

GAS RESERVATION WELCOMED BUT MUST BE PART OF A BROADER SET OF MARKET REFORMS

A long-time advocate for gas market reform, leading advocate for commercial and industrial energy users, Energy Users' Association of Australia (EUAA), welcomes the announcement that a domestic gas reservation scheme will be implemented on the east coast by mid 2027 but warns that it must be part of a broader set of reforms if it is to deliver the outcomes consumers need.

"This is an encouraging and welcome step from government and is a clear demonstration of their commitment to local manufacturing and the jobs these industries support," said EUAA Chief Executive Officer, Mr Andrew Richards.

"The EUAA has long advocated for a domestic reservation scheme as it will assist local manufacturers get more certainty over gas availability and put downward pressure on prices, but it is not the only action required to deliver the best outcomes for consumers."

"We have been vocal in stating that gas reservation should be pursued along with a broader set of market frameworks including improvements in transparency and accountability, more efficient approvals processes and an unambiguous narrative from government about the critical role gas plays in our society. It requires all of this if we are to see a workably competitive domestic gas market that delivers sustainable volumes of domestic gas at reasonable prices and on reasonable terms for domestic gas users."

Gas is critical for many manufacturers, many of which cannot switch to electricity. However, gas is also an increasingly important part of an electricity grid reliant on weather dependent generation. The Australian Energy Market Operator (AEMO) has stated that 8GW of gas fired generation will be needed in our future National Electricity Market which will require increased gas availability.

"Added to gas reservation, we encourage governments to seek to deliver additional supply into the east coast market to ensure we can meet the needs of our future electricity grid, as well as for businesses that cannot switch from gas and or, those that wish to grow – we note the Victorian Government's announcement approving a new production licence in the Otway Basin which is an encouraging sign of change in this regard," said Mr Richards.

"We are at a key inflection point where we can either solve the crisis in gas markets once and for all or, continue to be stuck in a vicious cycle of uncertainty while we watch the negative implications of not getting this right."

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our members are the engine room of the Australian economy, producing many of the products that households and business use every day including bricks, glass, steel, aluminium, paper, food and beverages. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

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