BEACH WARNS ON CODE OF CONDUCT

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The Albanese government's proposed mandatory code of conduct has created investment uncertainty over new gas projects, Beach Energy has warned.

The company is focused on its Waitsia Stage-2 project in the Perth Basin and offshore Victoria Otway developments, the latter of which will bring another 100 terajoules of gas into the east coast market when it comes online later this year.

The proposed "reasonable price provision" is part of an incoming code of conduct for the industry, which the market believes is likely to be introduced within weeks.

"While removing investment uncertainty is imperative to bring on new gas supply, the proposed reasonable price provision runs the risk of making this harder and harder to do," Beach Energy CEO Morne Engelbrecht said.

The provision will likely require producers to supply gas at prices that reflect the cost of domestic gas production, allowing for a reasonable return on capital.

Mr Engelbrecht said the removal of government-created investment uncertainty and supportive May budget initiatives could unlock affordable, reliable and sustainable energy. He said more domestic gas supply, backed with carbon capture and storage, was the answer to challenges around energy transition as demand and prices rise.

"The US has pursued this policy approach and it is already paying dividends, delivering energy security, reduced emissions and cheaper power," he said, following the release of a tumultuous March quarter report that saw production, sales volumes and revenues fall and operational challenges at a key project.

He cautiously welcomed recent comments by Prime Minister Anthony Albanese and Energy Minister Chris Brown, “which reaffirmed gas’s role in the energy mix going forward, acknowledging the important role gas plays and will play in terms of the energy transition and reaching climate goals”.

“We hope that these comments are now backed by initiatives in the upcoming budget that support the development of domestic gas for Australians.”

The $3.5bn energy producer reported double-digit falls in sales volumes and revenue after production fell 5 per cent to 4.5 million barrels of oil equivalent (mmboe).

Total sales volumes of 4.6 mmboe for the three months to March 31 were 11 per cent below the December quarter. Third quarter revenue dropped 13 per cent to $353m, due to lower sales volumes and lower realised oil pricing, partially offset by higher gas gains.

Beach also revealed one of its three newly installed flow lines at its Otway development had failed a hydro pressure test and would be repaired or replaced – a setback for the key project.

But Mr Engelbrecht was focused on the wins, including the spudding of Trigg 1, the first well of its operated Perth Basin gas exploration campaign.

Italian contractor Webuild, which took over management of the Waitsia Stage 2 gas project in the Perth Basin after the collapse of previous contractor Clough, is tracking first gas by December.

Beach’s share of capex at Waitsia is expected to come in between $400m and $450m, up from $350m-$400m following the change of guard.

Its Moomba carbon capture and storage) joint venture project in South Australia with operator Santos is now more than half complete, with the first carbon dioxide injection targeted for 2024.