

Important step forward on reservation but delivery is just as important

The Australian Pipelines and Gas Association (APGA) welcomes the release of the Domestic Gas Reservation exposure draft, which strikes a workable balance between upstream and downstream interests.

After a decade of mechanisms, agreements, caps and codes, APGA chief executive Steve Davies says the Federal Government is rightly addressing the cause of the problem rather than its symptoms.

"There are no easy answers or quick fixes to gas supply. The Government has taken on a decade-old problem and produced something workable that will secure gas for Australian users," Mr Davies said.

"Reserving gas and delivering gas are not the same thing. This design decides how much gas stays in Australia but doesn't determine whether gas can reach a manufacturer in Melbourne on the coldest day of winter."

Under the exposure draft, the domestic supply obligation is an annual volume that can be met at any point on the connected pipeline network. In practice, reserved gas is most likely to be delivered in Queensland, with its value to southern users determined by available transmission and storage capacity.

The draft allows exporters to seek a reduction in their obligation on the basis of infrastructure constraints. While applicants must show they are taking steps to improve their ability to supply, that test is undefined and does not require any commitment to contracting additional capacity.

"Until we fix the regulatory barriers to pipeline and storage investment, some Australians are at risk of continuing to experience gas shortage that is as much about geography as it is supply."

"Despite these challenges, APGA members are already announcing investment intentions to support Australian gas users and are continuing to investigate the transmission and storage capacity needed to close that gap. Addressing regulatory issues will see higher levels of investment occur."

"Last week, infrastructure companies made major announcements in the Northern Territory about their ambitions to invest to bring Beetaloo gas to market and there are major projects advancing options to bring more gas south on the back of the Government's commitment to implement a reservation scheme."

APGA will seek clarification on the treatment of infrastructure constraints through the consultation and will continue to engage constructively in the parallel infrastructure reform work underway with Energy Ministers.

About

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors, and service providers of Australia's pipeline infrastructure, connecting natural and renewable gas production to demand centres in cities and other locations across Australia. Our members offer a wide range of services to gas users, retailers and producers and ensure the safe and reliable delivery of 28 per cent of the end-use energy consumed in Australia.

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