

20 August 2020

## The Independent Planning Commission

### Narrabri Gas Project

#### Response to New Material 10 August

The material is unsatisfactory for the following reasons

- 1 That the date on the report of ACIL Allen Consulting was June 2020. This well before the ordinary closing date of August 10. See also original report of 2016 as per Executive Summary of the new 2020 version.
- 2 The, what is new is the "*Spot Prices*" a focus on the recent trend in the gas market. This is not new. It is common knowledge in Australia as evidenced by news articles before and after August 10. Ie The Australian 18 Aug 2020 Page 13 "GAS Giants"
- 3 *Spot Prices* are by definition about the adjustment of supply and demand balances. The spot price is for smaller quantities to fill in the gaps in the market.
- 4 The ACIL model is based on the assumption is "Australia gas operates as a single Pool market".
- 5 The ACIL model is a "Theoretical Model that does not take into account the impact of Gas Contracts on a delivered Year on Year" basis. Most of the delivered contracts.
- 6 Information about graphs ES1 is not new information
- 7 Table ES2 Is there to be any benefit to New South Wales ?
- 8 More evidence item 2.1 "Australian market operates primarily based on long term contracts" with spot markets used to manage operational imbalances.
- 9 This does not indicate the "New" long term prices any better than current news articles.

#### Conclusion

As an ordinary resident of Narrabri I do not accept the manner in which this extra information has been used. The Bulk of the information was provided much earlier and the only recent development is the lowering of the spot prices since January 2020. The background is one of lowering Export Prices to below the costs of production as listed in this new report. The ACCC has good reason to be concerned that the export price is well below the price to Australian Gas consumers and industry. This is about Santos Profit.

---

End