

AEMO 2024 GSOO IS ANOTHER WARNING SIGN THAT THE ENERGY SYSTEM IS CLOSE TO THE EDGE: URGENT ACTION IS REQUIRED

The release of the 2024 Gas Statement of Opportunities (GSOO) by the Australian Energy Market Operator (AEMO) yet again highlights the need for urgent and decisive action to secure future energy supplies. The 2024 GSOO highlights that new investment is urgently needed if gas supply from 2028 is to keep up with demand from homes and businesses. It also highlights risks of peak-day shortfalls on some days under extreme winter conditions from 2025 and the potential for small seasonal supply gaps from 2026 in southern states.

The 2024 GSOO also highlights the critical role gas will play in the electricity sector as we move to a high reliance on renewable energy. The same issue has been raised by AEMO in the Draft 2024 Integrated System Plan which states:

“With coal retiring, renewable energy connected with transmission, firmed with storage and backed up by gas-powered generation is the lowest cost way to supply electricity to homes and businesses throughout Australia’s transition to a net zero economy.”

AEMO now believes that 16GW of gas fired power station capacity will be required, almost double what is currently installed.

“Once again the independent market operator has highlighted the need to develop new gas supplies in order to keep families warm in winter, to ensure manufacturers can continue to make the many things we take for granted like food, building materials, steel and glass and to play a key role in the transition to a low emissions energy sector” said EUAA CEO Andrew Richards.

“We see serious delays in critical energy projects which is threatening our energy security. Not only new gas developments but wind and solar projects seem mired in a planning and approvals system that just isn’t keeping pace with the needs of Australia’s energy consumers.”

The 2024 GSOO once again highlights that southern gas supply is rapidly declining and that pipeline constraints limit the ability to move gas from northern states to fill the gap. While the 2024 GSOO calls for more southern supply and more pipeline capacity, the uncertainty created around the future of gas in some jurisdictions makes it extremely difficult for new investment to be justified.

“The policy environment in Victorian and to some extent NSW, where new gas development has been discouraged to varying degrees over the last decade, means that new investment called for by AEMO is problematic to say the least. The combination of delayed approvals and this uncertainty are the biggest issues facing the gas industry and its millions of customers.”

“The EUAA calls for urgent action by governments to get critical energy projects moving and for a more pragmatic approach to energy policy that recognises the key role gas will continue to play in our economy, both as a key input for manufacturing and for energy generation.”

The EUAA is the peak body representing Australian industrial and commercial energy users. EUAA 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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