

Gas export controls 'ready to go' if energy industry doesn't address shortages, PM says

By political reporter Henry Belot

Updated Mon 25 Sep 2017, 7:49pm

Gas shortages on the east coast could be three times worse than expected, but it has not prompted Prime Minister Malcolm Turnbull to immediately introduce export controls.

New reports from the Australian Energy Market Operator (AEMO) and the competition watchdog warn the prospect of a gas shortfall next year is considerably higher than expected.

The Federal Government will discuss the reports with energy companies this week and remind them that if the shortage is not addressed, then exports will be restricted.

The vast majority of gas produced in Australia is shipped overseas, which has been blamed for the shortage and the increasing gas prices in the eastern states.

Mr Turnbull foreshadowed the market intervention earlier this year, in a bid to secure supply in 2018.

These new reports indicate gas companies will need to do more than initially expected to ensure enough local supply and to avoid the export controls.

AEMO now projects shortfall of up to 107 petajoules in 2018 and 102 petajoules in 2019, warning risk of energy blackouts requires "close attention and monitoring".

The Australian Competition and Consumer Commission (ACCC) warns the supply-demand outlook has "significantly deteriorated" since its last inquiry, with a "substantial shortfall" now likely in 2018.

Read what others had to say about whether the Government should introduce export controls.

Mr Turnbull said the export controls would not be introduced without consultation with the energy industry, and they could be avoided if gas companies acted quickly.

"We want to see a plan from them — we want to see a commitment — then we want to be satisfied that it meets the requirements of the ACCC," Mr Turnbull said.

"Clearly, the objective is for the industry to fix the problem by agreement."

While Mr Turnbull has not pulled the trigger on export controls, he has made it clear to energy companies that the Federal Government is willing to do so.

"We will continue to hold that mechanism ready to go and we will ensure that it is entirely fit-for-purpose in light of these changed circumstances, that is, a much bigger shortage than previously advised," he said.

"If we are not able to receive the assurances from the industry to our satisfaction and that of the ACCC, then we will impose those export controls."

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Key points:

- Two reports, from AEMO and ACCC, warn gas shortfall risks higher than expected
 - PM says Government has export controls "ready to go" if shortage isn't addressed
 - Reports indicate gas companies have more to do to ensure local supply
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Gas, not coal, will fix prices



The short-term fix to Australia's soaring electricity prices is to fix the gas crisis, but long-term fix it's greater investment in renewables and energy storage, writes Ian Verreder.

Opposition Leader Bill Shorten has repeated his calls for export restrictions to be immediately imposed, tweeting "it's time to pull the trigger on export controls. Why does [Mr Turnbull] refuse?"

Labor's energy spokesman Mark Butler said the Government was delaying action on export controls.

"The Prime Minister should have today declared a shortage that reflected the advice he received from the market operator," he said.

"We think the trigger has to be pulled and there has to be a formal declaration that the gas market in Australia is up to 100 petajoules of gas short."

Topics: oil-and-gas, business-economics-and-finance, industry, electricity-energy-and-utilities, government-and-politics, trade, turnbull-malcolm, australia

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RustyCairns

11 days ago

Mmm aren't the gas exporters likely to get a tax reduction if the government gets its company tax reforms through the houses parliament ?

I suppose the bright side if the reforms go through is some of them gas exporters will be able to avoid paying a lower tax rate than they avoid paying now

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Mr B

11 days ago

There is so much gas here in WA that has been found , drilled and then capped until market conditions are better . these companies should not be able to keep the license on these fields , a lose it or lose license system neds to be implemented. we dont need to find or drill for more gas ...we already have enough . it just has been locked up.

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KeithRichard

11 days ago

Whitlam tried to " buy back the farm" in 1976 . Look what happened , Australian Gov was critized by Obama for the Darwin port sale/lease ..Do tou think Australians control our future . Look what the pollies promise and what they deliver , Look at how the Gov. contends with the tax loop holes . Promise the world and stuff the poor and pensioners , the mults are more importantForget the Gov. , a new Swiss style constitution is needed or are Aussies to apathetic ?

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FredRumpole

11 days ago

Gas exports should definitely be regulated. Why on earth are we giving our gas away overseas when it could be used to benefit Australian businesses and consumers ? Turnbull has to get tough with the gas companies, even to threaten nationalisation or heavy export taxes.

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EddySchmid

11 days ago

Australians are expected to surrender viable productive farmland for gas production the result of which is exported at great benefits to the gas companies. Meanwhile the agricultural land is degraded and can no longer be utilised for agriculture thus depriving Australians of that resource. To make matters worse, the water used for the gas production is contaminated and can NEVER again be utilised for any useful purpose, thus a valuable resource in a dry country has been destroyed forever. We are told the gas produced will benefit us all, yet that same gas is sold overseas to international buyers at less cost then we Australians are required to pay for the very same commodity ?????????? IMHO, not one Kilojul of Australian gas should be exported until Australia is self sufficient in adequate supplies to sustain AUSTRALIA, only then, should Australian gas be exported. I would also like to see, similar system introduced as in W.A. where percentage of produced gas is held over for the states use. Similarly, companies sitting on leases and not producing gas need to have their leases cancelled forthwith.

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