
Press Release

Report Confirms Concerns of Local Gas Users About Impact of LNG Exports from Queensland But Shows a Way Forward

The Energy Users Association of Australia (EUAA) today released the report of a study it commissioned from Carbon Market Economics (CME) about the impact of exports of Liquefied Natural Gas (LNG) from Queensland on local gas users. The report, *Impact of LNG on Queensland gas market and gas users*, was launched at the EUAA's Queensland Energy Forum (QEF) in Brisbane.

"We commissioned this report because of the concerns our members, especially in Queensland, were expressing to us about detrimental impacts that LNG exports could have on them and Queensland energy users," Mr. Roman Domanski, Executive Director of the EUAA said in launching the report. "The report will be extremely useful in pinpointing the main concerns for local gas users in the development of LNG exports out of Gladstone in Queensland. This is the first time a report with a focus on local energy users has been undertaken."

The report confirms some of the concerns that users had been expressing, including that long term contracts for supply of gas to local users has essentially dried up since the focus on Queensland Coal Seam Gas (CSG) switched to developing reserves to supply future LNG projects and that, under some circumstances, local gas prices would be expected to rise (though this is not certain to happen). The report also found that:

- Further concentration of the Queensland gas industry was one of the largest threats to long term local supply and access to competitive gas prices.
- Most LNG developers are expected to seek exemption from coverage for their pipelines but allowing unregulated LNG pipelines to develop would not be in the interests of local gas users.
- Greater transparency in gas prices would benefit local gas users, as would greater standardization of gas contracts.
- Gas users will need to adjust to a new set of circumstances and make some modifications to how they buy and contract for gas.

- Measures to encourage new entry, including by small producers focused more on local users, and improve reliability of gas supply would be beneficial (eg co-insurance or minimum prudential requirements).
- Various forms of government intervention to protect local gas users, such as quotas, reservation policies, or price caps, could possibly improve outcomes for local gas users compared to the current situation but such approaches also carry significant risk of failure and should only be used as a last resort.

“We will be using this report to highlight the need for policy and regulatory action that ensures local gas users’ interests are fully considered in the further development of LNG exports out of Queensland, initially by drawing it to the attention of Governments, policy makers and regulators. We will also be seeking their reaction to it. The EUAA is prepared to support a policy response to LNG that focuses on ensuring the gas market is and remains competitive in all parts of its value chain, but if governments, regulators and the gas industry do not act to ensure this outcome, then we could be left with no alternative but to advocate for more interventionist approaches,” Mr. Domanski concluded.

Copies of the report can be obtained from the EUAA web site here or by contacting the EUAA (tel 03-9898-3900 or email euaa@euaa.com.au).