

## **ENERGY USERS DISAPPOINTED WITH ACCC DECISION NOT TO AMEND LNG NETBACK METHODOLOGY**

Leading advocate for large commercial and industrial energy users, the Energy Users' Association of Australia (EUAA), is disappointed to learn that the ACCC has decided not to amend the way it calculates its key LNG netback series.

“Given that domestic gas users do not use LNG, the EUAA and many others had been urging the ACCC to exclude all costs associated with LNG production,” said EUAA Chief Executive Officer, Andrew Richards.

Unfortunately, at this point the ACCC has decided against this approach meaning domestic gas users will continue to foot the bill for LNG projects they have never been involved in, never benefitted from and that are thousands of kilometres away from their operations.

The ACCC was also urged to consider other price markers that are more liquid and will facilitate longer-term price curves. While there is some movement on this front, the overall result is disappointing.

“Domestic gas users are feeling let down by this decision as we feel the existing methodology continues to favour the seller in a market dominated by sellers,” said Mr Richards.

“Conditions are already tight for many domestic gas users who are still reeling from a three- fold increase in gas prices. They are looking for the ACCC to help level the playing field, but this decision seems to reinforce the status quo.”

Many domestic gas users feel that by helping to pay for LNG infrastructure, it effectively locks them into cross subsidising international gas users, some of whom are their competitors.

“We urge the ACCC to re-consider this decision and we are open to working with them to find a solution that better reflects the reality of the domestic market and addresses the issues faced by domestic gas users,” added Mr Richards.

The EUAA is the peak body representing Australian industrial and commercial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing and materials processing industries. Combined our members employ over one million Australians, pay annual energy bills in the many billions of dollars and support the development of a lasting national energy and climate change plan that puts downward pressure on electricity and gas costs.

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