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Flawed GSOO still confirms value of reservation policy

The DomGas Alliance says it's time for an independent review of the process for compiling the annual Gas Statement of Opportunities (GSOO).

The latest GSOO reports an oversupply of gas for the domestic market but gas consumers remain concerned this finding is misleading and does not reflect what is happening in the market.

DomGas Alliance Executive Director Matt Brown says even with the doubts, the latest GSOO confirms the value of WA's successful domestic gas reservation policy.

"While question marks remain over the GSOO forward forecasts, one thing is certain: domestic reservations have been essential to ensuring Western Australian industry has a chance to bid for Western Australian gas," Mr Brown said.

"Even using the GSOO's optimistic predictions on supply levels, around half of the gas which could come into market will only do so because of the gas reservation requirements for the Gorgon, Wheatstone and North West Shelf projects.

"But we remain concerned that the IMO has underestimated growth in domestic demand and has been unrealistic in its assessment of gas supply.

"There is a big difference between producers having sufficient production capacity to supply gas and those same producers being willing to actually supply gas to the market at competitive prices.

"The Alliance believes that after four GSOO's, now is the time for an independent review of how the statement is compiled.

"We need to know if the IMO is effectively using the powers it has been given to secure the best possible information from producers. We also need to know if the IMO requires additional powers to improve the transparency and robustness of this process.

"We have already seen the interim results of the ACCC effectively using its powers on the East Coast to get to the truth about gas supply. We need to be confident that the IMO through its GSOO process is hitting the same level of effectiveness.

"This review could be achieved by a reference to the WA Parliament's Economics and Industry Standing Committee, which has built up a significant knowledge base on gas sector issues through recent inquiries."

For further comment contact Matt Brown on 0419 813 171.