

GAS HEADS OF AGREEMENT IGNORES THE ELEPHANT IN THE ROOM – GUARANTEES HIGHER GAS PRICES FOR DOMESTIC USERS

The announcement yesterday by Federal Resources Minister Madeline King that a new Heads of Agreement (HoA) with the gas industry has been agreed effectively guarantees that Australian manufacturers and households will be forced to pay unsustainably high gas prices for the foreseeable future. This will impact the competitiveness of Australian industry, drive higher cost of living for Australian families and puts at risk an orderly transition of our energy markets.

“Ensuring sufficient supply of gas was never really in question. The elephant in the room has and will continue to be price,” said Energy Users’ Association of Australia (EUAA) CEO Andrew Richards.

The revised HoA ensures sufficient supply of gas for the domestic market but further links domestic gas prices to highly volatile international gas markets. This will continue to have catastrophic impacts on domestic energy markets and the economy as a whole.

“It is hard to believe that we even need an agreement between government and the gas industry to ensure sufficient supply. Getting sufficient volumes of Australian sourced gas to supply the Australian market should never be a question we need to answer.”

Energy users have been imploring the Federal Government to take stronger action on price to protect the national interest. We have been asking government to strengthen the ADGSM and HoA to not only ensure the volume of gas is sufficient but also seek to ensure the price of gas is affordable. Reading the revised HoA, it appears they have failed to deliver on the number one issue for energy users, which is price.

“So it seems we will have plenty of gas, it’s just a pity that nobody will be able to afford it.”

A continuation of current gas prices, which now seemed to be locked in by the HoA, will impact the ability of business to maintain long-term employment levels and threaten the sovereign capability of the Australian economy at a time of continued geopolitical upheaval. In addition to direct impacts, these cost increases will have flow through consequences to those many industries that rely on these sectors as well as impacting the cost of living for all Australians.

“Along with the impacts on business and households, gas is meant to play a critical role in the smooth transition of our energy system. The Australian Energy Market Operator (AEMO) clearly state we will need a significant amount of gas fired power generation (12GW) to ensure a stable and reliable energy system. Gas prices that are between 400% and 500% higher than historical levels puts this in jeopardy.”

“While we are extremely disappointed in the HoA, we remain committed to working with the Federal Government on fixing the broken gas market and to an orderly, just and affordable transition of our energy systems.”

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.

Media Contact: Emily Wood 0421 042 121