

Australia's east coast gas supply remains tightly balanced

The Australia Energy Market Operator (AEMO) has today published an update to the 2017 Gas Statement of Opportunities to provide the latest domestic demand and supply market information, as requested by the then Federal Minister for Resources and Northern Australia in late July 2017.

AEMO's analysis includes information from east coast gas producers who have provided updated forecasts of their best estimate of likely annual production. Similarly, Queensland LNG consortia have provided their best estimate of likely annual quantities of gas required for LNG exports. Using our integrated gas and electricity planning processes, AEMO has forecast domestic gas demand, including gas for electricity generation.

"Based on the most recent information from industry, together with AEMO's forecast demand, gas supply remains tight in eastern and south-eastern Australia in 2018 and 2019, and there remains a risk of a supply shortfall," said AEMO Managing Director and Chief Executive Officer Audrey Zibelman.

"In real terms and based on no further response to today's information, the projected shortfall risk for 2018 is between 54 petajoules (PJs) to 107 PJs, and in 2019 between 48 PJs to 102 PJs. To put this into context, total projected demand for domestic gas is expected to be approximately 642 PJs in 2018, and 598 PJs in 2019.

"Projections of aggregated gas production and LNG gas demand vary, based on market conditions and contracting, indicating a dynamic situation that can change rapidly and warrants continued close attention and monitoring.

"The results of AEMO's recent analysis and the ever-tighter integration of the electricity and gas markets, together with the increasingly dynamic character of Australia's energy system, suggest there is a need to look at reforms to improve predictability and stability in energy markets to the benefit of consumers," said Ms Zibelman.

AEMO's most recent analysis follows considerable engagement and consultation with Australia's gas industry.

"We commend the gas industry for its supportive and collaborative approach throughout our ongoing consultations to date. AEMO recommends that the Commonwealth continue to engage with industry on the findings of this analysis and notes that gas production and LNG gas demand are very dynamic and vary based on market conditions and contracting," said Ms Zibelman.

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About AEMO:

AEMO is responsible for operating Australia's largest gas and electricity markets and power systems, including the National Electricity Market and interconnected power system in Australia's eastern and south-eastern seaboard, and the Wholesale Electricity Market and power system in Western Australia.

AEMO also operates the Victorian Declared Wholesale Gas Market and the Victorian gas transmission system; the wholesale gas Short Term Trading Market hubs in Adelaide, Sydney and Brisbane; the Wallumbilla Gas Supply Hub in Queensland; and the Moomba Gas Supply Hub in South Australia.

As Australia's independent energy markets and power systems operator, AEMO provides critical planning, forecasting and power systems security advice and services to deliver energy security for all Australians. For more information, head to www.aemo.com.au