

# Unlocking Victoria's Natural Gas Potential

CHEAPER POWER

LOWER EMISSIONS

MORE JOBS

NO FRACKING

The Liberals and Nationals plan to deliver lower power prices, reduce emissions and create jobs by developing Victoria's own natural gas

## Our Policy

[RebuildVictoria.com.au](http://RebuildVictoria.com.au)



**THE NATIONALS**  
for Regional Victoria

# UNLOCKING VICTORIA'S NATURAL GAS POTENTIAL

Victoria deserves an affordable, reliable and sustainable energy supply. That is why a Liberals and Nationals Government will secure our state's onshore natural gas reserves to secure our state's future.

A shortage of natural gas supply means higher costs for households and businesses, and a greater risk of blackouts.

Natural gas has played a major role in Victoria's past economic success. Our plan will support natural gas to provide affordable and low emission energy to Victorian households and industry.

The Liberals and Nationals will secure a future supply of natural gas for Victoria by supporting new onshore natural gas exploration and development in our state – with no fracking.

## A low emissions future

A secure and reliable supply of natural gas in Victoria is essential to providing the baseload generation needed to support renewables – putting Victoria on a sustainable path to lower emissions.

## Security and opportunity for land owners

Our plan will give land owners the security of veto rights over gas exploration and development on their land, as well as the opportunity to share in the benefits of royalties from natural gas production. The permanent ban on fracking will be maintained.



## VICTORIA'S NATURAL GAS SUPPLY IS UNDER THREAT

Victoria is facing a shortage of natural gas.

Victoria has approximately 2.2 million customers with a metered natural gas connection. Victorian households and businesses are more dependent on natural gas to satisfy their energy needs than other states.

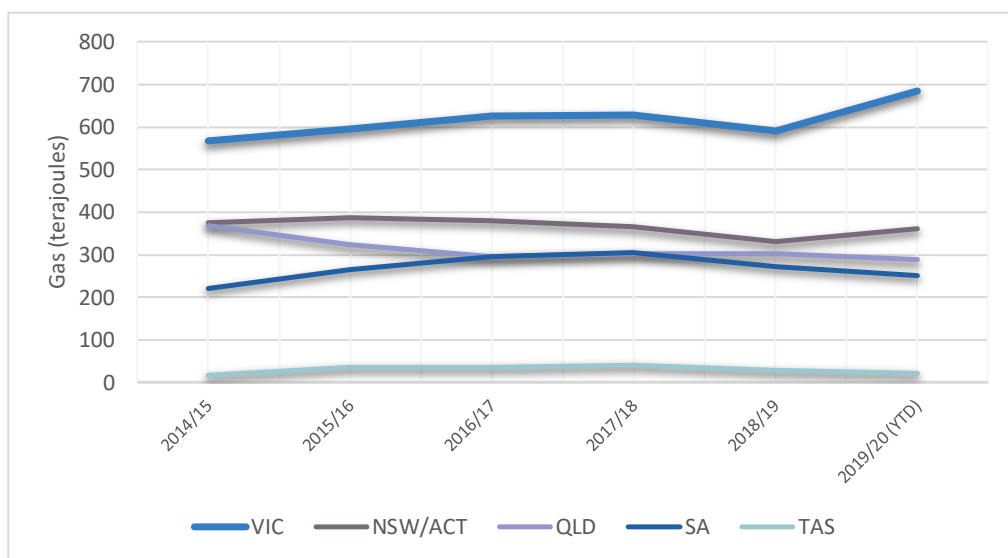
The number of households requiring gas in Victoria is growing, with 3,500 new supply points on average connected every month.

Residential and commercial users account for 58 per cent of Victoria's total gas consumption; the highest percentage of any state. Heating represents a significant proportion of this usage.



Natural gas supply shortages mean higher costs for Victorian consumers, and a higher risk of blackouts at times of peak demand for energy.

**Chart: Victoria's demand for gas is greater than other states and growing**



# OUR PLAN FOR VICTORIA

A Liberals and Nationals Government will support the development of onshore conventional natural gas as an affordable, reliable source of energy for Victorian families and businesses, and as a sustainable pathway to achieving lower greenhouse gas emissions.

## A Liberals and Nationals government will:

- 1**

Support Natural Gas Exploration and Development

Conventional onshore natural gas exploration and production will be permitted in Victoria on a case-by-case basis.
- 2**

Provide Security to Land Owners

Land owners will have a right of veto over conventional natural gas exploration and production on their land.

A production licence may only be granted if an applicant has the consent of the owners of the land for which the licence is sought.
- 3**

Share Royalties with Land Owners

Land owners will be provided a 10 per cent share of the royalty that is paid to government, so they can share in the wealth created from natural gas development on their land.
- 4**

Maintain a Permanent Ban on Fracking

Unconventional gas developments – including fracking – will not be permitted under a Liberals and Nationals Government.
- 5**

Putting Victorians First

Victorian onshore natural gas will be reserved for domestic use in order to put downward pressure on local prices; it will not be licensed for export.

# ANDREWS HAS NO PLAN FOR VICTORIA'S ENERGY FUTURE

Labor's failure to plan for Victoria's energy future has caused electricity and gas prices to soar, and placed unnecessary stress on Victorian families and businesses.

The sudden closure of large power generators such as Hazelwood because of Labor policy, huge increases in energy prices, and Victoria's dependence on Tasmania and New South Wales for reliable electricity are all consequences of Andrews' failed energy policy.

Andrews' reckless decision to triple the tax on Victoria's Latrobe Valley generators and legislate a ban on clean, low emissions, onshore natural gas has hurt families, cost jobs, stalled investment and left Victorians with an expensive and unreliable energy network.

"The government's decision to impose a moratorium in 2017 sent a strong message to the gas industry that it was not welcome in Victoria, and unsurprisingly investment went elsewhere."

**Andrew McConville, Former CEO of the Australian Petroleum & Exploration Association**

"If new exploration and extraction is not allowed there will be an exodus of investment and jobs from Victoria... Given the declining state of our manufacturing sector, we need conventional gas to continue as an industry in its own right and as a reliable and affordable source of energy."

**Ben Davis, AWU Victorian Secretary**

Labor has no plan to reduce the cost of energy for Victorian households and businesses, and no plan to deliver reliable energy supplies that lower our greenhouse gas emissions now and into the future.

"Natural gas is already making it possible for nations to transition into a reliable, and relatively low emissions, electricity supply."

**Dr Alan Finkel, Australia's Former Chief Scientist**

## THE IMPACT OF THE NATURAL GAS SHORTAGE

Natural gas is an essential part of Victoria's energy system, however our state is failing to produce the electricity we need to keep supply reliable and prices affordable. Labor's previous ban on onshore natural gas lead to higher prices and a greater risk of blackouts.

Victoria is more exposed to the impact of gas shortages than other states, with Victorian households and businesses significantly more dependent on natural gas to satisfy domestic energy needs than any other state.

According to the Australian Energy Regulator, annual average daily demand in Victoria for gas-powered electricity generation has increased by 178% since March 2017, the same month that Victoria's onshore conventional gas moratorium came into operation and Hazelwood Power Station was closed under Labor.

"It is staggering that Australian businesses dependent on affordable and reliable gas and energy are going under because of high gas prices."

**Victorian Chamber of Commerce and Industry**

The Australian Energy Market Operator (AEMO) previously warned in its Victorian Gas Planning Report that "without additional gas supply capacity, gas supply restrictions and curtailment of gas-powered generation for electricity may be necessary on a peak winter day from 2023".

This means higher prices for consumers and greater risk that Victoria's gas and electricity needs will not be met into the future. According to AEMO, Victorian wholesale electricity prices have more than tripled since 2015 and were the highest in the country.

"It is clear that these current gas prices remain high and challenging for many commercial and industrial gas users... What would most relieve price pressures is developing new low-cost supply in the southern states."

**Rod Sims, Australian Competition and Consumer Commission Former Chair**

The impact of energy price increases is hurting Victorian industry and the Australian Competition and Consumer Commission (ACCC) identified in its ongoing Gas Inquiry that a number of manufacturing businesses closed in 2019, following numerous warnings from the ACCC about the business impacts of gas market conditions.



It has also been found that a number of commercial and industrial users of gas have expanded operations overseas rather than increasing their Australian portfolio, stating significantly lower gas prices overseas, particularly in the US, as one of the biggest contributing factors in these decisions.

During its ongoing Gas Inquiry, the ACCC identified that with declining production from established southern gas reserves, there is significant uncertainty about whether future supply from gas reserves and gas resources will be sufficient to meet overall demand on the east coast, including in Victoria.

“Southern states risk facing a shortfall in the medium term... We continue to urge state and territory governments to assess individual gas development applications on a case-by-case basis.”

**Rod Sims, Australian Competition and Consumer Commission Former Chair**

It noted a risk of a shortfall in gas supply for Victoria from 2024 onwards, unless more exploration and development occurs, or additional gas import infrastructure is developed.

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