

Domestic gas reservation welcome, but infrastructure reform must follow

The Australian Pipelines and Gas Association (APGA) welcomes the Federal Government's 20 per cent domestic gas reservation, and its recognition that reservation alone will not deliver energy security without the infrastructure investment needed to move supply to the southern markets where it is most needed.

APGA chief executive Steve Davies said the reservation policy was a significant and meaningful structural reform to the East Coast gas market but warned that reserving molecules at supply source would not, on its own, deliver lower prices or improved energy security for Australian households and businesses.

"Reserving gas is one half of the equation. Delivering it is the other," Mr Davies said.

"Australia's domestic gas challenge has never just been about ensuring gas volumes are available. It has also been about getting the supply to the right market at the right time. This is not possible without supportive regulatory and investment settings to support these multi-decade, multi-billion-dollar investments."

"With Energy and Climate Change Ministerial Council ministers meeting tomorrow, now is the time to prioritise much needed changes to incentivise investments in gas infrastructure through addressing regulatory barriers. While we welcome the Government's recognition that further reform will be needed to bring forward the infrastructure investment this reservation policy depends on. The Form of Regulation Review is the single most important lever for enabling new and vital gas infrastructure investment."

Mr Davies said APGA had consistently argued that the southern states face a structural transportation constraint, not simply a production shortfall, and that AEMO's repeated winter shortfall warnings reflect the complexity of moving gas from northern basins to southern demand centres.

"A modest oversupply nationally does not automatically translate into supply where and when it is needed. Victoria, New South Wales, South Australia and Tasmania will continue to require firm pipeline capacity and energy security from the north as well as expanded storage, and timely investment in new and augmented infrastructure. None of that happens without a stable, investable policy environment."

"It's time to prioritise getting the right regulatory setting to support increased infrastructure investment in place".

APGA looks forward to engaging with the Government on changes needed to the regulatory framework to enable new gas infrastructure investment to support the implementation of the reservation mechanism. Form of Regulation Review and recommendation 5e of the Gas Market Review are critical for ECMC ministers to prioritise progressing at tomorrow's ECMC meeting in Melbourne.

Contact

For further information or the opportunity to engage with Mr Steve Davies please contact:

Paul Purcell
Mountain Ash Advisory
paul@mountainashadvisory.com.au
0422 247 750