



CLIMATE ENERGY FINANCE

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Government secures passage of energy price relief plan as gas lobby gushes a torrent of threats and spin

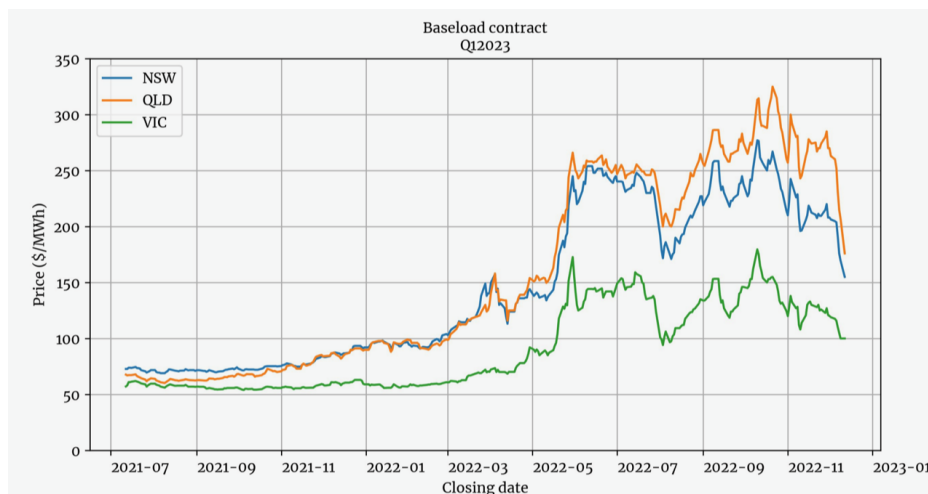
Tim Buckley, director, [Climate Energy Finance](#):

It is brilliant to see that the federal government, having struck an agreement with the Greens and crossbench, has secured the passage through parliament of its [energy price relief plan](#). This includes caps on wholesale coal and gas prices, \$1.5 billion for energy bill rebates to support Australian households and businesses, and a mandatory code of conduct to ensure permanent reasonable gas pricing – an entirely necessary market intervention to counter the fossil fuel bill shock inflicted by the fossil fuel industry on Australians.

It is another example of constructive, cooperative progressive government at work in the national interest, a stark contrast to the lost decade of policy chaos under the LNP.

Notably, forward pricing of wholesale electricity for NSW and Queensland in the first quarter of 2023 has halved in the last month. This pre-emptive move by the market is a staggering real-time endorsement of the government's efforts – it had already priced in victory, and a massive reduction in the hyperinflation that was set to smash households and industry in 2023 (Figure 1).

Figure 1



Source: ASXEnergy as at 14 December. Credit: Dylan McConnell

Particularly pleasing is that the package now comes with a commitment from the federal government to support homes and businesses to electrify everything, and finally cut our reliance on the extortionate, polluting methane gas industry, whilst curbing energy costs. These measures will be funded in the May federal budget.

Meanwhile, in the last few days the gas lobby has shown that it is determined to ensure that nothing will get in its way as it plunders our sovereign public assets to line its own pockets.

Woodside Energy CEO Meg O'Neill and the chief of the gas lobby's peak body, APPEA, are [threatening a capital strike](#), and to undermine Australia's energy security if they aren't allowed to continue price gouging Australian consumers and businesses as they destroy the planet.

Woodside is also openly working through the media with Shell to restrict domestic supply, blatantly threatening our national energy security. That looks a lot like anticompetitive cartel behaviour, which is illegal. It can only be hoped the ACCC is closely examining this situation.

Further, their spin about needing more supply is just that – spin, which gives a whole new dimension to the term gaslighting. Over the last decade, east coast gas production has trebled yet prices have skyrocketed as the cartel sells our gas back to us at export prices. More supply will do precisely zero to address this, and greenfield gas developments like Narrabri will take five or more years to come online, so will have no impact on the current crisis.

For too long the gas cartel has snubbed its nose at the expectation that they need to earn a social licence to operate. The federal government, including PM Albanese, energy minister Chris Bowen, and industry minister Ed Husic, are rightly [calling them out](#), prioritising the interests of Australians and the broader economic and social good, as is entirely appropriate.

Gas multinationals have amassed \$50 billion gross profits in calendar year 2022 alone to bankroll their threats. These gains are off the back of Russia's war on Ukraine, and the sanctions on Russian fossil fuel exports that have reduced global supply and spurred energy price hyperinflation – that is, they are war profits.

The lobby is now mobilising in numbers to wage war on the federal government's relief package – that is, to use its collective might to oppose measures that will protect Australian businesses and families from crushing bill shock.

Ultimately the only solution to this crisis is to end our dependence on fossil fuels, and rapidly transition to renewables firmed with storage to ensure grid stability, reliability of supply and permanently lower prices.

At the domestic level, the new commitment from the government to support households to electrify is a huge leap in the right direction.

The federal and state governments are also making major strides with the announcement of a capacity investment mechanism last week, designed to trigger a wave of investment in renewables plus storage such as batteries and pumped hydro. This is occurring in concert with the implementation of the government's \$20 billion Rewiring the Nation plan, which is supporting a massive build out of transmission infrastructure to get renewable energy from distributed production sites – wind farms, solar – into homes and businesses.

Only when we cut ties with the rapacious fossil fuel industry will we be free to harness our plentiful, low-cost clean energy, and the enormous economic and social benefits of this once in a century transformation.