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CoAG gas market vision

February 2015 | AGL External

- › Some background – why all the discussion about gas?

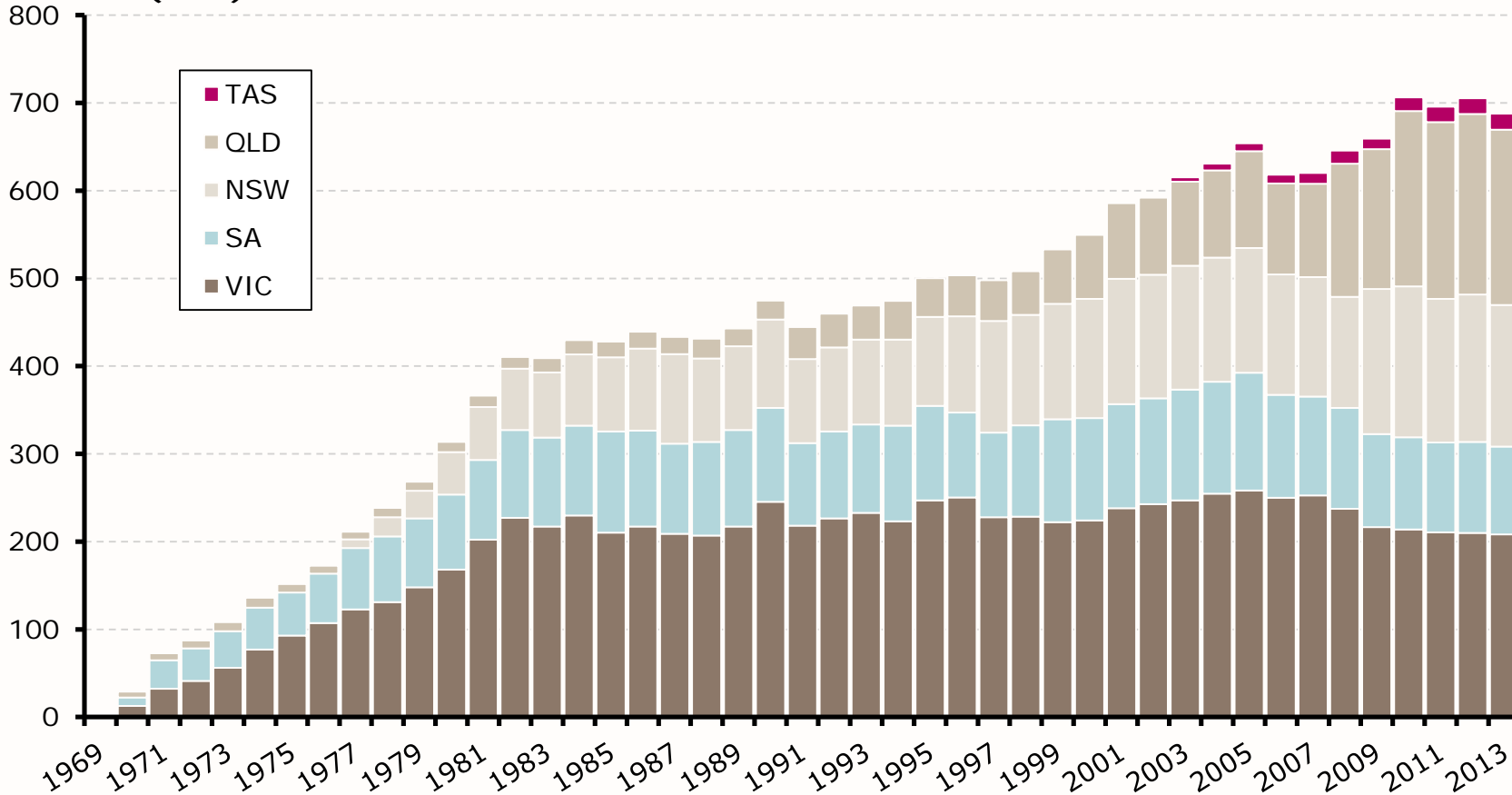
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East Coast Aggregate Gas Demand

East Coast Gas Demand (PJ/a)

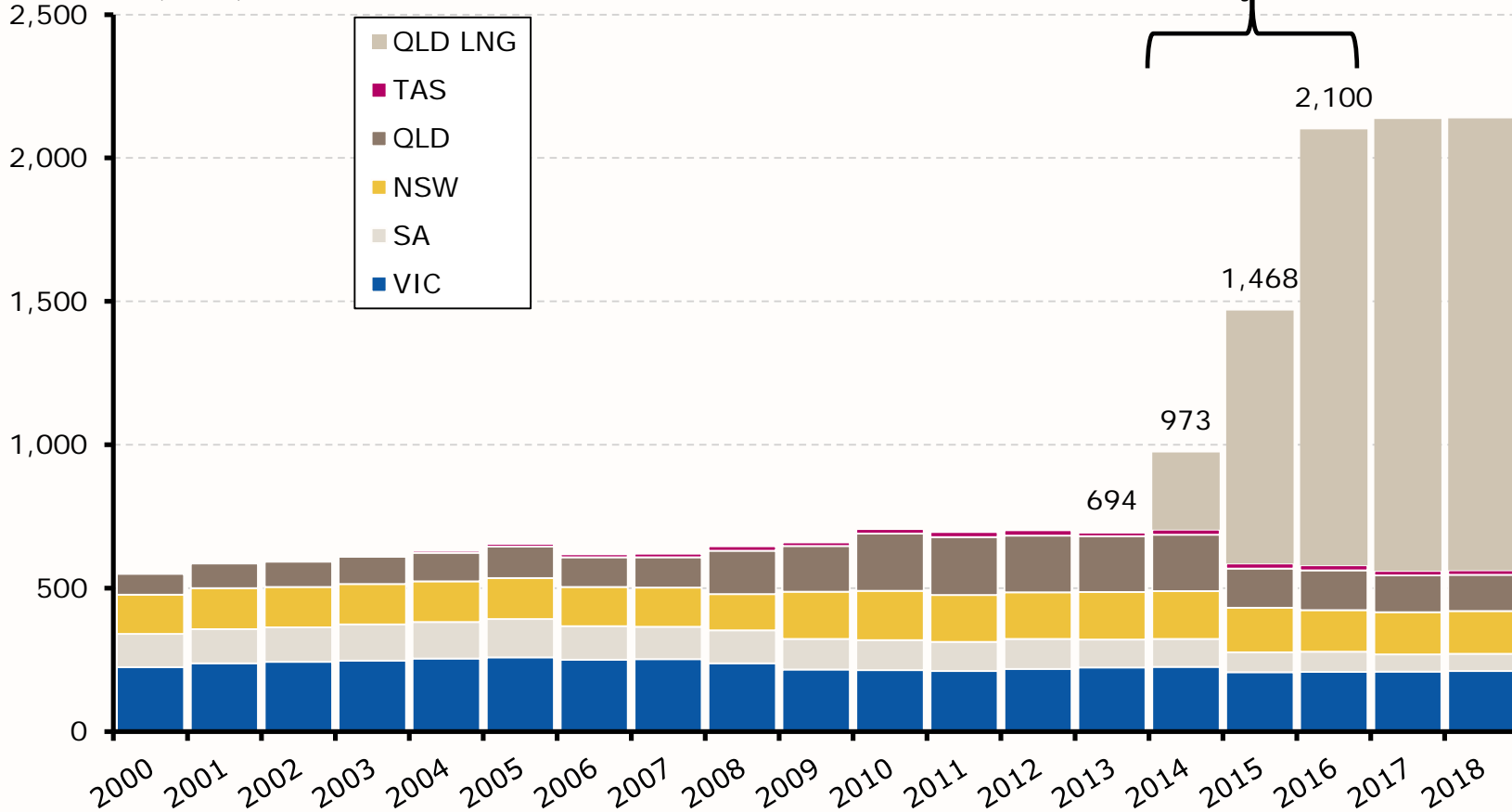


Source: AGL Energy, Core Energy, EnergyQuest, esaa.

- > AEMC Public Forum
- > AGL External
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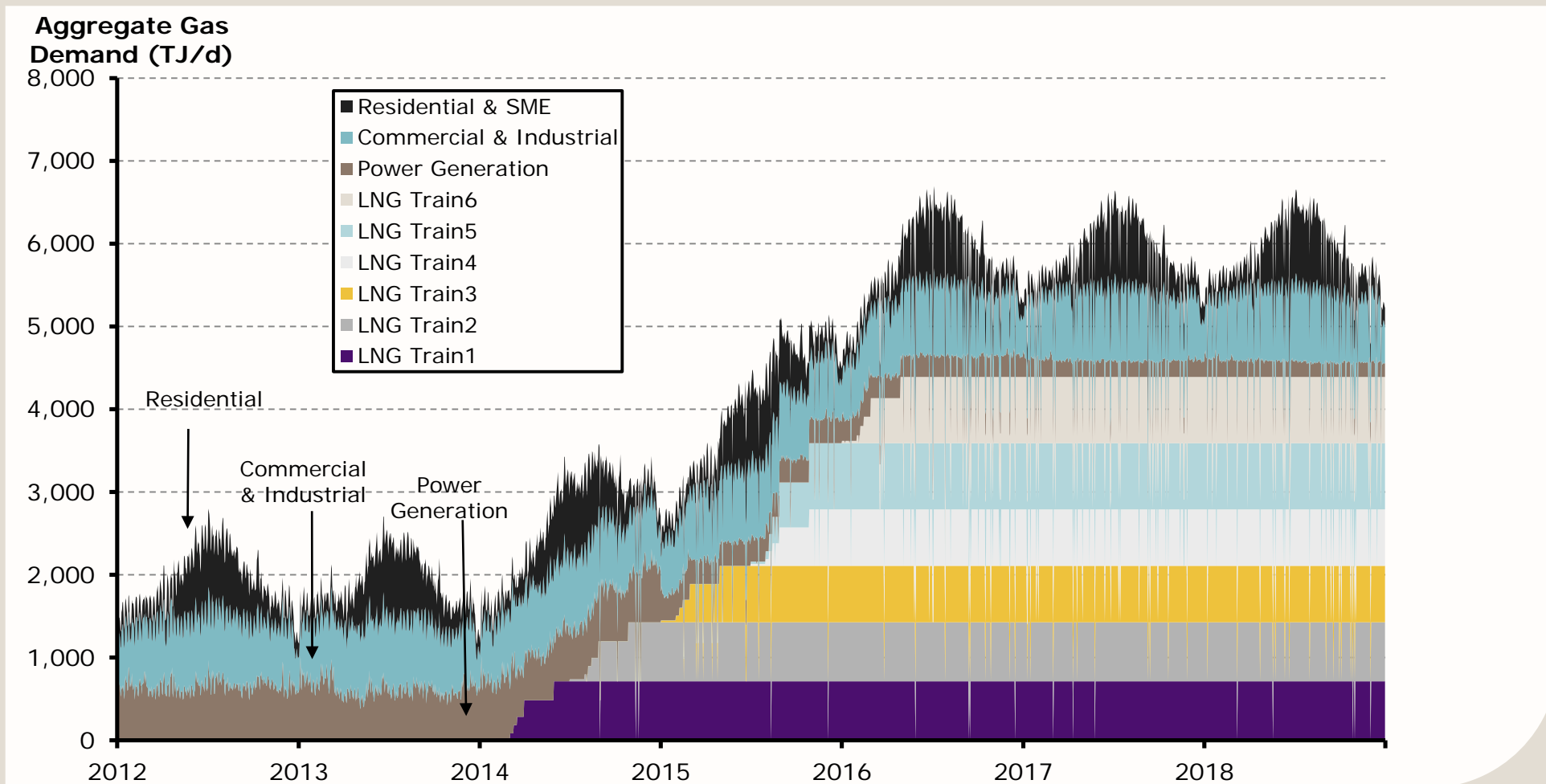
Aggregate demand 2000-2018f

East Coast Gas
Demand (PJ/a)



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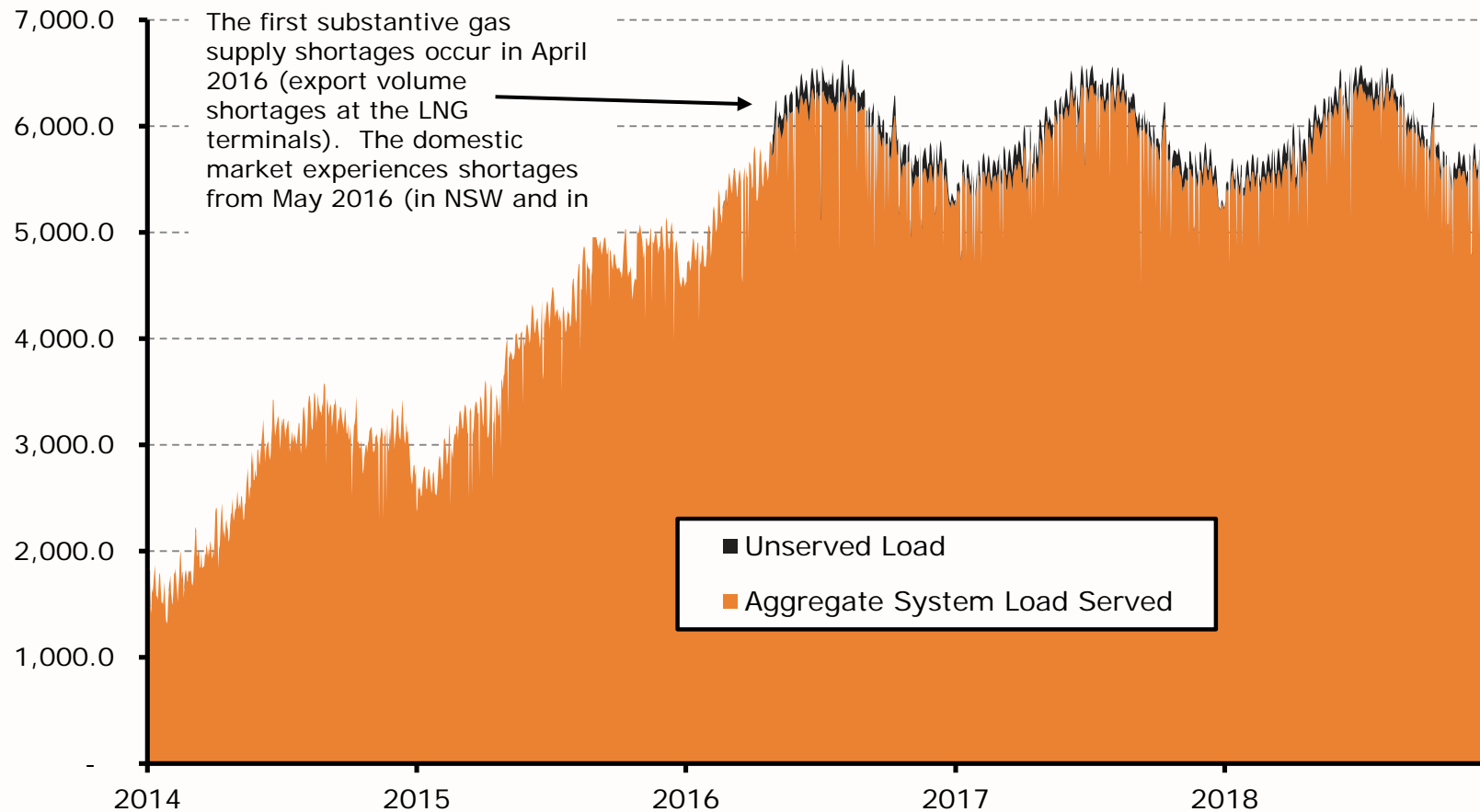
Aggregate gas load forecast for the east coast 2012-2018f



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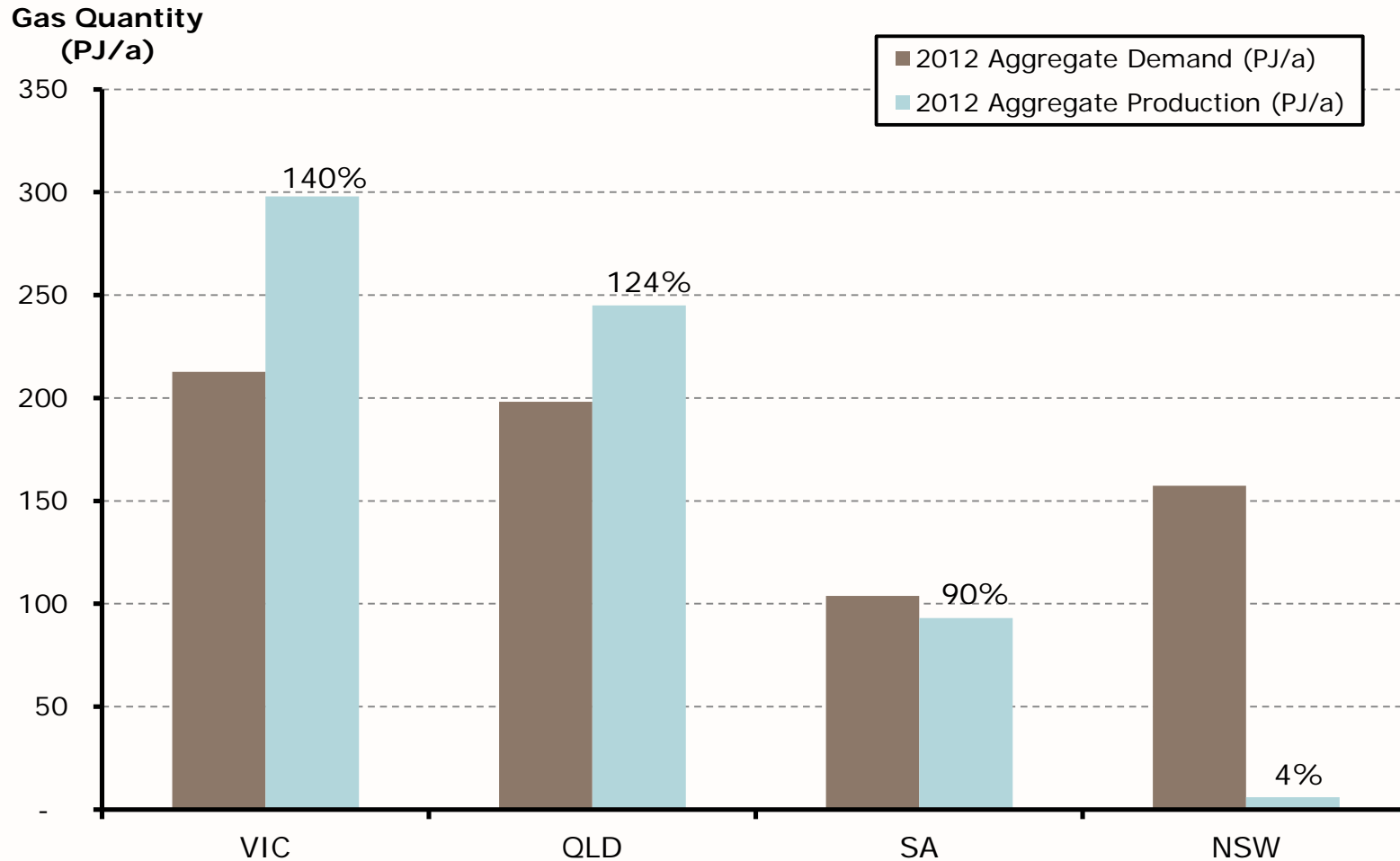
GPEM base case model results for the five year period 2014-2018

**Aggregate Demand
(TJ/d)**



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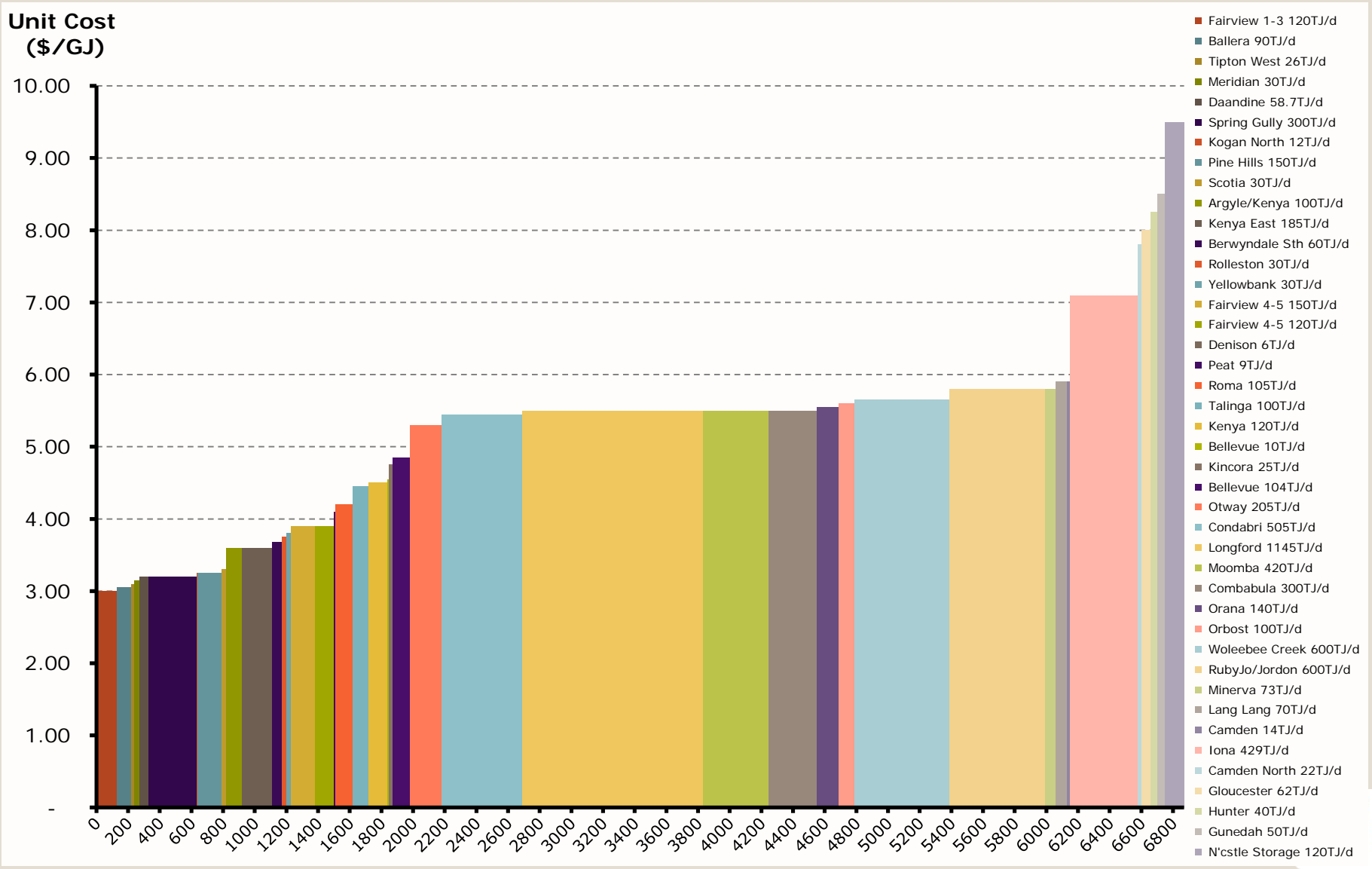
Constitutional and legal issues



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Source: EnergyQuest, AGL Energy Ltd

Transparency and information provision



- › Some other observations and the vision?

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Some other observations

- » Contrast with electricity – much discussion about the ongoing revenue adequacy of energy-only market design with other policy overlays
- » Same gas industry technological developments have facilitated very different outcomes in the US – driven by...
 - Design of markets?; and/or
 - Restriction on exports?; and/or
 - Focus on energy security rather than strict economic criteria?
- » US electricity generation sourced from coal has declined from 52% to 41% and is projected by the EPA to fall to 30% by 2030 (Mettler-LaFeir and Paul (2014, p.21)

Back to the vision – more questions

- » Liquid wholesale gas market – measured how?
- » Market signals for investment and supply – many projects to enhance supply ready to go or in development
- » A supportive investment and regulatory environment – Are moratoriums consistent with the vision?
- » Efficient reference price is established – LRMC/SRMC/Long-term/Short-term?
- » Connected to infrastructure that enables participants the opportunity to readily trade between locations – Spatial constraints?

Further information

- AGL Applied Economic and Policy Research Working Paper Series available at www.aglblog.com.au
- On Twitter (@tanelsonaus)