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Natural gas – time for NSW to power more of NSW

The *'Supply and cost of gas and liquid fuels'* inquiry, chaired by the NSW Shooters' Party and NSW Greens, offers no sensible or viable solution to impending gas challenges. Rather, it suggests NSW's future energy security can be found in asking other states to forego economic opportunity and underwrite NSW inaction.

NSW possesses enough gas resources to meet current demand for around 500 years. Yet at a time when NSW gas prices are rising by more than 10 per cent per annum, the state continues to import 95 per cent of its supply.

A call for a national gas reservation policy suggests some Committee members are living in a fool's paradise.

Not only does NSW have no gas under development to reserve, the notion of 'reservation' at the national level is widely criticised by many governments, gas producers, businesses and big manufacturers.

Last year, the Council of Australian Governments (COAG) Energy Council dismissed¹ possible gas market interventions via a 'gas reservation' policy or 'national interest test' – a clear recognition such calls present no viable way to securing gas supply and putting downward pressure on gas prices.

APPEA Chief Operating Officer Eastern Australia, Paul Fennelly said: "A do-nothing approach that calls on other states to fix NSW's gas supply woes is clearly not a sustainable or sensible option.

"There are Australian companies operating in NSW, informed by science and the latest technological innovations, standing ready, willing and able to develop gas resources for the state's 1.3 million gas users.

"That's the answer to securing the state's gas supply – not politically motivated recommendations released prior to a state election."

The NSW Chief Scientist's report released last year states that the technical challenges and risks posed by the industry can be safely managed. The Chief Scientist observed that the natural gas industry is mature and well equipped to manage extraction and related technologies through its high engineering standards and level of professionalism.

¹ See page 3 of the COAG Energy Council December 2014 meeting communiqué, available at scer.govspace.gov.au/files/2014/05/COAG-Energy-Council-Communique-11-Dec-2014-FINAL2.pdf.



This is a far cry from the alarmist and misinformed claims that have too often characterised debate about natural gas projects in NSW.

If gas reserves are not developed, there is a very real risk that NSW will face significant energy supply and cost challenges within the next few years.

NSW imports 95 per cent of its gas supply from other states but developing and piping onshore gas reserves is a high cost business working in a high cost environment.

NSW has considerable onshore gas potential. Australia's second largest onshore natural gas field is located within the state, yet energy pricing has become a serious and impending challenge.

A report undertaken for the Australian Energy Market Operator – *Eastern & Southern Australia: Existing Gas Reserves & Resources* estimated that NSW has up to 85,000 petajoules (PJ) of undeveloped gas resources. To provide context, the state's current demand is about 156PJ per annum.

The Gas Plan released by the State Government last year is a step in the right direction for development of local gas resources. However, it is the third such plan in three years.

Mr Fennelly said: "The industry is concerned that unnecessary restrictions and red tape placed on producers and explorers will continue to impede resource development and hamper further investment.

"Regardless of who wins the election a mature and sensible solution is needed to secure our gas supply, jobs and investment in NSW."

It's time NSW powers more of NSW.

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