

15 September 2020

Santos welcomes Government's focus on unlocking new gas supply

Santos welcomes the Government's announcements today to unlock new gas supply sources and improve the connectivity of the gas and electricity markets.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said the announcements recognise the crucial role that the natural gas industry will play in creating jobs as the Australian economy comes out of hibernation from COVID-19.

"More gas supply and more competition equals lower prices for customers, and we must keep the cost of supply down as well," Mr Gallagher said.

"Santos is excited about the prospect of developing the Narrabri Gas Project, a 100 per cent domestic gas project that will be the cheapest source of gas for NSW customers if it is approved by the Independent Planning Commission at the end of September.

"The Prime Minister's National Gas Infrastructure Plan is very welcome because there are missing pipeline links that are needed to connect new projects like Narrabri and new basins like the North Bowen, South Nicholson in Queensland and Beetaloo in the Northern Territory.

"We also know that the existing pipeline route to southern markets from Queensland is constrained and long, therefore transport is expensive, so we need more pipeline options to get Queensland gas south by the middle of this decade.

"If you want to keep transport costs, and therefore gas prices as low as possible, then underwriting projects through transportation contracts, for example, or the establishment of a special purpose vehicle for low-cost financing, such as for the NBN or NAIF, would help do that. Additional pipeline infrastructure and new supply sources will also obviously build the liquidity the Government and customers are looking for at both the Wallumbilla and Moomba hubs.

"As well as Wallumbilla, Moomba is very important as an additional Australian Gas Hub, not only because it is already the central connection to the whole east coast gas market and strategically located to receive new supply from the Beetaloo Basin in the Northern Territory, but also because it is the location where we can decarbonise energy at its source with large-scale carbon capture and storage.

"We welcome the Prime Minister's comments highlighting the importance of carbon capture and storage and how vital it is to reach our climate aspirations - something also acknowledged by the International Energy Agency and the Intergovernmental Panel on Climate Change.

"These announcements are good for jobs, good for consumers, good for regional development and good for future resource development and manufacturing in Australia.

"Private investment will come with open markets and competition, a stable policy and regulatory environment, but is not helped by continued threats of intervention."

Mr Gallagher said gas producers would work constructively towards an industry-led code of conduct for gas contract negotiations, but that it must apply to all parties, including customers.

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