

## **GAMAA Technical Committee meeting - SAVE THE DATE**

The next GAMAA Technical meeting will be held on Wednesday 7 March 2018 at L2, 441 St Kilda Road Melbourne, commencing at 10am – Ezo Alfonsetti (ESV) will be joining the meeting ----To register please email [associations@aigroup.com.au](mailto:associations@aigroup.com.au)

## **Is 2018 the turning point for domestic gas?**

GAS TODAY Wed 14 February 2018

The Australian Domestic Gas Outlook (ADGO) 2018 conference will provide a clear picture of what's in stall for the sector this year and what needs to be done to make it work better for all players.

### *Domestic gas - the outlook for 2018*

Progress could be in the pipeline for Australia's domestic gas sector. But will it be soon enough to weather a supply crunch?

On one hand, local gas demand is forecast to outstrip supply and keep prices locked in the \$8-\$10 GJ range this year.

On the other, a federal deal with the big three producers and a new pipeline connecting the Northern Territory to the east coast could offer relief for domestic users. But it's obvious more needs to be done.

Demand from residential, commercial and industrial gas users, as well as gas-fired power generators, is forecast at 642 PJ in 2018, but supply is tipped to fall short at just 588 PJ according to the Australian Energy Market Operator.

..... Looking forward, the federal government has just announced a \$26 million Gas Acceleration Program to fast track new supply to the East Coast, granting up to \$6 million to new projects that can demonstrate good prospects for supplying gas to the market within three years.

It remains to be seen whether that will be enough to encourage producers facing various moratoriums in Victoria and New South Wales, and dealing with inadequate and congested transport infrastructure between Queensland and its southern neighbours.

However, those issues could come to a head when the Commonwealth Heads of Government Energy Council has an important policy meeting in April.

### *Infrastructure development – any progress in the coming year?*

.... In Victoria, AGL is still awaiting state government approval of its plan to build a gas import jetty and pipeline at Crib Point in Western Port Bay, while Adelaide-based Cooper Energy continues to develop its \$355 million offshore Sole Project.

### *What can we learn from last year?*

Higher gas prices are still squeezing domestic consumers, particularly commercial and industrial users.

Australia has enough gas to supply both the domestic and international markets, which is made apparent by the federal government's supply agreement with Origin, Shell and Santos.

However, the government obviously wants to balance the need to ensure domestic gas supply while supporting the export market at the same time.

It had the ability to restrict exports in July under the Australian Domestic Gas Security Mechanism but instead opted to work with the big producers to avoid disrupting growing exports.

### *Challenges and how to avoid a crisis*

The most critical challenge for the domestic gas sector this year will be keeping prices affordable and securing a viable long-term supply. Continuing high prices or a supply drought are likely to push end users toward alternative energy sources like renewables.

Another option - which has been put forward by the Australian Competition and Consumer Commission - is to build better storage in southern states, so that stored gas can be used to back up supply when needed.

Developing new gas reserves in the southeastern states would solve many problems. It would open up more supply for the domestic market, reduce the transportation costs and in turn put downward pressure on end prices .....For more information on ADGO 2018 visit the website [here](#).



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