

EUAA APPERS BEFORE SENATE INQUIRY, CALLS FOR TIMELY PASSAGE OF GAS RESERVATION BILL

The Energy Users' Association of Australia (EUAA) has called for the timely passage of the domestic gas reservation legislation at its appearance before today's Senate Inquiry, arguing that a well-designed scheme is critical to easing cost-of-living pressures and supporting Australian industry.

"After years of energy price volatility, Australian households and businesses need meaningful relief. A domestic gas reservation scheme is an important opportunity to put downward pressure on prices and improve access to affordable, reliable gas for all Australians," said EUAA Chief Executive Officer, Mr Andrew Richards.

"For our members, energy is one of their top three costs. When energy prices rise, those costs flow through to the price of food, building materials and many other everyday products. When businesses cannot pass on those costs, Australian manufacturing becomes less competitive, putting local jobs and investment at risk and exposing us to international supply chain volatility.

"We are at a critical juncture. One of our members recently warned that, without action on energy prices, large-scale food processing in Australia could largely cease by 2031. The consequences would extend well beyond food security, affecting regional communities, local jobs and Australia's sovereign capability."

At today's Senate Inquiry the EUAA rebutted claims that gas reservation will bring domestic gas investment to a halt. Recent falls in domestic gas prices, strong exploration and development investment, and continued investment by domestic producers demonstrate that affordable domestic gas and ongoing investment can coexist.

"LNG exports and increased domestic production are important to Australia, and we expect them to continue. But Australian households and businesses must also have access to reliable, affordable gas," said Mr Richards.

"The legislation has improved significantly from earlier versions, but it must deliver on its promise. That means genuine additional supply, downward pressure on domestic prices, transparent and predictable rules, and strong compliance and enforcement."

"Ultimately, this is about whether Australians can afford to heat their homes, put food on the table and build a house for their families. It is also about whether Australian businesses can remain competitive and continue to invest and employ people."

"The Australian Parliament should progress the legislation without unnecessary delay and ensure the scheme delivers the affordable energy outcomes Australian households and businesses need."

The EUAA's full opening statement to the Senate inquiry is attached.

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial 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, aluminium, paper, 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.

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Opening Statement to Senate Inquiry Into Gas Reservation

Andrew Richards CEO Energy Users Association of Australia (Via video link).

23 October 2026

Thank you for the opportunity to speak on the critical matter of domestic gas reservation.

The EUAA is the peak body representing Australian commercial and industrial energy users that produce many of the products Australian households and business use every-day including bricks, glass, steel, aluminium, paper, 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 volatility and challenges of international trade.

For a vast majority of EUAA members, energy is one of their “top 3” costs where movements up or down have a material impact on the final cost households pay for the finished product they produce. Where costs can’t be passed through, Australian manufacturers and industry become less competitive and therefore less viable against cheap, and in many cases, heavily subsidised imports.

A stark reminder of what is at stake was delivered by an EUAA member involved in the food processing industry at a recent AFR conference where they stated that if energy prices are not addressed, they fear large-scale food processing in Australia will largely cease by 2031. This is more than just a food security issue, which in itself is critical. If we stop processing food here we reduce the amount of food we grow here, resulting in significant negative consequences on many regional communities.

Make no mistake, we are at a critical juncture. A well-functioning Domestic Gas Reservation Scheme (DGRS) that de-links Australian from international volatility, that puts downward pressure on domestic prices, that increases transparency, that creates a fair negotiating environment and that fosters the efficient development of new gas reserves, is critical to Australian households and industry.

However, a DGRS that has been undermined, diluted and deconstructed will cut off a genuine path to cheaper energy for millions of households, a more resilient manufacturing sector and alleviating the cost of living pressure so many Australians continue to endure.

Our members expectation is that the energy industry provides energy services that are fit for purpose and consistent with the National Gas Objectives (NGO)¹, that is to deliver outcomes that are in long-term benefit of consumers. This is enshrined in the National Gas Law (NGL)². We believe that implementing a DGRS is consistent with the NGO.

LNG exports create economic benefits and good for Australia, and very, very good for their shareholders. We expect that to continue regardless of the introduction of a gas reservation scheme, especially when you consider highly disrupted global markets and Australia’s abundant resources.

¹ The objective focuses on promoting efficient investment, operation, and use of covered gas services for the long-term interests of consumers regarding price, safety, reliability, and emissions reduction targets. For the complete statutory definition, please refer to the referenced document. AEMC

² <https://www.aemc.gov.au/regulation/neo>

It is likely that gas reservation will shake-up the gas industry somewhat, this is, after-all one of the reasons this policy is being pursued. But to say it will kill the domestic gas industry or that the LNG exporters will halt drilling programs, is in our opinion, a gross overstatement.

We would draw your attention to the following:

- According to AER reporting³, domestic gas prices have already fallen from \$13GJ to \$9GJ since GLNG/Santos announced they would no longer be purchasing third party gas to meet their export contracts. This “market correction”, means domestic consumers are no longer required to compete for export volumes at export prices, providing a degree of proof that a well-balanced domestic gas market can and will deliver the outcomes we are looking for. The gas industry itself has welcomed this market correction and it certainly hasn’t been seen as a killer blow to the industry.
- Assertions that the domestic gas price will “crash” under this policy are, in our view, also overstated, especially when you consider the recent “GLNG/Santos correction”. We also draw your attention to the forecast impact on gas industry revenues outlined in the impact statement accompanying the legislation, which is estimated to be just \$134m over 10 years.
- According to June 2026 ABS figures⁴, investment in oil and gas exploration and development is at a 10-year high with \$584m invested in the last quarter alone and overall up 76% from June 2025. This has occurred during a period of uncertainty as the domestic reservation scheme was being heavily debated. It has also occurred during a period of generally lower domestic gas prices.
- On 30 September Amplitude Energy announced a \$210m increase in their Otway Basin development program and have continued to see record sales revenue and higher realised price over FY26.⁵ Also during FY26, Beech Energy continued to invest in new production, including 67 new wells in the Cooper Basin⁶. Again this has occurred during a period of great uncertainty and lower domestic prices and is a positive sign that efficient domestic producers are well placed.
- Finally, current JKM⁷ futures see gas trading at between \$35GJ (Au) to \$45Gj (Au) over the coming 12-18 months and \$30GJ (Au) beyond 2028. This doesn’t look like a global market where Australian based gas producers will halt drilling programs, unless they are saying they will keep drilling for our competitors and stop drilling for Australians? I hope this isn’t the case, for their sake and ours.

Access to reliable, affordable gas has many benefits. It will help lower household electricity and gas bills. It will help lower the cost of many consumer items that Australians use every day and together help alleviate the cost of living crisis that still has many Australians in its grip. It will help lower the cost of building a house as we struggle with a housing crisis. It will help maintain sovereign capability in key inputs to the foundations of our economy in a world that seems to be in a perpetual state of turmoil. It will also support decarbonisation pathways for many large industrials.

For these reasons, a well-functioning DGRS, deployed without delay, is essential.

The EUAA’s approach to the DGRS is anchored in four core principles. These principles provide the basis for our assessment of the legislation and continue to shape our recommendations.

These core principles are (*in the interest of time, only read headlines*):

³ <https://www.aer.gov.au/industry/registers/charts/sttm-quarterly-prices>

⁴ <https://www.abs.gov.au/statistics/industry/mining/mineral-and-petroleum-exploration-australia/latest-release>

⁵ Amplitude also report an annual realised gas price of \$8.59GJ in FY23, \$8.83 in FY24, \$9.91Gj in FY25 and \$10.36 in FY26 which has coincided with record sales revenue and EBIT.

⁶ https://beachenergy.com.au/wp-content/uploads/2026/08/BPT_2026_Beach_Energy_Ltd_Annual_Report.pdf

⁷ <https://au.investing.com/commodities/lng-japan-korea-marker-platts-futures>

- **Affordability:** Domestic gas prices must be delinked from volatile LNG netback and reflect the long run marginal cost of Australia's lowest-cost gas resources. Without affordability, supply alone does not preserve sovereign capability.
- **Additionality:** The scheme must deliver real new gas into the domestic market, not paper compliance, reshuffling of existing domestic gas, or artificial offers that are never intended to be accepted.
- **Transparency and Predictability:** Obligations must be clear, modelling must be published, and decisions, particularly those involving ministerial discretion, must be transparent, evidence-based and contestable.
- **Enforceability:** The scheme must contain strong, credible enforcement mechanisms. Flexibility must support operational realities, not provide avenues for avoidance. Emergency shortfall protections must remain in place until the DGRS is proven effective.

These principles reflect the lived experience of EUAA members over the past decade and are essential to restoring confidence in the domestic gas market.

Our recent submission to the draft legislation and our written response to this Senate Enquiry seek to reinforce these principles with a number of targeted amendments which we hope will be adopted.

Ultimately for millions of Australians this isn't about the workability of the DGRS, or the profitability of the gas producers, or manufacturers or industry. It's about when do we start to get some relief from the cost of living crisis that doesn't want to go away?

For them this is about:

- Can I afford to heat my home in winter or cool it in summer?
- Can I afford to put food on the table?
- Will I be able to build a home for my family?

These are the things that matter to most Australians who will judge the outcome of these reforms by recognising those that have sought to help alleviate the cost of living crisis and those that stood by and made it worse.

Once again, thank-you for this opportunity.