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## **Australia – a gas giant abroad but fragile at home**

A new Government report on the Australian gas market highlights the need for Government policy action to provide a 'level playing field' for gas.

*Gas Market Report 2015* released today by the Chief Economist of the Department of Industry Innovation and Science predicts significant international opportunities for Australian gas, but a domestic gas market which is vulnerable.

Energy Networks Association CEO, John Bradley, said the rapid transformation in the gas market made it essential that Australia's domestic gas customers were protected by good energy and carbon policy.

"This report highlights how important government policies will be to whether a golden age of gas emerges, supporting the global transition to a clean energy economy," Mr Bradley said.

"While Australia will be the world's largest LNG exporter by 2020, Australia's domestic gas use could fall by 23% by 2024 due to increasing wholesale prices, a declining manufacturing sector and government policy settings which undermine the competitiveness of gas."

The report states that demand for gas in the residential and commercial sector would grow by 7% over the period to 2024, despite increasing wholesale prices because *"the wholesale price is only a small proportion of the final selling price"*.

"Our homes and businesses rely on gas for cost-effective, low emission and convenient hot water heating, space heating and cooking – which is why we need emissions abatement policies that allow all low emission technologies to play their role in a clean energy transition," Mr Bradley said.

Mr Bradley said the outdated Small-scale Renewable Energy Scheme still distorts appliance markets by subsidising abatement from solar hot water and heat pump technologies, but not abatement from gas appliances.

"The Scheme is outdated since the technologies it supports are readily recognised as being commercially attractive without the subsidy," Mr Bradley said.

"Australia also needs a level playing field in electricity generation markets and to remove unnecessary regulatory barriers to developing unconventional gas resources.

"Low emission, responsive gas-fired generation is vital to supporting the ups and downs of renewable generation. Instead, we see it being squeezed out by carbon abatement policies that are not technology neutral.

"The report highlights that southern gas markets in Victoria, New South Wales, Tasmania and South Australia will have insufficient reserves to meet long-term supply requirements without developing new NSW CSG reserves, further discoveries in Victoria or imports from the north.



“Australia’s domestic gas security and economic growth will depend on governments removing unnecessary moratoria and regulatory barriers to the development of these resources.”

The *Gas Market Report 2015* states (p27):

*“However, the consumption of natural gas has always been a discretionary decision, unlike the utilisation of electricity. Natural gas is valued for its premium, clean-burning properties which make it particularly suitable for domestic space and water heating, and for process heating in the industrial sector. Its rapid responsiveness makes it ideal as a fuel for the provision of peaking electricity generation, and in combined cycle mode it provides unmatched levels of efficiency in base load electricity generation.”*

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*Gas Market Report 2015* was released today by the Chief Economist of the Department of Industry Innovation and Science and can be accessed [here](#).

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The Energy Networks Association is the peak national body representing Australia’s electricity transmission and distribution networks and gas distribution networks on economic, technical, environmental and safety regulation, and national energy policy issues. ENA members provide energy to virtually every household and business in Australia.