

EUAA ALARMED AT RISING GAS PRICES AND POTENTIAL SHORTFALL IN SOUTHERN STATES

The peak body representing Australia's commercial and industrial energy users, the Energy Users' Association of Australia (EUAA), welcomes the latest Gas Report from the Australian Competition and Consumer Commission (ACCC) which is playing a crucial role in improving transparency and accountability of East Coast Gas Market and its participants.

"We thank the ACCC for their ongoing work to improve gas market transparency and accountability with this recent report keeping the focus firmly on gas industry behaviours, both good and bad," said EUAA Chief Executive Officer, Andrew Richards.

This recent report identifies the very real prospect of near term supply shortfalls, especially in southern states which are more reliant on gas for both domestic and industrial use.

"Supply shortfalls are a genuine concern for domestic gas users. Reports that LNG producers are predicted to take more gas from the domestic market than it plans to supply compounds these concerns. We hope that the Commonwealth Heads Of Agreement will be enforced to the highest degree to ensure affordable and reliable domestic gas supply."

After a brief period of stability we can see that prices are again on the move. We note that the ACCC have identified that the threat of government regulation appears to be a major driver of recent improved outcomes for domestic gas users. This is the second report where this observation has been made.

Unfortunately, despite domestic prices being reasonably stable over the past 12 months we are alarmed at some of the findings including evidence that domestic prices are again moving upwards.

"Domestic gas users will be watching very closely as the Gas Industry Voluntary Code comes into effect this year. We are hopeful that the commitments made by the gas industry in the code of conduct will be honoured in the coming years and this will be reflected in future ACCC gas market reports."

With our major gas users producing essential goods and services that Australians need and use every day, the gas industry need to ensure adequate supply at a price and contract terms that are fair to ensure Australians are not unfairly impacted.

We encourage governments to act on the recommendations from the ACCC to implement 'the range of infrastructure, regulatory and capital factors that are impeding upstream competition and limiting gas supply'.

With no alternative to gas for some manufacturing processes, it is critical that we maintain supply at this time. Governments have a critical role to play. In recent years we have seen the positive impact of Queensland government action, that ensures domestic gas supply is required for new tenements, has had.

"The EUAA has been highlighting the need for increased competition in gas markets for some time, and we welcome the ACCC recommendation 'to implement a range of reforms to encourage greater diversity of suppliers and reduce the barriers faced by producers. Upstream competition could be improved if owners of existing infrastructure such as processing and storage facilities provided third party access to this infrastructure on reasonable terms.'"

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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