

Coal seam gas will cost **YOU** more

FACT SHEET: East Coast Gas Supply in Australia

- ▶ The CSG export industry is causing domestic gas prices to rise by linking us to world prices
- ▶ In 2015 they will increase gas bills by up to \$162/yr for households and \$625/yr for businesses
- ▶ Wholesale gas prices will triple, causing up to 100,000 direct manufacturing jobs to be lost
- ▶ In total, rising prices will cost Australian households \$544M/yr and industrial users \$3.2B/yr
- ▶ Our gas production is set to triple, but 70% of all gas produced will be exported overseas
- ▶ Shortfalls on export contracts will result in domestic gas supplies being redirected overseas

Why are east coast gas prices rising?

The coal seam gas (CSG) export industry in Australia is causing gas prices to rise. The construction of three CSG export plants in Queensland will soon allow CSG miners to export their gas and obtain much higher prices paid by the world market¹. Domestic prices are rising to match the world price².

How high will my gas bills rise?

The increase in your gas bill in 2015 as a result of CSG exports will be up to \$162 per year for a household and \$625 per year for a small business³. Further increases are likely beyond 2016. Wholesale gas prices for large manufacturers are expected to triple by 2030⁴.

What are the consequences of rising gas prices?

Manufacturing Australia estimates that close to 100,000 direct manufacturing jobs may be lost as a result of CSG exports⁵. Industrial output will decrease in Australia. It is estimated that rising gas prices will cost households across Australia an extra \$544 million per year and industrial users up to \$3.2 billion per year⁶.

Are there gas shortages?

Australia has vast amounts of gas. Gas production on the eastern seaboard will triple from 2014 due to CSG exports⁷. By 2020 we are expected to overtake Qatar to become the world's largest exporter of liquefied natural gas⁸. At least 70% of gas produced will be exported overseas⁹.

1 Independent Pricing and Regulatory Tribunal **Fact Sheet**, 23 April 2014. Regulated retail gas prices from 1 July 2014 to 30 June 2016.

2 AGL VPA - Proposed price path for NSW regulated gas prices from 1 July 2014 to 30 June 2016 – public submission. 2014.

3 Independent Pricing and Regulatory Tribunal **Draft Report**, 23 April 2014. Changes in regulated retail gas prices from 1 July. Numbers derived from Table 1.1 & Table 1.2, based on indicative annual prices given for ActewAGL.

4 Grattan Institute. Getting Gas Right: Australia's Energy Challenge. June 2013.

5 <http://www.abc.net.au/news/2014-03-27/gas-boom-threatens-australian-manufacturing-jobs/5349822>

6 Grattan Institute. Getting Gas Right: Australia's Energy Challenge. June 2013.

7 Australian Energy Market Operator, **Gas Statement of Opportunities 2013**.

8 http://au.ibtimes.com/articles/546256/20140402/australia-lng-gas-exporter-qatar-china.htm#_U2XrbVcVdgm

9 Derived from figures provided in Australian Energy Market Operator, Gas Statement of Opportunities 2013.

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Fact Sheet: East Coast Gas Supply in Australia continued

An artificial shortage is being created in Australia by CSG exporters. They are running short on supplies from Qld CSG gasfields to meet their export contracts and are sucking up conventional gas supplies which have previously been used to supply gas in Australia¹⁰.

Will drilling for CSG in NSW and Victoria lower prices?

Gas companies and the NSW Government are blaming rural communities who do not want dangerous CSG drilling on their land, for both the gas price rise and the shortages. They claim that drilling for CSG in places like Gloucester and the Pilliga will reduce gas prices and meet gas shortages.

There is no truth to this argument. No amount of CSG drilling in NSW can impact on the world gas price, which is driving the price rises¹¹. Any extra drilling in NSW is being driven by new pressure for Australian gas to be sucked out for exports to meet locked in contracts.

There are plenty of alternative energy sources - there are significant conventional gas resources for eastern Australia in the Gippsland Basin (3826PJ)¹² and the Cooper Basin (1943PJ)¹³ and extensive renewable energy resources. NSW has never produced large quantities of gas and has always obtained all it needs via pipelines which link it into the eastern Australian gas network.

What is the solution?

The solution is for Australian Governments to introduce measures to protect Australian consumers and businesses from the price hike now and into the future, such as a national interest test, and to support alternative sources of energy that are safe and don't threaten our land and water.

In Their Own Words

"It's a hard narrative to sell, to a community, to a government, that we are going to increase production of gas and we are going to export it, and in the meantime, domestic gas supplies will be diminished and domestic prices will go up. I'm a politician and I'm pretty good at selling a story, but I'd find that a tough one to sell." **Colin Barnett, Premier WA**¹⁴

"The main driver for price increases is structural changes in the wholesale gas market, including increased exposure to the international gas market." **IPART**¹⁵

"The commitment of large LNG projects in Queensland has driven intense competition for available gas between domestic customers and LNG projects as the CSG reserve have been committed to LNG projects in order to underwrite their development." **Energy Company AGL**¹⁶

"We want to make sure that the market knows that the Bass Strait field still has a large amount of gas that's undeveloped. We have a lot of gas in eastern Australia that's available...there's plenty of gas to supply...you know, indefinitely." **BHP Billiton Petroleum chief Mike Yeager** on alternative conventional gas supplies¹⁷.

10 AGL. VPA - Proposed price path for NSW regulated gas prices from 1 July 2014 to 30 June 2016 – public submission. 2014.

11 http://www.crikey.com.au/2014/02/27/more-supply-perhaps-but-dont-hold-your-breath-for-lower-gas-prices/?wmp_switcher=mobile

12 Australian Energy Market Operator, **Gas Statement of Opportunities**, 2013 Figure and Data Tables.

13 Australian Energy Market Operator, **Gas Statement of Opportunities**, 2013 Figure and Data Tables.

14 <http://www.pnronline.com.au/article.aspx?p=1&id=1161>

15 Independent Pricing and Regulatory Tribunal **Fact Sheet**, 23 April 2014. Regulated retail gas prices from 1 July 2014 to 30 June 2016.

16 AGL. VPA - Proposed price path for NSW regulated gas prices from 1 July 2014 to 30 June 2016 – public submission. 2014.

17 <http://www.smh.com.au/business/nsw-to-press-on-with-coal-seam-gas-hartcher-20120515-1yo6c.html>