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A cap on gas is not the answer

Radical interventions being proposed by the Federal Government to cap gas prices is not the answer.

Ahead of today's National Cabinet meeting, the South Australian Chamber of Mines and Energy (SACOME) calls on the Federal Government to think long-term and not implement knee-jerk responses that will ultimately lead to higher prices for households and manufacturers.

Echoing comments from across industry, SACOME CEO, Rebecca Knol, said, "Introducing a cap on gas prices is the complete opposite of what we need right now."

"Ad hoc interventions are not the answer. Price caps will disincentivise investment in more domestic gas supply and will lead to higher power prices in the long term."

"The most effective way to reduce gas prices is to increase gas supply. That means more exploration and more extraction of gas to provide energy security."

SACOME applauds the South Australian Government for maintaining policy settings that support gas development in our State.

"Gas remains a critical component of South Australia's energy sector, with gas-fired generation comprising 50% of the State's electricity production. A reliable, affordable supply of gas will continue to underpin reliable, affordable electricity generation as the economy transitions to Net Zero," Rebecca said.

"However, quick fix solutions previously implemented in the energy market have caused escalating emergency management directions which are fully [paid for by the commercial and industrial sector](#) and threaten manufacturing sustainability in Australia," Rebecca said.

"Industry cannot continue to operate in an environment where ill-conceived actions are implemented at short notice, and where the associated costs are passed on to industrial users."

"SACOME and our member companies recognise the deeply complex nature of the energy market coupled with the need to rapidly decarbonise the economy. This is one of the most significant policy challenges in recent history," Rebecca said.

South Australian Chamber of Mines & Energy

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“A cap on gas prices is not the answer; rather, we need more gas supply and we need to be sending stable, forward-thinking policy signals to the market to attract investment.”

“A robust conversation about what our energy future needs to look like is long overdue and we urgently need collaboration and leadership at all levels of government to facilitate this.”

“SACOME’s enduring policy position is that all technologies capable of helping to achieve net zero should be part of the energy transition; this includes gas which will continue to play a role in providing energy security in the energy transition phase and in a low carbon economy.”

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About SACOME

The South Australian Chamber of Mines and Energy is the leading industry association representing resource and energy companies, including those who provide services to them. The resources sector underpins the South Australian economy, contributing \$5.9 billion to the state economy, the equivalent to 5.3% of South Australia's Gross State Product (GSP), or \$1 in every \$20. It employs 24,895 people, directly or indirectly, and accounts for 1 in 33 jobs, and provides \$435.8 million in State Government payments. The sector also contributes \$5.7 billion in exports, approximately 50% of the State's total exports.