

## TIME FOR THE GAS INDUSTRY TO STEP UP FOR DOMESTIC CUSTOMERS AND THE NATIONAL INTEREST

Australia's leading advocate for large commercial and industrial energy users, the Energy Users' Association of Australia (EUAA), today calls for the gas industry to step up and play an active role to minimise the damage to the domestic economy of the unprecedented energy crisis sweeping the nation.

Gas and electricity prices are at stratospheric levels. For the first time ever, Sydney and Melbourne gas markets have entered a period of administered prices of \$40/GJ, sparing domestic consumers from the impact of unconstrained gas prices soaring to upwards of \$800/GJ. At \$40/GJ, this still represents a 400% increase in the price of gas from earlier in the year and is having a significant impact on prices being offered in the contract market, if offers are made at all.

"In desperate times like these it is right that we look to governments for solutions. However, it would be wrong to not require the gas industry itself to also play a significant role in bringing gas prices back to a level that allows manufacturing to survive and for families not to be terrified to turn on the heater in the dead of winter," said EUAA Chief Executive Officer, Andrew Richards.

"The gas industry won't go broke if they drop their prices but manufacturers will go out of business if they don't."

The EUAA were a party to the negotiations last year with the gas industry to develop their code of conduct. During this time the gas industry said of the code of conduct:

*'It is critically important that our industry can continue to support the broader Australian economy through investment into the sector, while providing very reasonable and appropriate comfort to our industrial customers.'*

Given the current state of the domestic gas market, customers - small and large - do not have reasonable and appropriate comfort.

Anecdotal evidence suggests that contract offers are being withdrawn and re-priced at significantly higher levels, and in some cases no offer is being made at all. The EUAA calls on our regulators like the ACCC and the AER to focus their efforts on scrutinising the activity and behaviour of market participants, and where necessary using their powers to investigate marketing and bidding behaviour to ensure customers are not victims of a misuse of market power.

"It is true that global events are having a significant impact on global energy prices, with international thermal coal and oil prices driving up electricity and gas prices domestically and abroad. However, the cost of extracting these resources has not materially changed and domestic customers find themselves on the wrong end of prices approaching – or even exceeding – international benchmarks. At current prices it is hard not to conclude that some are profiteering from the misfortune of others."

"In these desperate times, desperate measures such as gas reservation and price caps may be required to preserve the industries that we have, reduce cost of living pressures on families and ensure the most vulnerable in society don't suffer this winter."

“Some of these desperate measures could be avoided if all parties are focused on what is in the national interest where the gas industry works cohesively with governments and its customers to deliver affordable, yet still highly profitable, gas supply to the domestic market.”

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 EUAA 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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