

GOVERNMENTS MUST MAKE DOMESTIC GAS A PRIORITY

The release of the 2019 Gas Statement of Opportunities (GSOO) by Australian Energy Market Operator (AEMO) again highlights the perilous situation facing Australian gas users, said the peak body representing some of the largest gas and electricity users in Australia, the Energy Users' Association of Australia (EUAA).

“The 2019 GSOO identifies the potential for significant shortfalls in gas supply and comes after recent warnings from gas market analyst Energy Quest, that we are facing critical gas shortages in the coming years - potentially dire shortfalls in 3-5 years as no new reserves are available,” said EUAA Chief Executive Officer, Mr Andrew Richards.

“We remain gravely concerned about the lack of future gas supply and the impact that LNG exports are having on the cost and availability of reasonable contracts for Australian gas users.”

Australian companies use gas to make many day to day items such as food and dairy products, paper, glass and plastics and to manufacture building products like steel and bricks. The cost of gas for these companies has gone up by 200% in recent years meaning that in many cases consumers pay more for these everyday items.

“Tragically we are also seeing some of these Australian businesses close their doors and lay off staff due to these higher cost as they can no longer compete against imported goods,” said Mr Richards.

Recent analysis also shows that the increasing reliance of Australia's southern states on Queensland gas will come at a time that Queensland LNG producers are finding it harder and more expensive to maintain production to meet their LNG commitments.

“It's not too late to fix the gas market and preserve Australian jobs. We urge governments to do all they can to encourage more gas exploration and extraction including the replacement of moratoriums with robust, evidence-based planning schemes and just compensation for farmers and communities.”

“We also urge governments to look at ways of increasing competition in our gas markets such as supporting new entrants in both supply and transportation of gas and encouraging innovation and end use gas efficiency.

While a number of companies are investigating options to import LNG into Australia, AEMO has confirmed that import terminals alone will not impact on price, just volume – so in the absence of new production in Australia prices will remain unsustainably high.

Combined, EUAA members employ over 1 million Australians, pay billions in energy bills every year and are desperate to see a national energy and climate change plan that puts downward pressure on electricity and gas costs.

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