

PRESS RELEASE

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Gas Plan Only Deals with Part of the Problem

Announcements in the last 24 hours that the gas industry will ensure peak electricity generation are welcomed but only deal with part of the gas crisis, warns the Energy Users Association of Australia (EUAA).

"The announcement that Origin Energy has come to a commercial agreement to supply gas to the Pelican Point power station in South Australia for peak electricity generation next summer is encouraging and we hope similar arrangements can be put in place with other peak generators in the coming months," said EUAA Chief Executive Officer, Andrew Richards.

"We are also pleased that the gas pipeline companies will support the federal government's plans to ensure peak generation next summer. However these measures only deal with part of the gas crisis."

"What is clearly missing is any commitment by the gas industry to ensure the availability of gas at reasonable prices for a whole range of industries that rely on it as a key input to their business."

Competitively priced gas for a range of manufactures including food processors, chemical, glass and paper industries is both critical to their survival and to keeping costs down for everyday household items.

EUAA member companies report unprecedented price increases over the last six months as they seek to negotiate new gas supply contracts. These increased costs will either be passed on to consumers, or the companies involved will need to downsize operations to survive.

"We recognise the issues are hard to deal with but if a solution to the current gas crisis is not on the horizon we are likely to see significant impacts over the next 12 months."

"The EUAA is aware that the federal government is open to working with all stakeholders on solutions. Clearly there is much more work to be done."

The EUAA represents members who are part of a critical network of companies spanning manufacturing, food processing, transport, energy, mining and raw material providers that benefit the Australian community.

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