



The Gas Export Industry Continues to Cry Wolf about always looming shortages, but this isn't supported by the facts

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Woodside Energy's CEO Meg O'Neill sounded a self-serving alarm last week about the risks for Australia of the US's new administration's "drill baby drill" mantra, concluding that the ever-looming east coast gas supply shortage demands urgent government actions to accelerate gas exploration and development. Beach Energy's CEO Brett Woods waded into the "debate", providing another self-serving endorsement of this "acute risk". The trouble with this is that the mainstream media coverage didn't provide an informed debate, it gave the views of two vested interests.¹

The Australian Energy Market Operator (AEMO)'s recent 4QCY2024 Quarterly Energy Dynamics (QED) report gives some much needed context. AEMO highlighted 84% of East Australian gas production is exported.

This highlights that, notwithstanding a tripling of gas production over the last decade, there is a totally contrived domestic market shortage, designed to keep East Australian industry & consumers paying export price parity and beyond for this public Australian asset now captured and being exploited by multinationals, mostly corporate tax free.

As the Figure 1 from AEMO highlights, East Australia produces more than five times the amount of methane gas that we use domestically. A full 83.5% of the gas produced was exported: 382.6PJ of the 457.9PJ total. Production for the 4QCY2024 rose 4%, but all of this was absorbed by a 5% year-on-year increase in LNG exports from Gladstone, even a domestic consumer and industrial demand fell 5% year-on-year.

Figure 1: East Coast Gas Demand – Quarterly Comparison

Demand (PJ)	Q4 2024	Q3 2024	Q4 2023	Change from Q4 2023
AEMO markets *	54.4	91.9	57.5	-3 (-5%)
Gas-fired generation **	20.8	29.6	16.8	+4 (+24%)
Queensland LNG	382.6	346.1	365.3	+17 (+5%)
Total	457.9	467.6	439.6	+18 (+4%)

* AEMO Markets demand is the sum of customer demand across STTM hubs and the DWGM and excludes gas-fired generation in these markets.

** Includes demand for gas-fired generation usually captured as part of total DWGM and STTM demand. Excludes Yabulu Power Station.

Source: [AEMO QED Q4 2024](#)²

While electricity generation from gas in 4QCY2024 had a small bump year-on-year, it was down by a third on the previous quarter. This is more indicative of the long term structural

¹ Australian Financial Review, [Too late to avert energy crisis in Victoria, CEOs warn](#), 06 February 2025

² Australian Energy Market Operator, [Quarterly Energy Dynamics \(QED\)](#), Q4 2024

decline in use of gas in East Australia. It is simply too expensive. While long term contracts are available, this is only at the cost of locking in even more unaffordable prices. Hence the ongoing progressive electrification of everything, by both residential gas customers and downstream industries, sick of being gouged by the mostly multinational corporation gas cartel operating here.

Only 20.8PJ or 4.5% of gas produced in East Australia was used in electricity generation. It simply too expensive, charging \$200-350/MWh in CY2024, double the wholesale market average of \$125/MWh. By comparison, solar's average cost in CY2024 was \$28/MWh, 75% lower than the wholesale average. Gas' share in the National Electricity market has dropped from a 13.2% share in CY2014 (the year before Gladstone LNG opened) to just 5.4% in CY2024. Climate Energy Finance (CEF) exports this to halve again by the end of this decade, as battery energy storage system (BESS) boom really scales up. Battery prices halved over the last two years, and the technology, scale and duration continues to improve with every year. Gas will play a small, important and declining role in electricity grid firming over the coming decade. Snowy Hydro's ongoing Kurri Kurri debacle will ensure investors remain fully focused on the BESS alternative, and leaving the government to fund pumped hydro storage to supply seasonal storage.

In another pitch for yet more gas supply, Woodside's CEO referenced the expected rise in demand from artificial intelligence and data centres. This failed to mention that data centres don't run on gas, they run on electricity. Most datacentre investors are pitching their green credentials, locking in long term firming renewable energy power purchase agreements to woe investors.

It was very interesting to see Rio Tinto Aluminium's CEO Jerome Pecresse recently talking about the growing role of BESS to underpin intermittent but zero emissions renewable energy for aluminium refining. Historically the aluminium refineries were the 'go to' source of references for the need for "baseload demand". While historically correct, CEF would flag the rapidly rising role of BESS and demand response management as the key technologies underpinning our zero emissions aluminium sector, supported by PM Anthony Albanese's Future Made in Australia strategy and the recently announced \$2bn of green aluminium production credits to aid new technology adoption.

Whilst we have unfettered LNG export capacity, more gas supply will do precisely nothing to fix the gas cartel's profiteering in our domestic market. Real regulations effective at looking after the interests of Australia's domestic industry and consumers is what is needed.

The gas cartel operating in Australia needs to be held to account, called out for spreading misinformation & climate science denialism even as they line the pockets of the two major political parties of Australia with their "donations". Time for real donation reform, not backward moves like Minister Don Farrell has proposed to undermine community independents!

Victorian Energy & Resources minister Lily D'Ambrosio MP's Gas Substitution Roadmap is the right idea. A progressive electrification of everything as per Rewiring Australia so we can get off our gas addiction and out from the claws of this cartel.

CEF would say it is probably too late for east Australia to replicate West Australia's domestic gas reservation - we can hear the gas lobby squealing "sovereign risk" already! Progressive, accelerated electrification is the best way to permanently solve the failure of regulations

that facilitated this contrived “supply crisis”. This is the least cost, lowest emissions path to permanent energy security.

<https://www.energynewsbulletin.net/opinion/opinion-articles/4409819/opinion-gas-export-industry-continues-wolf-about-looming-shortages-isnt-supported>