

THE CASE FOR TEMPORARY PRICE CONTROL HAS NEVER BEEN STRONGER, OR MORE IMPORTANT

The peak body representing Australia's large commercial and industrial energy users, the Energy Users' Association of Australia (EUAA), has welcomed measures in the Federal Budget that will help smooth the long-term transition to a net zero energy system, but is concerned that immediate issues of unaffordable energy remain.

"We welcome this Federal Budget as it formalises many of the Governments election commitments that are intended to help smooth the energy transition. While there is always more to do, this is a good start and it should have some positive long-term impacts for energy users," said EUAA Chief Executive Officer, Andrew Richards.

"We also welcome additional commitments to help with longer-term structural and market power issues associated with the domestic gas market and we stand ready to work with the government and gas industry on a plan to deliver fairer pricing outcomes for industry and households."

While there are many positive aspects to this budget, immediate issues associated with the cost of energy will have a crippling impact on households and industry.

"By identifying that energy bills will rise by 56% over the next 2 years the Treasurer has confirmed the worst of our fears. This will be a gut punch to all households and industry already struggling to manage a highly volatile environment."

Many industrial energy users who are re-contracting for gas and electricity can testify to the spike in energy prices with many seeing a 300% increase in the price of gas compared to just 12 months ago.

Treasurer Chalmers has flagged that the Federal Government is being forced to 'consider a broader suite of regulatory interventions' due to the unprecedented nature of the crisis.

"We welcome these comments from the Treasurer and we believe the case for some form of temporary domestic price control has never been stronger or more important to the health of the Australian economy and wellbeing of its most vulnerable citizens."

A temporary cap on wholesale gas prices is one option available to the Federal Government. There is also a strong case to ensure sufficient coal at reasonable prices is also made available to ensure these two key inputs to our energy system work in favour of domestic energy users, not against them.

Domestic gas volumes are a fraction of international sales. A temporary cap on the domestic wholesale price of gas will still deliver very good returns to the gas industry and only have a marginal impact on overall revenue and profit which are expected to remain at 'eye-wateringly good' levels for years to come.

It is clear that the main game for our gas producers is export, the annual volume of which is between 4 to 5 times greater than domestic volume and would not be impacted in any way by temporary domestic price controls.

“The EUAA has been calling on the gas industry to act in the national interest and offer affordable gas to domestic customers for some time, but this has fallen on deaf ears. If governments are forced to act and put in place some form of price control then the gas industry only has themselves to blame.”

“The transition to a net zero energy system will be difficult enough to manage even in the best of circumstances. Price shocks like we are seeing make the journey even more perilous for some energy users who many not survive the journey.”

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