

VICTORIAN GOVERNMENT'S CONFUSING GAS POLICY

A couple of days ago the Energy Users' Association of Australia (EUAA) publicly supported the Victorian Government's belated realisation that we need to rapidly boost domestic gas supplies. Confidence to invest in new Victorian gas supplies is near zero which means we need a consistent, cohesive set of policies to restore the confidence of those who have to make multi-billion dollar, multi-decade investments, including decisions by large industry.

"The news earlier this week was positive but represented one just part of a complex picture, which makes revelations today that foreshadows banning the replacement of gas appliances in residential and commercial properties confusing at a time when investors need predictability and support," said EUAA Chief Executive Officer, Mr Andrew Richards. .

"When it comes to investor confidence you can't quarantine the impact of a policy decision like a blanket ban to one part of the market and expect it won't have impacts elsewhere. We fear this will negatively impact investor confidence at a time when it needs bolstering."

The proposal to take away customer choice by applying blanket bans is not good policy.

When an appliance like a hot water service or heater breaks down or when a piece of commercial equipment fails, the overwhelming desire is to replace it as quickly and efficiently as possible. When this happens, policy should be directed to encourage people to switch from gas to electric and support them to do so. Unfortunately this policy will force people into a higher cost solution that will add time and stress.

"We fear that the Victorian Government's proposed approach will hurt far more people than it helps," said Mr Richards.

The concept of moving residential and small business from gas to electricity to preserve gas for large industrial users who have few alternatives, and to gas fired electricity generation to support renewable energy, has merit but it shouldn't be achieved by removing customer choice and sending mixed messages to those who need to invest in future gas supplies.

"We urge the government to rethink their approach and move from the proposed negative framework of arbitrary bans to a positive framework of consumer choice and support," added Mr Richards.

"As we have said before, pragmatic and realistic responses are needed to meet consumers' needs and will be critical to ensuring that energy remains reliable and affordable for all as we transition our economy."

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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