

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2016 - 2017

Division/Agency: Australian Competition and Consumer Commission

Question No: 94

Topic: LNG Exports - Analysis of price differential

Reference: Written

Senator: Whish-Wilson, Peter

Question:

In a speech to the Australian Domestic Gas Outlook Conference, Sydney, 9 March 2016, ACCC Chairman Rod Sims outlined his view on gas supply options in Australia and said:

Whether gas users in the southern states pay the lower more competitive price for gas or the higher near monopoly price for gas depends on the diversity of supply that is brought into the market over the next few years. New producers supplying relatively close to demand centres in the south increases competition which will put downward pressure on gas prices.

Has the ACCC conducted or commissioned any quantitative analysis on this price differential? If yes, please provide.

Answer:

The ACCC discusses this issue on pages 6-7 and in Section 2.2 of its report: "Inquiry into the east coast gas market", April 2016, available <http://www.accc.gov.au/regulated-infrastructure/energy/east-coast-gas-inquiry-2015>.