

Opinion editorial: MD & CEO Brett Woods

Natural Gas: The saviour of the grid, not the scapegoat for high prices

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Anyone who experienced a Wi-Fi outage during school holidays in a household full of little people of screentime age will agree keeping the internet powered up is important.

The analogy is a useful one to keep in mind as the world is in the midst of re-evaluating the importance of natural gas in the context of powering data centres and AI. Certainly, in the US and Asia natural gas is no longer just thought of as a fuel for transition, but as the critical energy in powering our modernising economies. It is the energy source that powers the critical energy networks that are required to be powered 24/7.

Blamed for rising bills, criticised for being part of the problem rather than part of the solution, it has become an easy target in a politically charged environment. But the truth is far simpler: natural gas is the saviour of the grid, the glue, the reliability, the "X" factor, and despite what you may hear it is not the cause of high electricity prices.

Electricity generation from natural gas was just five per cent of national electricity output last year. But the market has capacity for gas to supply more than double that output, highlighting gas's role as an essential firming fuel - the resource that steps in when the wind is not blowing or the sun is not shining.

In FY25, Beach's average realised price for its gas would have delivered a cost of electricity as low as 7-8 cents per kilowatt hour while the average household price for electricity in the SA market ranged from 30-35 cents. Simple maths confirms the price you experience isn't driven by the gas industry; it is driven by the regulated design of the National Energy Market influenced by political choices.

Why is that important to your WiFi and your future? Recently I was honoured to attend the opening of the new Adelaide University and hear Premier Peter Malinauskas articulate a bold vision for world leading R&D right here in South Australia. I found the vision exciting and it got me thinking about how it all leads back to reliable energy.

We are lucky as a state that our political leaders understand the importance of reliable energy because the global rise of a technology revolution based on cloud computing and artificial intelligence makes it increasingly clear natural gas should not be referred to as merely a transition fuel, it is an essential piece of our nation's current and future energy security. We only need look to the US where electricity demand is rising fast due to modern technology-based industries such as data centres and AI.

Like your home WiFi, data centres and AI servers need to operate 24 hours a day, 7 days a week, 365 days a year. We are seeing tech companies building their own nuclear and gas-fired power stations to meet this demand. Natural gas will continue to play a vital role in meeting this demand, enabling Australia to

participate fully in the digital economy while keeping the lights on and industry running all the while supporting a future made in Australia.

The best natural gas is always going to be that gas which we can find and safely develop closest to where it is needed so if we want to maintain our standard of living, support advanced manufacturing, enable the rise of AI and data driven industries, and ensure households can rely on consistent and affordable power, then discovering and developing natural gas must remain a central pillar of Australia's energy strategy.

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