

## RESPONSE TO GAS MARKET REVIEW FINAL REPORT RECOMENDATIONS

13 MARCH 2026

### INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial (C&I) energy users. Our members are the engine room of the Australian economy, producing many of the products that households and business use every day including bricks, glass, steel, cement, aluminium, paper, fertilisers, explosives, food and beverages. Combined, our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

Thank you for the opportunity to make a submission to the Gas Market Review Final Report (GMR Final Report). The EUAA have long advocated for significant changes to the domestic gas market that would deliver better outcomes for Australian businesses and households. Therefore, we fully support the GMR Final Report conclusion that fundamental reform is required<sup>1</sup>.

EUAA members are seeking a workably competitive domestic gas market that delivers sustainable volumes of domestic gas at reasonable prices and on reasonable terms for domestic gas users. To achieve this, we believe Government needs to ensure adequate supply of gas that at least matches the demand (but preferably slightly over-supplies) over the proposed Medium-Term Projected Assessment of System Adequacy (MT PASA) time frame. We also believe that the government needs to retain the option of pricing controls and also make a declaration of what constitutes 'reasonable' pricing, similar to the current \$12/GJ price 'anchor'.

After a period of uncertainty there is now widespread support for the continuing role that gas will play in terms of both electricity generation to support a variable renewable energy (VRE) dominant energy system and as an input to our manufacturing industries that supply products consumers use every day, for whom low emissions alternatives to gas are not yet technically or commercially feasible, including where gas is used as a feedstock, or where gas is needed to transition from coal.

While detailed design is still to come (and is therefore still a risk to a favourable outcome for domestic gas users) we are encouraged with the general direction and intent of the GMR Final Report as it comes at a critical time for Australia's large commercial and industrial energy users as they deal with multiple threats, including the difficulty in sourcing sufficient quantities of competitively priced gas.

The need for decisive action has never been more acute. It is the experience of EUAA members that the market has failed to supply gas on competitive terms and conditions, despite well-meaning government intervention over many years. The reasons for this have been well articulated in the GMR Final Report.

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<sup>1</sup> [https://www.dcceew.gov.au/energy/markets/gas-markets/gas-market-review#toc\\_1](https://www.dcceew.gov.au/energy/markets/gas-markets/gas-market-review#toc_1)

The uncompetitive state of the domestic gas market is particularly problematic for manufacturers exposed to international competition and extreme pressure from low cost imported products. These factors, along with significant international uncertainty driven by financial and military conflict, has stymied the ability of large commercial and industrial customers to enter into long-term gas supply agreements or to access gas at a price that allows them to compete both at home and abroad. For a country with plentiful supplies of gas, this is unacceptable.

Unfortunately, we have already seen demand destruction and loss of sovereign manufacturing capability occurring with a number of significant industrials closing their doors in recent years with escalating gas prices seen as a major contributor to these decisions<sup>2</sup>. Modelling undertaken by ACIL Allen as part of the Reliability and Supply Adequacy Consultation showed considerable benefit of facilitating investment, which in our view is best achieved via a well-functioning domestic gas market, including “avoiding 122 PJ of demand destruction.”<sup>3</sup> The prospect of further demand destruction is very real and very material and is assumed by AEMO in both the GSOO and VGPR.

If the recommendations made in the GMR Final Report are delivered as intended, we have the opportunity to develop a framework that can stand the test of time, can be adaptive to future market changes and produce an outcome that appropriately balances the interests of both buyers and sellers.

We also strongly recommend a high degree of coordination between these and other parallel work streams as consumers, while generally supportive of proposals in most, seek the most efficient market design possible with the least amount of regulatory uncertainty.

Unfortunately, at this stage, EUAA members have expressed serious concerns that the intent of the current reforms will not deliver the desired benefits for consumers including achieving long term gas supply security at reasonable prices, which are competitive with domestic prices in other abundant gas-producing jurisdictions and which are delinked from international LNG pricing. As an example, solving gas supply issues in Queensland through the current domestic gas reservation does not resolve issues of network constraints to southern states or storage in southern states to cater for peak demand days. We would recommend that DCCEE work with all relevant parties to develop a single overview of how the parallel workstreams are expected to function harmoniously and to the benefit of all Australians.

From this perspective, our members were disappointed at the recent DCCEE Consumer Roundtable where it appears that DCCEE has walked away from parts of the original terms of reference for the gas market review, in particular “reasonable gas prices”. We believe it is critical that DCCEE addresses the full terms of reference which made clear the criticality for these reforms to deliver “reasonable gas prices”. We would also highlight the fact the Review acknowledged the linkage with the Future Gas Strategy and which has as one its stated ‘guiding principles’ that “Gas must remain affordable for Australian users throughout the transition to net zero”.

Continued regulatory uncertainty is a bad outcome for sellers and buyers of gas. Therefore, we look forward to continued engagement with government, market bodies, supply side participants and commercial and industrial energy users as we can only truly solve the gas crisis once and for all through respectful engagement and constructive dialogue that leads to a well-designed and executed package of reforms.

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<sup>2</sup> <https://www.afr.com/policy/energy-and-climate/gas-costs-could-sink-more-manufacturers-after-qenos-aig-20240418-p5f103>

<sup>3</sup> Reliability and Supply Adequacy Consultation Paper, Page 20

## INITIAL THOUGHTS ON DOMESTIC GAS RESERVATION

The key conclusions of the GMR Final Report are that<sup>4</sup>:

*“Option three: fundamental reform is the only option out of those analysed in this report which addresses structural shortfalls, and market power dynamics, and provides adequate assurance and long-term regulatory certainty.”*

*“Establishing a domestic gas reservation scheme is central to the recommendations in this Report. It would be a landmark change and, in combination with reforms to improve how gas is bought and sold, would significantly strengthen the bargaining position of Australian gas users to secure long term contracts and prices that shield them from international price spikes. It would also improve investor confidence by establishing clear, predictable, and transparent market settings, supporting supply security in the long term.”*

*“On balance, implementing a domestic gas reservation scheme and complementary measures addressing market efficiency and transparency, are together expected to deliver the best possible outcomes for gas producers and users.”*

The EUAA agrees with these conclusions and strongly supports the introduction of a domestic gas reservation policy that will see the emergence of a workably competitive domestic gas market that delivers sustainable volumes of domestic gas at reasonable prices and on reasonable terms for domestic gas users. This reform is long-overdue and, in our view, is what should have been in place for the east coast of Australia at the commencement of east coast LNG export.

In the absence of the introduction of a domestic gas reservation scheme, along with a number of additional reforms proposed in the GMR Final Report, domestic consumers will continue to be burdened with unaffordable gas prices that have already resulted in demand destruction and played a significant role in the cost-of-living crisis being felt so deeply by Australian business and households.

In addition to our responses to the GMR Final Report recommendations we provide the following specific comments on developing a domestic gas reservation scheme that will deliver the intended outcome of de-linking the domestic and international gas markets, delivering gas at a price which keeps industrial consumers viable in the long term and provide the regulatory certainty for suppliers, shippers and customers.

Importantly we have sought to identify what we shouldn't do when designing the domestic gas reservation scheme as we have seen in the past that the intent of gas market reform has been eroded through the detailed design process. We cannot let this happen again, lest we find ourselves stuck in the same cycle of regulatory uncertainty and demand destruction.

We also need to learn from the mistakes of the WA Reservation policy and not replicate them.

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<sup>4</sup> <https://www.dcceew.gov.au/energy/publications/gas-market-review-report> page 89

## Key Design Principles

### Design Simplicity

- The overriding design principle should be to keep gas reservation regulation and mechanisms as simple as possible.
- Simplicity is important as it assists with clarity of purpose, ease of operation and lowers the opportunity for gaming and/or emergence of compliance loopholes; therefore, we suggest an export license approach where LNG shippers are the liable entities. Maintenance of an export license will be conditional on meeting annual domestic reservation obligations which must be based on gas supplied to the domestic market (and not only on gas offered).

### Reservation Percentage

- A percentage-based approach to setting annual targets where all LNG shippers have an equal liability to supply gas, as opposed to simply offering gas, to the domestic market. While we agree with DCCEE's 15-25% range, we believe that the actual number should be supported by expert economic modelling at a level which places both downward pressure on prices and does not stymie further investment in developing new natural gas resources for domestic consumption.
- We also recognize that this percentage may change over time, dependent on demand profiles and gas exports, and therefore recommend that the percentage is reviewed on a regular basis (i.e. an annual "true up" process).
- While we support a percentage-based approach, we believe that care must be taken in what value this is linked with to maximise transparency and minimize the ability for producers to 'game' the target, that is:
  - A percentage based on the domestic demand could result in oversupply or undersupply dependent on each year's actual consumption, resulting in high volatility in pricing;
  - A percentage based on production or 2P reserves could be easily 'gamed' by reducing production and/or 2P reserve announcements;
  - A percentage based on actual export volumes could also be gamed by holding back export until the next year,
- We believe the gaming risk for 'actual export volumes' can be managed with the right mechanism. LNG export volumes are underpinned by LNG sales contracts with Take or Pay (ToP) commitments, so the LNG entities know in advance what their demand will be within a ~15% tolerance (i.e. 85% ToP) and will know precisely by November in each year what their contractual commitment will be when the buyer nominates for the following year. Therefore, we recommend that:
  - Once the exporters have this number they would have to submit to the AER or Government their domestic contract commitments, to verify their compliance with the reservation percentage.
  - Any other producers that sell to the LNG entities would have a similar commitment – this would then cover linkage for delivering new/additional molecules into the domestic market.
- Following the percentage basis, the measure needs to be a monthly or annual requirement. We do not support replicating WA reservation policy that allows the target to be met over "the life of the gas field".
- We also suggest that consideration is given to ensuring how the reservations settings enable gas to be secured and contracted over the 5+year horizon that many C&I users require to justify ongoing investment in their operations.

## Governance Framework

- Most importantly, any domestic reservation needs to have a strong governance framework with appropriate access to real penalties for compliance issues.
  - We strongly recommend an annual statement of compliance from liable entities be made to the parliament and that it should specify what new molecules were brought to the market to supply the domestic market, as distinct from molecules re-purchased/recirculated. We suggest that this also be a requirement attached to the export licence – that the percentage of gas required for the domestic market must be met with ‘new gas’, and must be evidenced as such. This will go some way to offsetting the impact of too large a target discouraging investment in new gas extraction.
- Promote transparency and accountability by requiring producers to regularly report on supply delivered into the domestic market and contracts they have entered into to supply gas into the domestic market in the future.
  - Any reporting to the AER needs to not only detail gas sold to the domestic market in the previous quarter compared to gas exported, but should also detail what GSAs they have or are negotiating for future quarters.
- With the responsibility of gas market oversight proposed to move from the ACCC to the AER, consideration should be given to the AER having the key compliance role backed by legislative authority. As the peak energy industry regulator, the AER seems well suited to this role, although we recognize this would require significant additional resources and therefore additional budget allocation.

## Existing Contracts

- Existing contracts, both supply and buy-side should be honored.
- Extending existing export contracts or export linked contracts beyond the original contract end date (including unexercised options) should not be permitted.

## Additional Gas Production

- As mentioned above, domestic reservation must lead to additional gas being produced. One approach could be a form of baseline and credit scheme that applies to the degree a domestic obligation. These baselines would decline over time to the point where the entire domestic gas reservation obligation must be met via “equity gas”, thereby encouraging the producer to undertake a domestic drilling program. This is similar to the baseline and credit regime of the Safeguard Mechanism<sup>5</sup>.

## Price outcomes

- We recommend that the AER develop an industry average long-run marginal cost benchmark to compare to the market prices and allow for adjustments in the domestic gas reservation percentage so that domestic prices become delinked from international LNG pricing and actually represent the cost of supply (with an appropriate margin).
- In attaining an average long-run marginal cost benchmark, government should be encouraging natural gas producers to sell the “cheapest” long-run marginal cost gas into the domestic market and not the most expensive. This will ensure the highest levels of productivity in Australia by using the cheapest Australian gas,

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<sup>5</sup> <https://www.dcceew.gov.au/sites/default/files/documents/safeguard-mechanism-reforms-factsheet-2023.pdf>

rather than the current scenario where the cheapest gas is sold overseas, and the expensive gas is kept in Australia, a methodology that maximises profits for exporters and reduces productivity of Australian companies.

- Having a transparent process (possibly through an updated GBB) that informs everybody on the temporal alignment of exporters meeting their domestic reservation obligations:
  - We consider that gas exporters with an annual target “could” inject domestic reservation gas towards the end of the target period, and/or front load, causing a temporary excess of supply that results in volatility in the gas market.
  - Gas exporters should not be allowed to vary domestic reservation obligations according to their own requirements, but should instead either inject at the same rate as exports, or follow a seasonal target guided by AEMO or the government.

### Pipelines and Storage

- While we understand that the scope of the review does not include pipelines, we do believe that the review should attempt to solve north-south constraint issues by requiring exporters to “store” domestic gas reservation molecules in appropriate geographic locations if not required by the market immediately. This would encourage development of storage locations (e.g. depleted fields at Moomba, Otways or Bass Straight) south of the North-South Pipeline constraint for release during southern peak demand periods and may forego the need for AEMO to have powers to auction excess gas (release valve) back into the market or for export.
- This is also a critical requirement to consider in ensuring C&I consumers in NW Queensland are able to secure their stable baseload gas demand unimpeded by the constraints which the highly seasonal southern states demand places on current transportation capacity.

### **What we shouldn't do**

- Have a complex, gas field approach to domestic reservation.
- Have a complex and opaque exemptions framework. We strongly recommend no exemptions.
- Delay other fundamental reforms such as expanding the AEMO GBB scope as these are non-controversial improvements to market transparency.
- Obscure critical design details from stakeholders under the guise of “commercial in confidence” provisions as we saw with the Code of Conduct exemptions framework.
- Remove existing consumer protections such as the ADGSM before the proposed gas reservation scheme and other key market reforms are fully in place and have demonstrated positive market outcomes.
- Develop policy in isolation. The views of consumers and producers should be considered throughout the process, not a “one and done” styled consultation.
- Have “toothless” penalties and/or no active government oversight of exporters meeting their domestic gas reservation obligations.
- Having obligations that are multi-year or contract-life that allow for amortisation and banking of gas and therefore manipulation of the supply-demand balance and resulting pricing.

## RESPONSE TO GMR FINAL REPORT RECOMMENDATIONS

SUPPLY, SECURITY & TRADE	
Recommendation	EUAA Response
<p>To address forecast gas shortfalls and ensure domestic energy security the Government could establish a domestic gas reservation scheme as part of fundamental reforms to gas market settings. This would ensure gas is proactively supplied by Australian gas producers to the domestic market, putting downward pressure on prices, insulating Australian users from global price volatility and placing Australian users in a stronger negotiating position when contracting supply and supporting their commercial viability.</p>	<p>We fully agree with the establishment of a domestic gas reservation scheme that focuses on gas markets that are in near-term shortfall. The EUAA have maintained that such a scheme should have been implemented at the commencement of the east coast LNG export industry, as was the case in Western Australia. The concerns of the EUAA and its members was and continues to be, that without such a scheme the many billions of dollars in capital already invested in large commercial and industrial industries, most of whom are vital to the domestic economy, would be undermined and in many cases increased costs of everyday household items would significantly increase. These concerns have been dismissed for many years but the negative impacts of the lack of action are now clearly evident.</p>
<p>A domestic gas reservation scheme could be guided by the following parameters and principles:</p> <ol style="list-style-type: none"> <li>Existing contracts would be respected – both domestic and international contracts.</li> <li>Capacity to be national in scope, working in tandem with federal, state and territory gas market mechanisms.</li> <li>Aim to commence in 2027.</li> <li>Consultation on design to ensure additional domestic supply as existing contracts expire, and to drive downward pressure on price.</li> <li>If the domestic gas reservation model requires export approvals, exporters will need to meet domestic supply obligations before exports are approved.</li> <li>Producers would have flexibility to meet domestic and export obligations through a variety of standard commercial/market-based arrangements, including contracting with exporters or domestic producers so long as supply obligations are met.</li> <li>Encourage long term domestic gas supply contracts to support investment decisions which rely on gas as an input, including commercial and industrial (C&amp;I) users and supporting gas infrastructure providers.</li> <li>Provide long term certainty for commercial production and investment, including by clearly setting domestic supply requirements well in advance of establishment and minimize impact on Australia’s LNG trade partners and their energy security.</li> </ol>	<p>Regarding the parameters and principles of a domestic gas reservation scheme, we agree that:</p> <ol style="list-style-type: none"> <li>Existing contracts should be respected. However, existing contracts should not be permitted to be “extended” (via options or otherwise) beyond the original contract term<sup>6</sup>.</li> <li>It should be national in scope.</li> <li>Obligations should commence in 2027, with no exemptions or carve outs. We have seen an exemptions framework in place under the code of conduct which has led to virtually no producer being required to comply with the price anchor provisions.</li> <li>As per above. We would be very concerned if negotiations on “additional supply” form part of an exemption framework which ultimately undermines the key objectives of lowering domestic prices.</li> <li>Fully agree with the principle of linking export approval/licence arrangements with domestic supply obligations. There should be no exceptions. More clarity is required on how this is reported should be clarified.</li> <li>Disagree that producers should have a degree of flexibility to use existing market-based arrangements. The goal should also be to ensure additional gas is brought into the domestic market over time.</li> <li>Time will tell if the GMR Final Report recommendations alone will resolve what has been described by the Nelson Review<sup>7</sup> as the “tenor gap” where buyers and sellers have found it difficult to enter into longer-term contracts. We note that Ministers have directed DCCEEW to undertake work on an expanded role by AEMO to underwrite gas related investments<sup>8</sup>. We hope that with the benefit of a known regulatory environment and domestic supply obligation that buyers and sellers will have more confidence to enter into longer term arrangements. However, these issues are complex with many factors beyond commodity contracting impacting counterparties ability to enter into decades long GSA’s.</li> </ol>

<sup>6</sup> A reasonably common practice is to enter into “blend and extend” arrangements which blend contract and future prices while extending the term of the arrangement. This could create a loophole where existing contracts could be carved out of the domestic reservation compliance framework.

<sup>7</sup> This article provides a good overview of the approach proposed by the Nelson Review to deal with the “tenor gap” <https://energysynapse.com.au/esem-explained-how-the-nelson-review-improves-bankability-for-renewables-and-storage/>

<sup>8</sup> <https://www.energy.gov.au/energy-and-climate-change-ministerial-council/working-groups/gas-working-group/gas/consultation-stage-2-reliability-and-supply-adequacy-framework-east-coast-gas-market>

	<p>h. Our goal is to bring an end to the regulatory churn and regain a sense of stability to the domestic gas market. This will only occur if governments, regulators and customers are satisfied that we have arrived at a workably competitive market.</p>
<p>An appropriately designed domestic reservation scheme would enable streamlining of the regulatory framework for gas supply and security by removing the ADGSM, the CME framework in the Code and the HoA.</p>	<p>We hope this is the case and would support an efficient regulatory regime. However we recommend that:</p> <ol style="list-style-type: none"> <li>a. Existing frameworks are only wound back after successful implementation of the reforms proposed in the GMR Final Report</li> <li>b. Government maintain an “in case of emergency, break glass” measure such as a refined ADGSM to be enacted in the case of major global upheaval or disruption. Equally, provisions to achieve the same outcome could be included in the proposed export licence regime.</li> </ol>
<p>To inform implementation by the end of 2026, Government could publicly consult on detailed design of a domestic gas reservation scheme to ensure fit for purpose design and implementation, build trust, and establish buy in among stakeholders.</p>	<p>See our previous comments “Initial Thoughts on Domestic Gas Reservation”. Our experience with past consultations on detailed design of regulation that were intended to achieve better outcomes for consumers has been that the “value” of the reforms that government and consumers had expected/hoped would be realised was quickly eroded by supply side participants. The mandatory code of conduct is one such example where the code did not deliver outcomes expected by governments and consumers. If this is repeated, the east coast gas market is likely to be trapped in a never-ending cycle of regulatory intervention which is a poor outcome for all stakeholders.</p>
<p>To complement a domestic gas reservation scheme, the Government could also:</p> <ol style="list-style-type: none"> <li>a. Amend the Code’s provisions relating to how gas is offered and sold in the domestic market to ensure reserved gas must be supplied to the domestic market, rather than only offered (as under current HoA obligations). This would strengthen the bargaining position of Australian gas users to get fairer prices and secure long-term contracts that shield them from volatility and scarcity pricing.</li> <li>b. Affirm the importance of AEMO’s existing Stage 1 powers, introduced in 2022, to manage gas supply and adequacy and reliability risks in the short to medium term, and continue the important work of implementing Stage 2 of these reforms.</li> <li>c. Continue to support work underway through ECMC to potentially expand AEMO’s powers to enable it to better address gas infrastructure constraints in the east coast market, and with Resources officials, to examine medium term barriers to gas projects in bringing on supply.</li> <li>d. Encourage private sector investment in pipeline networks and storage to ensure that reserved gas can be transported and stored near demand centers affordably at sufficient capacity.</li> <li>e. Assess the merits of amending the National Gas Law (NGL) framework to: <ol style="list-style-type: none"> <li>i. extends regulatory exemptions available to greenfield gas pipeline to brownfield projects which expand capacity to incentivize developments; and</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>a. Agree. Changing the obligation to supply rather than offer is important compliance amendment. We have seen producers avoid true compliance by offering gas at prices that are unaffordable for gas consumers and then claim they have met their obligation. Changing the obligation to supply will greatly assist in closing this compliance loophole.</li> <li>b. It is fair to say that many EUAA members have expressed a concern about the expansion of AEMO powers in gas markets, especially where it may lead to curtailed large industrial gas consumption due to the technical and financial impacts.</li> <li>c. We are responding to these proposed changes to AEMO powers elsewhere<sup>9</sup>.</li> <li>d. We are responding to these proposed changes to AEMO powers elsewhere<sup>10</sup>.</li> <li>e. We are responding to these proposed changes to AEMO powers elsewhere<sup>11</sup>.</li> </ol> <p>In addition, we are encouraged to see that many of the EUAA recommendations to improve market transparency and reduce information asymmetry between buyers and sellers (such as expanding AEMO GBB scope) will be pursued.</p>

<sup>9</sup> See EUAA response to the ECGS Reliability and Supply Adequacy Functions Consultation paper; 13 February 2026

<sup>10</sup> See EUAA response to the ECGS Reliability and Supply Adequacy Functions Consultation paper; 13 February 2026

<sup>11</sup> See EUAA response to the ECGS Reliability and Supply Adequacy Functions Consultation paper; 13 February 2026

<p>ii. enable greenfield and brownfield projects to seek an exemption from the Day Ahead Auction to incentivize foundation customer contracting.</p>	
<p><b>GAS PRICES</b></p>	
<p><b>Recommendation</b></p>	<p><b>EUAA Response</b></p>
<p>Contingent on introduction of a domestic gas reservation scheme and complementary changes putting downward pressure on domestic prices and avoiding scarcity pricing the Government could consider phasing out the Code’s reasonable price mechanism and CME framework, subject to appropriate transitional arrangements.</p>	<p>Generally agree with this intent although some official prices guidance will still prove useful. For example, the LNG Netback series produced by the ACCC will become much less relevant to domestic buyers once a domestic gas reservation scheme is in place, but a domestic price series may still prove useful, especially in the earlier years where price formation and forward curve development is still in its infancy. We suggest that the AER develops an “average long-run marginal cost of production” for active domestic gas fields to inform the “reasonable price” provision.</p>
<p>Market efficiency reforms identified in this Review that improve competition, transparency and availability of gas can put downward pressure on domestic prices. For users who are unable to transition to alternative energy sources, and who require lower prices than gas producers can sustain, more targeted measures may be needed.</p>	<p>Agree. We should work to ensure the domestic gas market can deliver the best possible outcomes for Australian industry (and households) but recognise there may be a gap between the price the domestic market can deliver, and the price Australian manufacturers need to remain competitive. It will then be a decision by governments if they want to bridge this gap or not. We observe that many large commercial and industrial gas users are under extreme pressure from imports while export markets continue to be challenging. In many cases Australian manufacturers are facing international competitors who enjoy significant government support (i.e. preferential energy contracts, tax assistance etc). We look forward to engaging with policy makers on how best to deal with this situation outside of this review process.</p>
<p>For industrial users unable to switch from using gas as an energy source or feedstock in the short to medium term, and who are considered critical to Australia’s sovereign interests, where the impact of a gas reservation scheme and improved market conduct is not expected to sufficiently reduce prices, the Government could consider options to ensure they are able to continue operating.</p>	<p>As above.</p>
<p><b>MARKET CONDUCT &amp; EFFICIENCY</b></p>	
<p><b>Recommendation</b></p>	<p><b>EUAA Response</b></p>
<p>To improve market efficiency and competition and complement a domestic reservation scheme, with associated benefits for price, the Code could seek to improve conduct, efficiency and operations across different market types:</p> <p>a. Long term contract markets (greater than 12 months): remove the existing EOI process set out in Parts 3 and 4 of the Code, replacing it with new flexible, principles-based requirements for selling practices to ensure they continue to address bargaining power imbalances between gas buyers and sellers.</p> <p>b. Short term markets (less than 12 months): optimize the efficient operation of AEMO’s centralized trading markets to increase accessibility and transparency of wholesale gas, including:</p> <p>i. Requiring through the Code that, wherever feasible, uncontracted and reserved gas transactions for supply up to 12 months be undertaken via the</p>	<p>a. EUAA members advise that the producer led EOI process, and negotiation process in general, has not materially improved with the introduction of measures in the Code. The view is that while market power and information asymmetry issues persist then the negotiation any form of gas supply agreement will be difficult for many commercial and industrial gas users. This needs to be addressed as soon as possible. The introduction of a domestic gas reservation scheme with obligations to supply gas (not offer) along with associated transparency improvements should go a long way to resolving many issues that were intended to be addressed by the Code. Of course, this is conditional on the final design and operation of the domestic gas reservation scheme delivering on the intent of the scheme and the removal of any regulatory loop-holes and special carve outs. We add that while large commercial and industrial gas customers are very open to engaging in long-term gas supply agreements, more often than not the price (and conditions) being offered by sellers does not reflect the risk being taken by the buyer and is therefore unacceptable. Buyers expectation is that by entering into a long-term gas supply agreement they are helping to de-risk the</p>

<p>Gas Supply Hub (GSH) and periodic auctions where this does not raise transaction costs, noting that implementation will need to be phased to align with other regulatory changes (e.g. HoA).</p> <p>ii. Working with states, territories and AEMO to encourage liquidity and longer tenor products on the GSH, along with options to increase the efficiency and reduce the cost of trading (including more efficient prudential arrangements and auction processes).</p> <p>iii. Working with states, territories and AEMO to expand the scope of the GSH to a full virtual hub to enable greater on-market participation and liquidity, with the possibility of geographic expansion across the east coast</p> <p>Spot markets: In line with the National Electricity Market (NEM) wholesale market settings review (NEM Review) findings, increase liquidity to provide confidence in AEMO spot markets as a source of spot gas availability by:</p> <p>i. Working with states and territories and AEMO (described further on page 82) to establish a forward trading market on the Victorian Declared Transmission System (DTS), to provide additional price risk management options and to support price discovery.</p> <p>ii. Introducing a market maker regime (either voluntary or mandatory) and/or a periodic auction process in the Code targeted at improving liquidity on the GSH or (if established) on a Forward Trading Market on the Victorian DTS.</p>	<p>supplier; however, the price typically does not reflect this. Again, this is due to the lack of genuine competition in the domestic gas market.</p> <p>b. Generally, agree. Domestic electricity markets are liquid, transparent and generally efficient, which in our view is the opposite to our experience in the domestic gas market. We should be looking to electricity markets as a guide to rapid evolution and maturity of the domestic gas market. We are responding elsewhere<sup>12</sup> to a number of the other issues/reforms being proposed in this section and are in general agreement (conditional on more detailed consultation) that the measures being proposed are worthwhile pursuing, noting that whilst increasing liquidity of the GSH makes sense, the policy should also ensure / incentivise parties to enter into term gas supply contracts which meet the bespoke requirements of C&amp;I users, which are not met by the standard terms and conditions of the AEMO GSH.</p>
<p>To improve competition, the Government could explore opportunities to require through the Code that entities participating in the wholesale gas market are required to market and sell gas based on upstream equity interests rather than joint venture vehicles.</p>	<p>We would be open to further discussion on this.</p>
<p>The Government could ask the ACCC to work with gas buyers to raise awareness of competition law mechanisms to facilitate buyers negotiating collectively with gas suppliers.</p>	<p>Agree.</p>
<p><b>MARKET TRANSPARENCY</b></p>	
<p><b>Recommendation</b></p>	<p><b>EUAA Response</b></p>
<p>Improve gas market transparency by expanding AEMO’s reporting remit on the GBB, supported by timely and appropriate information sharing arrangements with other energy market bodies and ACCC, minimizing duplicative information collection regimes. AEMO’s proposed expanded remit includes:</p> <p>a. Publishing post-trade transaction metrics, where possible in near real-time, on all gas market transactions (across all tenors including over 12 months) including volume weighted average price, volume and delivery periods.</p>	<p>Fully agree with the recommendations in this section.</p>

<sup>12</sup> See EUAA response to the ECGS Reliability and Supply Adequacy Functions Consultation paper; 13 February 2026

<p>b. Establishing a domestic east coast gas market forward price index based on agreed contract prices and other existing price indicators.</p> <p>c. Reporting on the Code’s market transparency obligations such as uncontracted gas and EOIs through AEMO’s GBB, instead of individual producer websites.</p> <p>d. Facilitating the publication of buyer led EOIs on the GBB, on a voluntary basis.</p> <p>e. Reporting material changes to a field’s proved and probable (2P) reserves as reported in the latest Gas Statement of Opportunities (GSOO) with producers providing timely updates to the market via the Reserves Resources Reporting page of the AEMO GBB.</p> <p>f. Reporting on undeveloped gas reserves and projects yet to reach final investment decision.</p>	
<b>MARKET GOVERNANCE &amp; REPORTING</b>	
<b>Recommendation</b>	<b>EUAA Response</b>
<p>The AER could be the responsible regulator for administering Commonwealth gas market regulations (e.g. the Code).</p>	<p>Agree, conditional on equivalent powers being given to the AER to compel parties to provide all relevant information in a timely manner. We would also note that moving ACCC responsibilities across to the AER will require the AER to deploy additional resources. We strongly recommend that the AER budget be increased to ensure these additional responsibilities are appropriately resourced.</p>
<p>Consolidate market monitoring, analysis and reporting of gas markets through the AER, supported by timely and appropriate information sharing arrangements with other energy market bodies and ACCC that minimize duplicative information collection regimes. Consolidation of reporting requirements through reduced administrative and reporting burden for gas producers could translate to lower prices over time.</p>	<p>Agree. We strongly recommend an annual statement of compliance from liable entities be made to the parliament and that it should specify what new molecules were brought to the market to supply the domestic market, as distinct from molecules re-purchased/recirculated. We suggest that this also be a requirement attached to the export licence – that the percentage of gas required for the domestic market must be met with ‘new gas’, and must be evidenced as such.</p>
<p>Subject to an appropriate period of transition to allow for the implementation of AER reporting and AEMO transparency reforms, the Government could cease the ACCC Gas Inquiry in its current form. Any future inquiries by the ACCC into matters relating to gas could be limited to short term, focused reviews into specific gas market competition matters.</p>	<p>Agree, conditional on the AER being given the resources and powers that will allow them to continue the work being undertaken by the ACCC. The EUAA have greatly appreciated the work being undertaken by the ACCC and feel that their contribution has been invaluable to shining a critical light on gas market issues. We hope that the AER can continue this important work should they take over this responsibility.</p>
<b>TRANSITIONAL &amp; OTHER MATTERS</b>	
<b>Recommendation</b>	<b>EUAA Response</b>
<p>The Government could develop a transition plan outlining when and to what extent existing regulation would be amended or removed, when new regulation would be in place, and a pathway for market participants to meet the requirements of the domestic gas reservation scheme.</p> <p>a. A short extension of the HoA with east coast gas exporters could be negotiated pending implementation of the recommendations of this Review.</p>	<p>Agree. We would not rush to remove existing measures until such time that the new measures proposed in the GMR Final Report are implemented.</p>
<p>When implementing the outcomes of this Review, the Government could provide an opportunity for market participants and other stakeholders to give feedback on provisions of the existing regulations which are</p>	<p>Agree. Maintaining engagement with all stakeholders during the period of transition will be critical while ensuring that the intent of the changes are delivered in full.</p>

retained but which would benefit from minor or technical legislative drafting improvements to support the policy intent.	
To provide long term regulatory certainty for investment and contracting, the Minister for Energy and the Minister for Resources could work with the Attorney-General to explore the possibility of exempting the Code from the operation of the sunset provisions in the Legislation Act 2003.	We will need to see the specifics of this before commenting further.

### Members views of the recent DCCEEW Roundtable

While we are supportive of the creation of a national domestic gas reservation scheme, along with our members we are deeply concerned regarding DCCEEW’s recent Gas Market Review Roundtable(s):

- DCCEEW appears to have taken a “divide and conquer” approach, with separate “roundtables” to different stakeholder groups. DCCEEW failed to mention this and in our own conversations with attendees at other “roundtables”, each roundtable had different information presented and different messaging from DCCEEW. While DCCEEW might think that isolating each group of stakeholders will simplify stakeholder management, it leaves DCCEEW in a precarious position to decide whether to side with producers, retailers or consumers.
- The slides presented at the consumer roundtable had a “producer” focus without consideration of consumers.
- DCCEEW appears to have stepped outside of the Terms of Reference for the Gas Market Review by reducing the importance of attaining “reasonable pricing”. This was to be a key focus of the Review.
- On the reasonable pricing, both the flexibility mechanism and the release valve presented at the roundtable introduce a shadow pricing mechanism that will allow producers to firmly link domestic gas prices to international markets. This does not keep with the “reasonable pricing” expected by consumers and which are key to the Terms of Reference
- Not mentioned at the consumer roundtable but mentioned at other roundtables was a new AEMO power to auction excess domestic reservation gas back into the market to balance supply and demand. This will undoubtedly undermine “long-term contracts” and “reasonable pricing”.

We also consider that AEMO’s powers as supplier of last resort is likely to disincentivise private investment in southern storage sites.

Given the different requirements of the different stakeholders, and the goals of the Gas Market Review, we would highly recommend the DCCEEW hold an in-person roundtable with all stakeholders present to come to a resolution and a workable way forward for all stakeholders.

Thank you once again for the opportunity to provide this submission and we look forward to continued engagement on the issues raised.



Andrew Richards

Chief Executive Officer