

GAS INDUSTRY MISDIRECTION CAN'T HIDE THE TRUTH

The latest attempt by the gas industry to hoodwink energy users and the Federal Government with their campaign of misdirection and manipulation is yet another example of an industry that takes the Australian public for granted and our Governments for fools.

“The media statement released late yesterday by gas industry lobby group APPEA, clearly shows the gas industry have zero self-awareness,” said Energy Users’ Association of Australia (EUAA) CEO Andrew Richards.

“If they think we will fall for this nonsense they should think again. Seriously, what’s next? Jedi mind tricks to convince us that everything is fine while manufacturers go broke and households are too petrified to turn on their gas heater on a cold night. If the situation wasn’t so serious it would be funny.”

The statement by APPEA claims the “realised prices” reported by its members are between \$8.50/GJ and \$13.10/GJ for domestic sales. As the statement says, this includes long term contracts, many which would have been put in place many years ago.

None of this is relevant to a customer seeking a new contract for next year and beyond, including those who entered into contracts in 2021 which will progressively expire over the coming 6 to 12 months. Indeed back in 2021 many of our members could not get offers for longer than 12 months.

“Forget about some esoteric “realised price” that is designed to muddy the waters. The real prices being offered today to our members are between \$30-35/GJ . These are the prices we have seen in contracts executed in the last two weeks, that is fact!”

“We have also seen EOI documents released by gas suppliers just this week, which ironically comply with the voluntary gas industry code of conduct, that sets price at the LNG netback. The latest ACCC calculation has this averaging \$46.95/GJ in 2023.”

Given the ACCC has identified that the market power of gas suppliers is a significant concern, the EUAA have been calling for a price cap of \$10/GJ, as part of the revised ADGSM. We believe this is needed to avoid widespread economic and social damage. Do we really want large parts of manufacturing industry, much of which is in regional Australia, closing or vulnerable residential consumers having to decide to buy food or keep warm in winter 2023? Does the APPEA really believe that the government getting a bit more tax revenue from gas producers is worth the cost to the domestic economy and impacts on households?

“We find it interesting that the APPEA media statement makes references to contracts executed in 2021 for 2022 supply with prices between \$6-9/GJ. Obviously the gas producers were happy with the margin on these sales yet somehow a short term domestic price cap of \$10/GJ is unacceptable.”

“Did they think we wouldn’t notice their duplicity? Governments and energy users have every right to be angry at the gas industry and its lobby group APPEA.”

“Can the gas industry please stop this pantomime. The gas industry, government, regulators and customers need to sit down together and develop a solution to this mess that works for everyone.”

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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