

MEDIA RELEASE

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Gorgon joint selling means even higher gas prices, ACCC warned

Western Australia's peak energy user group has warned the Australian Competition and Consumer Commission (ACCC) that joint selling of Gorgon gas would lead to even higher gas and electricity prices for Australian consumers.

DomGas Alliance Chairman, Tony Petersen, also rejected claims by the Gorgon participants that domestic joint selling was necessary to underpin investment in the Gorgon Project.

"Shell, Chevron and ExxonMobil sell separately to overseas customers, with overseas sales expected to account for 95 per cent of Gorgon gas," Mr Petersen said.

"Overseas customers get the full benefit of competition between the Joint Venture parties who wish to deny this benefit to Australian consumers."

Shell, Chevron and ExxonMobil have been separately selling Gorgon gas to overseas customers since 2005. In August 2009, ExxonMobil separately concluded sales contracts with Petronet in India and PetroChina in China for around \$19 billion and \$50 billion of gas over 20 years.

An independent report commissioned by the ACCC has warned that joint selling by the Gorgon participants would lead to higher gas prices for Australian consumers.

The report, by Allen Consulting Group, also dismissed as "misleading" the Gorgon participants' claims that joint selling was necessary to manage risk or to underpin Gorgon Project investment.

Mr Petersen acknowledged that the ACCC's assessment on whether to authorise joint selling was being undertaken amidst intense political interest in the Gorgon Project.

"In this highly politicised environment, the ACCC's role as the only independent authority charged with protecting Australian consumers becomes absolutely vital," Mr Petersen said.

“The issue is not about being pro- or anti- Gorgon investment, but whether joint selling will reduce competition and increase prices for Australian consumers.”

“It is absurd to suggest that the world’s biggest oil and gas companies need to combine together to sell to Australian consumers for 5 per cent of Gorgon gas, when they are separately selling to overseas customers for 95 per cent of Gorgon gas.”

Media contact:
Gavin Goh 0403 310 897