

MEDIA RELEASE

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North West Shelf gas price rise hurts consumers

Western Australia's peak energy user group said a reported 300 per cent rise in the price of domestic gas from the North West Shelf Joint Venture threatens jobs and investment, and can only mean higher gas and electricity prices for households.

Five of the six North West Shelf Joint Venture producers (Shell, Chevron, BP, Woodside, BHP Billiton) combined together to secure significant increases in the price of gas they supply to Alinta under an existing long term contract.

Alinta is the State's largest retailer of gas and buys wholesale gas from the North West Shelf to supply to 600,000 homes and businesses in Western Australia.

DomGas Alliance Chairman, Tony Petersen, said the massive price increase demonstrates the immense power exercised by gas producers through anti-competitive joint selling arrangements.

"Instead of six sellers competing with each other to offer the lowest price, customers are forced to deal with a single seller," Mr Petersen said.

"At these prices, most resource-processing and gas-fired generation in the South West will no longer be sustainable."

"The impact on jobs and communities will be severe."

Western Australia has one of the most anti-competitive gas markets in the country. Just two producer groups control close to 100 per cent of the market, with the six North West Shelf Joint Venture producers combining together to set prices and contract terms covering almost 70 per cent of the market.

WA wholesale gas prices are around three times the price of new gas in Victoria, and are among the highest of any gas producing and exporting economy in the world.

"We have been calling on the ACCC for years to end Western Australia's gas duopoly," Mr Petersen said.

"The ACCC have been investigating the issue for three years with no outcome."

"The Alliance will again be raising this and urging the ACCC to protect WA business and households."

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