claims that producers are withholding gas from the market in order to meet LNG contracts,
- The "take it or leave it" treatment in negotiations,
- The asking price of gas not being reflective of international prices.

"Why is it that the domestic gas price has not followed international pricing parity – producers no longer seem to be arguing for internationally priced gas now that oil and gas has fallen 65-70% since Q4 2014". Said Mr Barresi.

"All policy makers, state and federal, need to recognise the value of gas to manufacturing, to local regional prosperity and to the economy in general. Our research indicates that more than 14,600 local domestic manufacturing jobs could be at risk without reliable, secure and affordable gas contracts. "

"The EUAA is very pleased with the Government's commitment to show the way on the impending gas supply crisis by addressing community confidence issues through this ACCC inquiry." Mr Barresi said.

The EUAA is the peak industry body for Australia's energy users including manufacturers, retailers and resource-based industries.

For interviews with EUAA Chief Executive, Phil Barresi, contact Holly Cardamone on 0412 926 604