Address to the Australian Domestic Gas Outlook conference 2025

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'Enabling the critical role of gas in our energy system'

Good afternoon everyone, it's great to be with you today.

Let me start by acknowledging the Gadigal people of the Eora Nation, traditional custodians of the land on which I'm speaking.

First Nations people have taken care of our lands and waterways for the past 60,000 years, and I recognise and pay my respects to their elders past and present.

It's easy to stand here and talk to what isn't working in our energy industry and where more progress is needed.

I will certainly come to that!

But first, I want to call out some of the very positive steps we've taken as an industry over the past year, to do our part to support government policy and facilitate the energy transition.

Example one – Australia's Future Gas Strategy.

A year ago, Australia had no government strategy supporting the critical role gas plays in our energy system.

Today, we have a national Future Gas Strategy, which makes it clear that "*natural gas is needed through to 2050 and beyond*" – to support industry, keep the lights on, and facilitate investment in renewable energy.

One of its six guiding principles makes it clear that new sources of domestic gas supply are critical to support the energy transition.

I know that a number of energy industry players, many of whom are represented by those of us in this room, were instrumental in supporting the government to deliver this.

We've also seen the release of the 2025 GSOO by AEMO. This is example number two.

It too acknowledges that gas will play a critical role in our energy mix for decades to come.

It also makes clear the importance of unlocking new domestic gas supply and further investing in pipeline and storage infrastructure.

Example three – regulation.

In December last year, the AER made the very important, and sensible decision to not change the form of regulation applying to APA's South West Queensland Pipeline.

The AER's decision was supported by APA's customers and industry groups, who agreed that the existing regulatory framework is fit for purpose, protecting the interests of consumers and industry.

The decision also acknowledged the critical need to continue to expand our East Coast Gas grid, in a nimble and cost-effective way, for decades to come.

The reality is, that heavy regulation cannot support nimble investment in energy infrastructure.

The AER consulted with many of you in this room, and they listened.

And, APA has responded quickly, with our recent announcement of the next stages of our East Coast Gas Grid expansion plans.

We all know it's fundamental to have clarity and stability in our regulatory and policy settings, if we are to make long-term investments.

We hope the AER's SWQP decision sets the foundations for a stable regulatory framework going forward, providing confidence that the goal posts won't be moved mid-game, as we progress the energy transition.

So, we have three very significant acknowledgments about the role of gas from key government bodies.

Pleasingly, we're also seeing a shift in community sentiment towards gas.

In key electorates in Western Australia, more than 70 per cent of Greens voters believe natural gas is important to the state's economy, according to the Australian Energy Producers.

And in the latest EnergyShift research, commissioned by APGA, support for gas was around 60%.

As an industry, we know we will never be able to convince everyone about the role gas plays. However, we are seeing great progress, and I'm hopeful that going forward, decisions are made for the greater good, not just to please the loud minority.

I'm now going to get into the body of my keynote, which is focused on what's required to keep gas viable for our long-term future.

I'll focus on domestic gas supply as the key topic – because domestic gas supply is the key ingredient required to support an orderly energy transition.

Let's start with gas demand, which you can see on the slide.

Demand for gas in Australia is expected to be strong, up to and beyond 2050. This is evidenced by market experts, including AEMO and the Centre for Applied Energy Economics and Policy Research at Griffith University.

Thankfully, we have all moved beyond the graphs we saw only a couple of years ago. These graphs suggested gas would fall off the cliff in the 2040s, with the assumption it would be replaced by unproven, commercially unviable "substitutes".

Now, I'm not saying these technologies can't work in the future. What I'm saying, is that until they are proven commercially, and we are confident in their timing, it would be high risk and irresponsible to set policy around hope.

The majority of demand for natural gas comes from industry. Without industry, we don't have the materials we need to build our homes or the fertiliser to grow our food.

Second to industry demand, is gas peaking power generation, or GPG, which is forecast to play a critical role as we replace coal generation with renewables. We're seeing forecasts for new GPG of anywhere between 13 to 20 gigawatts being required over the next decade, which will command significant ongoing infrastructure investment.

Then we get to residential demand, where direct natural gas consumption will inevitably decline. As made clear in the recent report produced by Griffith University, the irony about the ongoing electrification of our households, is that the increasing demand for electricity is keeping coal in our energy system for longer and, over time, will further increase the demand for GPG as renewables gradually replace coal supply.

So let's now talk to supply.

Ultimately, strong demand for natural gas is what's driving the need to develop new gas fields and increase capacity on our East Coast Gas Grid.

This has given APA the confidence to announce our plan to increase north to south transport capacity by about 25%, as well as the provision of new southern markets storage to support the growing demand for GPG.

With the support of our customers, we're proposing to add capacity every year, for five years – building on our long track record of investing and increasing capacity in the East Coast Gas Grid.

The map on the slide above shows how these investments all come together in a staged approached.

By expanding capacity incrementally to meet demand, we help avoid annual gas shortfalls out to 2034, in a highly cost-effective way.

Rest assured we also have plenty of options to further expand the East Coast Grid beyond 2034.

In short, we can deliver the required transport and storage infrastructure along the East Coast to meet demand. Pipeline capacity will not be a constraint, despite what you hear from others in the media.

Now let's talk about natural gas supply.

The latest GSOO confirmed that – with pipeline expansions and upgrades – there is sufficient supply, including intra-day supply, coming from the domestic market until 2034. You can see this on the left-hand chart on the slide. AEMO has confirmed that natural gas supply should not be the constraint. And, as I said, APA can further expand our east coast grid to address shortfalls beyond 2034.

New gas supplies from Bass Strait, which could extend Longford capacity well into the 2030s, coupled with the delivery of new projects in northern gas basins such as the Surat and the Beetaloo, will ensure Australian gas is available to power our economy and key industries for the long term.

I want to clearly address the debate being raised about gas supply in Australia.

In 2025, the East Coast domestic market is forecast to consume around 500 PJs of natural gas. Domestic supply is around that same number, as you'd expect.

If we move forward to say 2028, the market is predicting that gas from southern gas fields including the Bass Strait will decrease by around 37 PJs, thus creating a potential shortfall. By 2033, southern gas field production is forecast to have dropped by around 270 PJs.

These shortfalls can be filled by basins such as the Surat, which has more than 10,000 PJs of uncontracted 2P and 2C resource available alone. There's no shortage of domestic gas to meet the shortfall, we just have to get it out of the ground to support our demand centres.

In short, with the right policy settings in place, we should not expect to see a domestic natural gas supply constraint over the near term.

Yes, southern basin supply potentially diminishes in the early 2030s, but we will continue to have low-cost gas available from the Surat and uncontracted domestic gas from the LNG exporters to address seasonal peaks. And we will have new basins coming online in the Bass Strait and the Beetaloo.

The graph from the GSOO on the right-hand side of the slide in front of you, clearly illustrates that we have significant gas reserves and resources to sufficiently meet domestic demand. Domestic demand is represented by the thin sliver at the bottom of the stack.

This means that, not only can we comfortably meet domestic demand requirements, we can also support a thriving LNG export market over the long term, delivering economic benefits to Australia, and supporting our global trade partners with their own energy transitions.

As I said - domestic natural gas supply is not a constraint.

Which brings me to LNG imports.

From a pipeline perspective, APA is largely agnostic about where the molecules required to address the gas shortfalls, come from.

That said, as a key industry player, we have an important role to play to be a voice about where the molecules are best sourced, to ensure our industry is viable, and our consumers can thrive in both the short and long term.

Emissions and reliability definitely come into this equation, but price is the key factor to consider when assessing the options.

The fact that our coal fired generators are now being subsidised by government – and ultimately energy consumers – to keep going for longer, is because we have failed as an industry in bringing sufficient renewables, firmed by gas power generation, to market. Why – because we've confused the market, created investment uncertainty, and made the investment in renewables and the required electricity transmission all too hard.

We can't let those failings extend to our domestic gas market by becoming reliant on LNG imports.

Becoming reliant on LNG imports will set the price of domestic gas and no doubt have a detrimental impact on consumer prices, and on industry.

If we are reliant on LNG imports, emissions will be higher, and reliability will also be diminished.

Critically, promoting LNG imports creates uncertainty for domestic gas producers and will put the brakes on investment.

We need to get serious about supporting domestic gas investment. Let's not make the same mistake we've made with our coal generators.

New gas supplies from the Bass Strait, which could extend Longford capacity well into the 2030s, coupled with the delivery of new projects in northern gas basins such as the Surat and the Beetaloo, will ensure Australian gas is available to power our economy and keep key Australian industries alive up to and beyond the 2050s.

Let's go to the facts about LNG pricing.

Over the most recent Australian summer and winter months, the Asian LNG spot price was between 50 and 80 per cent higher than the Federal Government's $12 per gigajoule cap on wholesale gas prices.

Let me be clear, these are not APA's numbers … this is market data and the prices actually paid in the Asian market.

And these prices exclude the cost of processing it and paying terminal fees.

We know that if Australia relies on imported LNG, it will set the price of gas for domestic users. This is exactly what the Federal Government was aiming to avoid when it established a $12 cap on wholesale gas prices in 2022.

The whole reason we have a $12 price cap, is because the government had to intervene when the inherent volatility of global LNG trade led to Australia's LNG exports setting the price for domestic gas at sky high levels.

Imported LNG would simply take us back to this – I hope you can you see the irony.

In the UK, where they walked away from their domestic gas industry and became reliant on LNG imports, they now have one of the highest electricity costs anywhere in the world. International Energy Agency data shows that UK electricity costs are 80% higher than the IEA median, driven by gas prices.

Why – because under the UK's marginal pricing system, the wholesale electricity price is set by the most expensive power station, and the most expensive power source is power stations fuelled by LNG imports.

Australia's east coast electricity pricing system is similar to that of the UK's.

To put it simply, high gas costs driven by LNG imports will drive up Australia's electricity costs and ultimately force industry in Australia to shut down – aluminium plants, steel mills, fertiliser manufacturers.

No industry in Australia equals no gas industry in Australia.

And, before we get there, higher gas prices will continue to put our industry under pressure from government, regulators and from everyday Australians. We will no longer have the social licence to operate. We are already seeing this play out in the current Federal election campaign.

Now let's bring the conversation back to domestic gas supply, with APA's plans for the Beetaloo Basin, which is set out on slide 4.

The Northern Territory Government estimates there are over 200,000 petajoules of gas in the Beetaloo, which could be used to support both Australia's domestic requirements, as well as export markets, into 2050 and beyond.

To bring this to life, we need regulatory certainty and customer support.

APA has laid out a clear plan to ensure that, over the coming years, the required transport infrastructure is available to support the Beetaloo and, as such, support new domestic gas supply for the east coast. But to make this investment, APA needs customer and industry support.

For large energy users, talk of subsidies or government support for LNG import terminals can make it challenging for them to commit to the long-term contracts that are necessary to support new basin developments. They sit on the sidelines, and watch the games play out.

To avoid this, governments need to take a longer-term, stable approach to domestic gas development, to support investment in new gas supply and transport infrastructure.

This will in turn provide gas users and shippers with the confidence they need to make long-term commitments to underwrite the investment required.

It's reassuring to see both sides of politics recognise the need to increase gas supply to the domestic market. While we won't be drawn on support for specific policies, for APA it's clear, gas producers must make sure that enough domestic gas is available to meet demand. We need to work with government to set the volume that needs to be committed to our domestic market, to ensure our domestic economy thrives and there's also incentive

to develop at scale for the export market. Getting this formula right will ultimately deliver low-cost gas for Australia's consumers.

As I said, this goes to our social licence. When I speak with the gas producers, I know they understand this. What they are looking for, is clear and fair policy that supports it.

The first stage of our investment in the Beetaloo is already underway and will connect the basin with the Northern Territory gas market.

At the same time, the upstream producers in the Beetaloo, who APA has partnership agreements with, are drilling to bring large volumes of gas to market.

Early signs are good.

The Beetaloo gas is low emissions, with significantly lower carbon content than the Bass Strait.

And it's also low cost, with confidence growing that it can land in southern demand centres within the $9 - $13 range as forecast by the Future Gas Strategy.

In summary, the Beetaloo is a significant project that will further strengthen domestic security of supply and provide significant economic benefit to all Australians, via low-cost domestic gas and a thriving LNG export market. APA is excited to be part of this.

This leads nicely into the final topic – policy and regulatory stability. I'll be quick with this one.

In short, we need sensible policy and stable regulatory environments to drive investment.

We need to get behind unlocking new domestic gas supply from existing basins and delivering new basins such as Beetaloo.

We need planning approval certainty.

And we need clarity regarding domestic prioritisation requirements, and what can be exported for LNG.

But this isn't all down to government – industry must play its role. Absent a strong and consistent voice by industry, theorists, lobbyists and the loud voices of those who have vested interests, will continue to complicate and hinder sensible government policy and decision making.

It's the people in this room who are closest to what's really going on, and what really needs to happen. And when you think about it, it's an easy equation.

We need more domestic gas supply to meet demand. And we need the right policies, regulation and incentives to attract investment.

To ensure the facts are laid bare, our government's need to hear from you in this room.

To wrap up - we must work together as an industry to deliver the best solutions for the Australian economy and consumers.

As an industry, we have helped deliver a shift in the public debate, with the role that gas plays in the energy transition now widely understood and accepted.

All of us in this room, and the companies we represent, must have a voice.

We must work together to ensure we further develop the domestic gas market, to deliver mutually beneficial outcomes for our industry, and Australian energy consumers.

While we must protect the long-term existing export contracts, new gas development must ensure domestic gas users have access to reliable and affordable gas. This then underwrites a strong LNG export market.

At the same time, gas producers and energy users must be open to longer-term agreements that can help support investment in vital new infrastructure.

If we get this right, it will pave the way for a smoother, fairer and successful energy transition.

Thank you.