

BUSINESS COMPANIES GAS

'Narrabri is critical': CEOs back east coast fracking as PM steps on gas

By [Colin Kruger](#)

January 30, 2020 – 11:55pm



The chief executives of Santos, Beach Energy and manufacturer Qenos have backed calls by Prime Minister Scott Morrison to open up gas markets on the east coast, noting it would help lower energy prices.

Qenos boss Stephen Bell warned that gas-based manufacturing doesn't have a long-term future on the east coast unless a solution is found that will offer a reliable supply of cheaper gas.



Beach Energy CEO Matt Kay, Qenos CEO Stephen Bell and Santos CEO Kevin Gallagher announce a gas supply deal for the Qenos plant in Botany that has been under threat of closure. FAIRFAX MEDIA

"We need more gas in the market, we can't live with \$10-a-gigajoule to \$15-

a-gigajoule prices," said Mr Bell.

"The secret to getting more competitive prices is more supply and that means we've got to bring on more gas," he said.

"We've got to remove the impediments to the development of gas. NSW and Victoria are the two largest consumer states for gas and yet both of those states have got all sorts of things in place blocking the development of new resources."

In an address to the National Press Club on Wednesday, the Prime Minister demanded eastern states clear any roadblocks to the development of their gas reserves saying "there is no credible energy transition plan" from coal to clean energy without gas as a transition fuel.

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Qenos CEO Stephen Bell

"I was really please to hear the PM put gas at the top of his agenda," said Santos chief executive Kevin Gallagher who is trying to push through the approval of its [controversial \\$3 billion Narrabri gas project](#), which could supply up to half of the state's gas needs.

Mr Bell offered support for the Narrabri project saying "NSW is pretty much importing all of its gas so Narrabri is critical."

Mr Gallagher also backed the Mr Morrison's argument that gas was crucial for the transition to renewable energy sources.

"We talk with both sides of politics on a regular basis and there is widespread acknowledgement that gas is absolutely critical to manage the transition to a low carbon economy," he said.

Mr Bell, Mr Gallagher and Beach Energy boss Matt Kay were at the Qenos petrochemical plant in Botany, Sydney on Thursday to announce a new ethane gas supply deal for the manufacturing facility which produces the widely used plastic, polyethylene.

While Qenos managed to get a viable deal in Sydney, the company's chief executive said securing the supply of gas at a "sustainable price" for its other NSW and Victorian operations remains a "significant challenge".

A report from the Australian Competition and Consumer Commission [in July last year](#) said gas users in the two biggest states will continue paying about \$10 to \$12 a gigajoule for gas, three times more than historic gas prices, even as the risk of an acute supply shortfall in 2021 has receded.

Mr Bell did not dismiss export caps as an interim measure to ensure the survival of onshore manufacturers while structural problems are addressed.

But Mr Gallagher warned this would create its own problems.

"We've consistently stated that if you put caps on export volumes or prices you will stifle investment, and that's been seen elsewhere in the world," he said.

Mr Kay also said more gas is needed in the market which is why the company, which is backed by billionaire Kerry Stokes' Seven Group, has invested heavily in east coast gas markets.



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Colin Kruger is a business reporter. He joined the Sydney Morning Herald in 1999 as its technology editor. Other roles have included the Herald's deputy business editor and online business editor.
