

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE AUSTRALIAN COMPETITION AND CONSUMER COMMISSION ANNUAL REPORT 2017

6QON: Wholesale gas prices: Domestic supply predictions

Hansard p. 17

Mr EVANS: Maybe if we can try to put some sort of time lines around that. AEMO made a statement along the lines of no domestic gas shortages until at least 2030. Are you that confident?

Mr Sims: We are still doing our own work and we will come out with something in July that will give our view. There are certainly things that have got to happen on the supply side to justify that statement, which we need to have a closer look at, and there are, of course, issues on the demand side. How much demand will there be before gas-fired power generation? So, I think there are things that we have got to assess on both demand and supply sides before we come to that view.

Mr EVANS: I'm happy for you to **take it on notice...**

Answer:

The ACCC last reported on both short-term and medium-term gas supply outlook in December 2017, where the ACCC found that:

- no gas supply shortfall in the east coast for 2019 was expected at the time
- the longer-term outlook for 2020-30 was uncertain, depending on realised level of production (particularly coal seam gas in Queensland), the level of domestic demand (particularly from gas powered generation) and the level of liquefied natural gas exports (particularly spot sales).

The ACCC will provide its next interim report on the supply outlook for 2019 to the Treasurer in late July 2018 and on the 2020-2030 supply outlook in December 2018.

There are a number of factors that can affect certainty around the supply outlook for future periods. The ACCC notes that demand for gas powered generation can be volatile and difficult to forecast. Second, production for 2019 can be forecast to be produced from undeveloped (and less certain) areas. Third, the nature of coal seam gas development and the need to continue drilling wells has inherent uncertainty around the quantity of gas that will be extracted.