



Australian Government
**Department of Industry, Science,
Energy and Resources**

Options for a prospective national gas reservation scheme

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Issues Paper

Department of Industry, Science, Energy and Resources

June 2020

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About the review

In August 2019, the Australian Government announced a series of market and regulatory measures aimed at promoting the supply of affordable, reliable gas to the domestic market.

This included an expedited review into the Australian Domestic Gas Security Mechanism (ADGSM), extension of the Australian Competition and Consumer Commission's (ACCC) gas market inquiry, and continued reforms through the Council of Australian Governments (COAG) Energy Council aimed at improving the transparency of gas markets.

The Government also announced it would consider options for a prospective national gas reservation scheme. Consideration of these options is being undertaken by the Department of Industry, Science, Energy and Resources (DISER) through a review process which is expected to be concluded by February 2021.

Scope

Matters to be considered as part of the review shall include but not be limited to:

- the effects of a national gas reservation scheme on:
 - domestic gas markets;
 - trade and investment in Australia's oil and gas sector; and
 - the domestic economy, including businesses, particularly gas-intensive users, and households.
- approaches to gas reservation within Australian jurisdictions and internationally;
- the market and regulatory frameworks required to support gas reservation; and
- the prospective nature of any national gas reservation scheme.

Issues paper

As part of the review process, DISER has developed this issues paper to inform and stimulate public conversation about gas reservation. It explores some of the potential benefits and costs of a national gas reservation scheme and examines options for a scheme that delivers outcomes in the domestic gas market without compromising ongoing investment in the oil and gas sector. There are specific questions posed throughout the issues paper, and stakeholders are encouraged to provide responses to these questions.

Process and timeline

The Government encourages stakeholders to make submissions about the key topics highlighted in this issues paper in written format by 30 September 2020 via the Department's website. Public submissions are encouraged, and confidential submissions will also be accepted and treated accordingly.

After reviewing the submissions, DISER will prepare a draft report that will be released to stakeholders for comment. DISER will then produce a final report.

DISER will also conduct consultations with major stakeholders over the second half of 2020.

The review will report to the Government by February 2021 with its recommendations.

The dates below are indicative. DISER will publish further information with confirmed dates as the review progresses.

Release of issues paper	July 2020
Due date for responses to issues paper	30 September 2020
Major Stakeholder Consultation	September October 2020
Draft options paper released	30 November 2020
Final Paper Submitted to the Government	February 2021

List of questions for stakeholders

1. Would a prospective national gas reservation scheme be an effective means to deal with a potential domestic gas market shortfall?
2. What would the short and long-term impacts of a national reservation scheme on the Australian gas market?
3. How would a prospective national reservation scheme affect investment in oil and gas projects?
4. What would be the impact of a prospective national reservation policy on Australia's trade of LNG?
5. What is the expected impact of a reservation scheme on domestic gas users?
6. If Australia was to develop a national gas reservation policy which other jurisdictions' policies are successful or unsuccessful examples, and what are examples of unintended economic risks?
7. How would a national gas reservation scheme interact with state and territory regulations?

Background

Australia has abundant natural gas resources and has historically enjoyed comparatively low domestic gas prices. This has delivered significant benefits to the domestic economy by fuelling local industry and manufacturing, and providing affordable energy for households.

In recent years, gas prices in much of Australia have increased and supply has become more uncertain. There are a number of factors behind this, including declining supply from traditional sources of conventional gas, restrictive regulations in some jurisdictions, and the advent of a large liquefied natural gas (LNG) export industry from Queensland, which has increased demand for Australian gas.

The Government has already acted to increase domestic gas supply and improve market conditions, including by introducing limited export controls, transparency measures and other reforms (see Box 1.1). Despite improvements in market conditions, domestic gas users remain concerned about the effects of higher gas prices and potential supply shortfalls on their operations.

In this context, the Government has decided to examine whether Australia should reserve some of its gas for domestic use. And, if so, how could such a scheme be designed and implemented to balance the needs of producers and consumers, whilst preserving Australia's reputation as an attractive and stable investment destination.

Reservation is a complex topic requiring careful consideration. A number of past inquiries¹ found that intervening in gas markets risks the introduction of market distortions for producers and consumers over the long term. The Productivity Commission's draft finding in its inquiry into Resources Sector Regulation is that 'domestic gas reservation schemes can reduce returns to investors and discourage investment in gas exploration and extraction, leading to higher prices in the longer run and imposing net costs on the community'.²

Nonetheless, a number of countries with large LNG export industries, like Canada and the United States, reserve the right to limit gas exports in the public interest. Australia's two largest gas-producing states, Western Australia and Queensland, also adopt some kind of domestic reservation. As such, it appears that a well-designed reservation policy could co-exist with a strong LNG export industry.

These considerations take place as Australia contemplates further development of its gas resources in a world changed by COVID-19. The future is more uncertain for both gas producers and gas consumers.

¹ Department of Industry and Science, Energy White Paper, 2015, pg. 20; Australian Competition and Consumer Commission, Inquiry Into the East Coast Gas Market, 2016, pg. 67-8; Productivity Commission, Examining Barriers to More Efficient Gas Markets, 2015, pg. 20-1.

² Productivity Commission, 2020. Inquiry into Resources Sector Regulation – Draft Report, pg. 34. <https://www.pc.gov.au/inquiries/current/resources/draft/resources-draft-overview.pdf>

Box 1.1: A snapshot of the Australian Government's response to gas market issues

In 2017, gas prices on the east coast of Australia reached record highs due to a number of factors, including the ramp up in LNG production. The Australian Government implemented a number of reforms and measures to bring on more gas supply and improve the function of gas markets (listed below). Potential national gas reservation should be considered as one part of a broader suite of measures aimed at improving gas markets.

- **Australian Domestic Gas Security Mechanism (ADGSM):** Introduced in July 2017, the ADGSM gives the Minister for Resources the ability to restrict LNG exports in years where the domestic market is in shortfall. In 2019, the Government carried out a review into the ADGSM finding it has been largely effective in securing gas supply.
- **Heads of Agreement:** In October 2017 and September 2018, the east coast LNG exporters agreed with the Australian Government that they would offer uncontracted gas to the domestic market in the event of shortfall.
- **Gas inquiry 2017-2025:** In 2017, the Government directed the Australian Competition & Consumer Commission (ACCC) to use its special powers to conduct an inquiry into Australia's natural gas markets, and to publish important information on gas supply and pricing from 2017-2020. In 2019, the Government announced the inquiry's extension to 2025.
- **Gas market transparency measures:** Federal, state, and territory governments are working to prompt gas producers and LNG exporters to publish more information on gas prices, reserves, and resources to enable better decision-making by gas market participants.
- **Pipeline regulation:** The Council of Australian Governments (COAG) is developing options to improve gas pipelines regulation.
- **Gas Acceleration Program:** Since 2017, the Government provided \$26 million to five projects to speed up the development of onshore gas projects for the domestic market.
- **Australian Energy Market Operator (AEMO) Gas Supply Guarantee:** In 2017, pipelines and producers committed to making gas available to meet peak demand periods in the National Electricity Market.
- **Bilateral State Energy Deals:** The Government is entering into bilateral agreements with state and territory governments on energy and emissions reductions. The first bilateral agreement, which committed \$960 million from the Commonwealth, was signed with NSW on 31 January 2020. A key component of the NSW energy deal is a commitment for Governments to work together to increase gas supply in NSW by 70 petajoules (PJ) of gas each year. Agreements with other states are being negotiated and will be finalised progressively.

Gas markets

COVID-19 and Australian Gas Supply

The COVID-19 pandemic has created significant uncertainty for the domestic and international gas market. The review will be informed by the Government's approach to economic recovery and any policy changes that are adopted as a result of the pandemic.

The ACCC Gas inquiry 2017-2025 interim report expected in July of this year will be an important data input for this review.

Overview of changes to domestic gas markets

The domestic gas market has undergone significant change due to an unprecedented level of investment in LNG export projects in eastern Australia. The three LNG joint ventures have entered into large long-term LNG export agreements requiring access to significant gas reserves to meet contractual obligations. These LNG joint ventures control over 75 per cent of gas reserves and a significant proportion of gas production in eastern Australia.

Concern about future supply shortages

In its Gas Statement of Opportunities (GSOO) 2020 report, the Australian Energy Market Operator (AEMO), forecast that supply from existing and committed gas developments will be sufficient to meet forecast gas demand across eastern and south-eastern Australia until at least 2023 (see Figure 1). This is provided that LNG export spot cargoes are redirected to meet domestic demand, if required.³

AEMO predicts that southern supply will reduce by more than 35 per cent over the next five years, despite an increase in committed gas developments in the past year. Unless additional southern supply sources are developed, LNG import terminals are progressed, or pipeline limitations are addressed, gas supply restrictions and curtailment of gas-powered generation (GPG) for the National Electricity Market (NEM) may be necessary on peak winter days in southern states from 2024.⁴

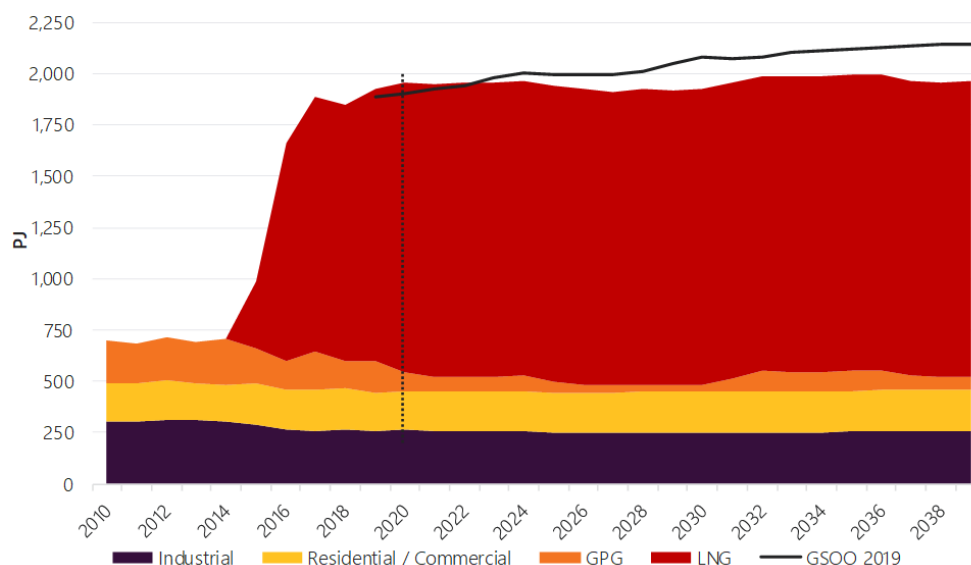
AEMO further states that global oil and gas demand trends may see LNG demand varying from expectations and indirectly impacting prices and availability of domestic supply and LNG imports. AEMO also notes that impacts of the COVID-19 coronavirus, while not modelled in its 2020 GSOO, may lead to decreased levels of global LNG demand and domestic gas consumption in the short term.⁵

³ AEMO, 2020, Gas Statement of Opportunities, pg. 3. <https://aemo.com.au/energy-systems/gas/gas-forecasting-and-planning/gas-statement-of-opportunities-gsoo>

⁴ AEMO, 2020, Gas Statement of Opportunities, pg. 3. <https://aemo.com.au/energy-systems/gas/gas-forecasting-and-planning/gas-statement-of-opportunities-gsoo>

⁵ AEMO, 2020, Gas Statement of Opportunities, pg. 3. <https://aemo.com.au/energy-systems/gas/gas-forecasting-and-planning/gas-statement-of-opportunities-gsoo>

Figure 1: Gas consumption actual and forecast, 2010-39, eastern gas market all sectors, Central scenario⁶



New policies impacting supply in the east-coast gas market

Recently the Queensland Government and Victorian Government have introduced new policies which will inform investment and new gas supply for the east coast.

On 8 June 2020, the Queensland Government announced a royalty policy to inform investment and development of new gas projects. Currently, consultation is being undertaken on a new volume based royalties model, rather than the existing price based model⁷. The new royalties' scheme will be fixed for five years. The new volume based model is to be implemented from 1 October 2020 prior to the consideration of any policy options by the Australia Government.

On 16 June 2020, the Victorian Parliament passed legislation to enable onshore exploration for conventional gas from 1 July 2021. Victoria's moratoria onshore conventional gas exploration and development was to expire on 30 June 2020. At the same time, the policy will maintain a ban on hydraulic fracturing and coal seam gas.

Western Australia

In Western Australia's domestic gas market, AEMO forecasts gas supply to exceed demand over the outlook period until 2029. Gas supply is expected to be underpinned by projects under development, including Browse Basin, Scarborough⁸, and West Erregulla, though there is some uncertainty surrounding the timeframe for developments as a result of the financial impacts of

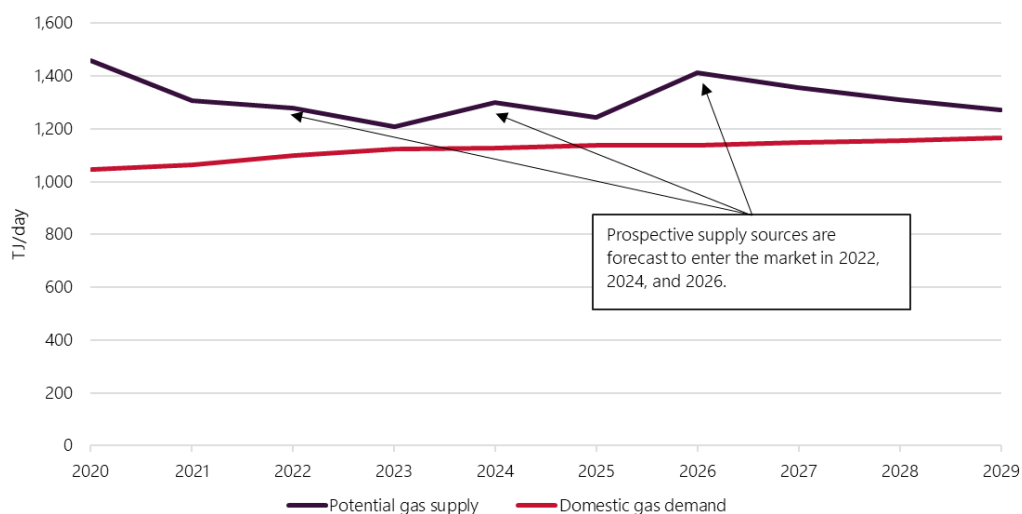
⁶ AEMO, 2020, GSOO, pg. 4. <https://aemo.com.au/energy-systems/gas/gas-forecasting-and-planning/gas-statement-of-opportunities-gsoo>

⁷ Queensland Petroleum Royalty Review <https://www.treasury.qld.gov.au/resource/queensland-petroleum-royalty-review/>

⁸ Noting final investment decision is currently deferred for the Browse Basin and Scarborough projects.

Covid-19. Gas demand is expected to grow an average annual rate of 1.2 per cent in the base scenario, largely due to growth in the mining and minerals processing sectors.⁹

Figure 2: Base scenario WA gas market balance (TJ/day), 2020 to 2029¹⁰



The importance of LNG exporters to the gas domestic market

LNG exports have played a positive role in contributing to the flow of gas to the domestic market. Australia's LNG projects are enablers of domestic gas, as the resources that feed them are otherwise too large to be developed for Australia domestic supply alone.

For example, in the third quarter of 2019, LNG producers supplied about 20 per cent of the gas consumed in the eastern gas market, an amount that has grown steadily since 2017.¹¹ In Western Australia, where there is a reservation policy, this was closer to 50 per cent.¹²

Price dynamics in Australian gas markets

The establishment of LNG export facilities in Queensland has changed the dynamics of Australia's eastern gas market. Gas producers in Victoria and South Australia could sell gas to LNG export facility operators. This option has created a partial link between domestic and international gas prices. Australian gas users now compete with international customers for Australian gas. The price differential between spot domestic and international gas prices has narrowed since the LNG export facilities started operations (Figure 2).

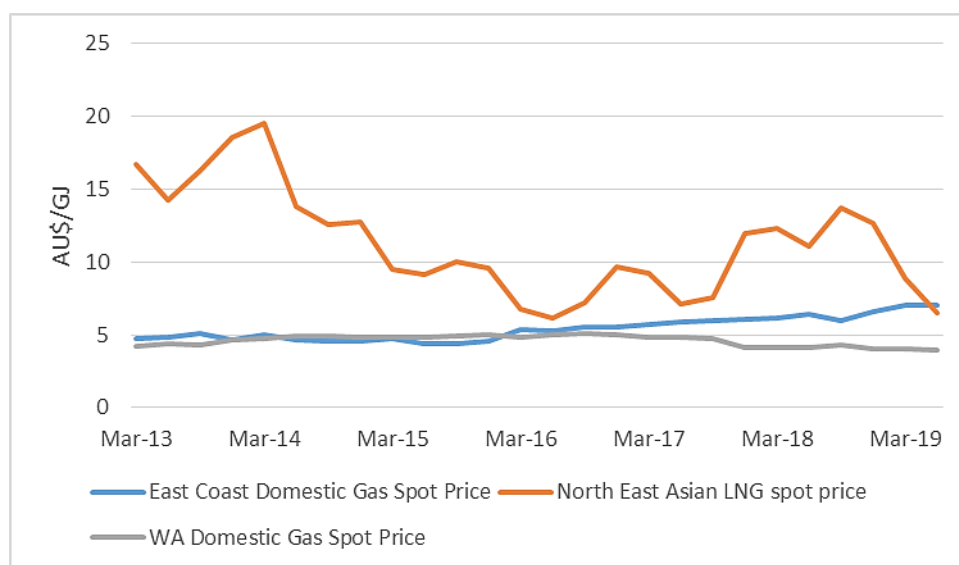
⁹ AEMO, 2019, WA GSOO, pg. 3. <https://aemo.com.au/energy-systems/gas/gas-forecasting-and-planning/wa-gas-statement-of-opportunities-wa-gsoo>

¹⁰ AEMO, 2019, WA GSOO, pg 4. <https://aemo.com.au/energy-systems/gas/gas-forecasting-and-planning/wa-gas-statement-of-opportunities-wa-gsoo>

¹¹ EnergyQuest, EnergyQuarterly, December 2019, pg. 18.

¹² Western Australia Liquefied Natural Gas Profile, July 2019, Government of Western Australia, Department of Jobs, Tourism, Science and Innovation, pg. 3. https://www.jtsi.wa.gov.au/docs/default-source/default-document-library/wa-lng-profile-0719.pdf?sfvrsn=afe7701c_4

Figure 2: Domestic and international gas spot prices, 2013-20¹³



Question for stakeholders

1. Would a prospective national gas reservation scheme be an effective means to deal with a potential domestic gas shortfall?
2. What would be the short and long-term impacts of a national scheme on the Australian gas market?

¹³ Energy Edge, Gas Market Analysis Tool. www.energyedge.com.au/Products/GasMarketAnalysisTool.aspx. WA Department of Mines, Industry Regulation and Safety 2019 Major commodities resources data. <https://www.dmp.wa.gov.au/Documents/Investors/2019-Major-commodities.xlsx>. Department of Industry, Science, Energy, and Resources, Resources and Energy Quarterly March 2020, pg 61. <https://publications.industry.gov.au/publications/resourcesandenergyquarterlymarch2020/documents/Resources-and-Energy-Quarterly-March-2020.pdf>. Note: the Four Eastern markets are the Victorian Declared Wholesale Gas Market and the Short Term Trading Markets of Sydney, Brisbane and Adelaide.

Trade and investment in Australia's oil and gas sector

Impact on investment

LNG projects are costly and risky undertakings. They have long planning horizons and typically require long-term contracts to underwrite their development. It has been argued that reservation can create additional uncertainty, risk and regulatory burden for producers and that it may be ineffective in achieving its aims, as it disincentives development and ultimately leads to less gas production.^{14,15}

The Government is keenly aware of the importance of maintaining regulatory stability in the oil and gas sector, which already faces varying risks and uncertainties around costs and investment. When examining whether to apply a reservation policy, DISER will weigh the potential impacts on oil and gas investment and Australia's investment reputation more broadly over the short and longer term.

In order to provide greater certainty to gas producers, the Government has made clear that the potential prospective gas reservation scheme would only be applied to prospective projects. Through the review DISER will consider what kind of projects or activities would be captured by the definition of 'prospective' if a policy is adopted. For example, whether the policy should apply to a project's physical infrastructure or to the resources to be developed and/or their underlying tenements/titles.

This question is also relevant to the efficacy of any policy, at least in the short term. In Australia, the majority of the large gas projects at the feasibility stage are backfill projects that utilise existing LNG project infrastructure. Projects like Santos' Narrabri Gas Project in NSW have already committed to supply exclusively to the domestic market.

Question for stakeholders

3. How would a prospective national reservation scheme affect investment in oil and gas projects?

Impact on trade

Some Asian countries are at least partially reliant on Australian gas for their energy security. A number of these regional partners have also invested heavily in oil and gas projects in Australia. It is clear that Australia benefits from this trade and foreign investment, while our regional partners benefit from access to reliable gas supply. LNG exporters also have legal obligations under these contracts that they are required to fulfil. It is important to consider the way that reservation may impact upon Australia's economic relationships and trade with its partner countries.

¹⁴ Deloitte Access Economics, 2013, Economic Impacts of Gas Reservation, pg ii.
<https://www.appea.com.au/wp-content/uploads/2013/10/DAE-Economic-impacts-of-gas-reservation-2.pdf>;
 Business Council of Australia, 2015, Submission to the ACCC East Coast Gas Inquiry, pg. 36.
<https://www.accc.gov.au/system/files/ECGI%20-%20Submission%20to%20Issues%20Paper%20-%20PUBLIC%20-%20Business%20Council%20of%20Australia.PDF>

As highlighted by the International Energy Agency in its Gas 2020 report, gas exporters face significant uncertainty over the next five years. An unprecedented drop in gas demand caused by COVID-19 lockdowns coupled with market oversupply has created an uncertain outlook for gas producers.

Question for stakeholders

4. What would be the impact of a prospective national reservation policy on Australia's LNG trade?

Domestic gas users

The importance of gas to Australian industry

Natural gas is used across many sectors as both an energy source and raw material. It is used for heat, as in the case of steel-making; as a feedstock in chemical processes, as with ammonia production (which eventually becomes fertiliser); and in electricity generation.

A steady supply of affordable energy, including gas, is vital for the Australian economy, particularly for energy intensive manufacturing. In 2017-18, gas provided one fourth of Australia's energy, fuelled one fifth of the country's electricity generation, and accounted for over 40 per cent of the energy used by the manufacturing sector.¹⁶ In the past, affordable and reliable gas has been one of Australia's competitive advantages, enabling manufacturers to build globally competitive businesses with significant employment.

The manufacturing industry is Australia's seventh largest industry for employment, employing over 900,000 people across thousands of companies, and accounting for 5.5 per cent of GDP and \$127 billion in export earnings in 2019.¹⁷ There is also flow-on benefits to sectors that are closely intertwined with the manufacturing sector.

The impacts of high gas prices on commercial and industrial users of gas

As the ACCC noted in its January 2020 report, high gas prices have created challenges for a number of commercial and industrial gas users¹⁸. According to the ACCC, high gas prices are one of the top three concerns for all gas users surveyed since 2017. High gas prices have also led to a number of businesses reviewing their profitability and becoming unviable. Commercial and industrial gas users report postponing capital investment and upgrades as high gas prices compress profit margins.

The impact of high gas prices extend to electricity prices because of the important role that gas plays in electricity generation. In 2018, the ACCC estimated that for every \$1/GJ rise in gas prices, the wholesale price of electricity rises by up to \$11/MWh, depending on regional differences in the NEM.¹⁹

Many energy intensive firms are located in regional areas, such as the Hunter Valley, Gladstone, Bell Bay, Portland, Whyalla and Port Kembla. Redundancies and closures would have a disproportionate impact on their local economies, resulting in shrinking populations without significant structural adjustment assistance.

Loss of any of these large energy users could also have flow-on impacts for the NEM by accelerating the exit of baseload generation which could compromise energy security. In addition, if Australia loses the industrial capability that offer services to the electricity market such as load-shedding

¹⁶ Australian Energy Update 2019, pgs 2, 3. <https://www.energy.gov.au/publications/australian-energy-update-2019>

¹⁷ Office of the Chief Economist, Department of Industry, Science, Energy, Resources

¹⁸ C&I users included the commercial sector, such as construction, retail, agriculture, and public services, and industry, such as Gas Inquiry Report, pg 1. <https://www.accc.gov.au/system/files/Gas%20inquiry%20-%20January%202020%20interim%20report.pdf>

¹⁹ Restoring electricity affordability and Australia's competitive advantage, Retail Electricity Pricing Inquiry – Final Report, June 2018, pg viii. https://www.accc.gov.au/system/files/Retail%20Electricity%20Pricing%20Inquiry%E2%80%94Final%20Report%20June%202018_Exec%20summary.pdf

during extreme weather events or major failures, there may be greater risks of supply interruptions, impacting businesses and households.

A decline in Australia's industrial energy users such as the aluminium and steel industry can have broader implications for Australia's sovereign industrial capability. These industries are key suppliers of government projects such as the \$10 billion Inland Rail program and the \$90 billion shipbuilding plan. They are also significant drivers of domestic research and development, exports and economic growth.

In this context, the review aims to better understand the ways that the supply of reliable and competitively priced gas has delivered economic benefits to Australia, and whether it is appropriate to intervene in gas markets in an attempt to restore competitive advantages to Australian industries. It will examine the potential impacts of gas reservation on regional communities, many of whom rely on manufacturing jobs for their ongoing prosperity, and on Australia's export profile.

Question

5. What is the expected impact of a reservation scheme on domestic gas users?

Market interventions and regulatory frameworks

The Australian legal and regulatory framework.

In Australia, the regulatory framework for oil and gas exploration and development is split between federal, state and territory governments, with the federal government broadly responsible for offshore resources and state and territory governments responsible for onshore resources.

While there is no national reservation policy, across the country there are already different approaches to regulating gas markets to ensure that the domestic market is adequately supplied. These range from “light-touch” industry-led solutions at the Commonwealth level to what is commonly described as “blanket reservation”, as in the case of Western Australia.

The Australian Domestic Gas Security Mechanism (ADGSM)

While not a pure reservation scheme, the ADGSM does give the Government the power to intervene in gas exports in limited circumstances. In the case of an anticipated gas shortfall, the Government can implement export controls, in this way potentially diverting gas to the domestic market. The ADGSM is due to expire in 2023.

Non-regulatory approach

On two occasions, a Heads of Agreement has been signed by the Prime Minister and representatives of the three east coast liquid natural gas (LNG) exporters to ensure these producers make available a secure supply of gas to the east coast domestic market. Under the agreement LNG exporters committed, in the event of a domestic shortfall, to offer uncontracted gas to the domestic market before selling this gas internationally. The current Heads of Agreement expires in 2020.

Acreage reservation

Through its regulation of petroleum leases, the Queensland Government imposes a condition (the “Australian Market Supply Condition” or AMSC) on certain tenements that any petroleum developed on the leased acreage must be sold and used only in Australia. Recently, the Queensland Government included a requirement for gas produced to be supplied to domestic manufacturing. The Queensland Government is currently conducting a review of this policy.²⁰

Preferential Reservation

Victoria’s new legislative amendments also have a reservation component. The new legislative amendments require offshore producers to provide domestic consumers with an equal first opportunity to buy new petroleum and gas discovered under acreage released since 2018. Victoria’s new gas laws are still to go through a consultation and regulatory impact process. Following which presumably the details of their preferred supply policy will be developed.

Nonetheless, new gas supply could be expected closer to users in south-eastern Australia, reducing transport costs.

Blanket reservation

Western Australia adopts a blanket policy that requires LNG producers to the equivalent of reserve gas for the domestic market. LNG producers can obtain project approval by proving that they will

²⁰Review of domestic gas pilot program, <https://www.dnrme.qld.gov.au/mining-resources/initiatives/review-of-domestic-gas-pilot-program>

reserve gas for the market; develop the necessary infrastructure and show diligence and faith in marketing the gas.²¹

The policy is described as flexible with respect to exact timing, price, and sale conditions. For example, the policy does not specify the price at which gas be offered for sale – this is instead determined by the market and producers can withhold gas in reserve to sell at a time when market conditions are preferable.

If administering a blanket reservation policy of this nature at the national level, the Government would likely need to consider the volume of gas required to adequately supply the domestic market, an amount that would fluctuate in ways difficult to predict over time. It would also need to consider the manner in which gas is sold and at what price. This could be administratively burdensome.

Case by case assessments

In considering gas reservation is it important to consider whether such reservation is applied via a ‘blanketed’ approach or whether ‘case by case’ assessments are warranted. A ‘blanketed’ approach makes the requirements clear to project proponents while ‘case by case’ assessments can provide a level of flexibility to ensure the scheme is appropriately applied to meet the need of specific projects, the market and consumers.

International approaches to resource reservation

In undertaking the review, DISER will look at models domestically and overseas to examine different approaches to gas reservation. A number of gas-exporting countries, including the United States, Canada, and Mozambique, adopt different kinds of gas reservation schemes (see Box 1.2). Others have high levels of state ownership and more explicitly regulate in the long-term societal interest, such as in Norway.

Some consider this as evidence that reservation schemes can lead to a well-supplied domestic market while also fostering a healthy LNG export industry. It is important, however, to examine these schemes in some detail, owing to the varying legal and regulatory frameworks, geological conditions, and economic imperatives that exist across the different jurisdictions. What is appropriate for one country may not be suitable for another, including for Australia.

²¹ <https://www.itsi.wa.gov.au/economic-development/economy/domestic-gas-policy>

Box 1.2 Gas reservation and interventions around the world*United States*

In the United States, exports to countries with which the United States has a free-trade agreement (FTA) are automatically deemed to be in the public interest and must be approved 'without modification or delay'. If no FTA applies, LNG exports are presumed to be 'in the public interest' unless the DOE finds otherwise after conducting an informal adjudication process.²²

Canada

In Canada, exports licenses are granted by the Canada Energy Regulator, formerly the National Energy Board. When granting the license, the CER will assess licence applications to determine if the volume of the applied for energy commodity proposed for export is surplus to Canadian requirements.

Mozambique

The Petroleum Law states that no less than 25 per cent of the gas produced in the national territory is destined for the domestic market and regulates price and other matters relating to the use of this gas. In addition to this, the Government retains greater control over the industry in general, and, for example, reserves the right to be a joint participant in petroleum operations.

Other Countries

Other Organisation of Economic Cooperation and Development (OECD) gas exporting countries may have policies Australia can learn from. Such as the Netherlands and Norway where the government works with gas producers to optimise gas production but doesn't intervene in domestic markets.

Further, non-OECD gas exporting countries could serve as an examples of the impacts of government intervention and attempts to regulate domestic gas supply and price. Particularly countries with smaller domestic gas markets, compared to export volumes like Australia, and also have manufacturing industries. Possible examples include Algeria, Indonesia, Malaysia, and Peru.

Question

6. If Australia was to develop a national gas reservation policy which other jurisdictions' policies are successful or unsuccessful examples, and what are examples of unintended economic risks?
7. How would a national gas reservation scheme interact with state and territory regulations?

²² When assessing the project to a non-FTA country, the DOE takes into consideration the scope of the project, the participants in the transaction, the terms of the transaction, as well as the source and security of the natural gas supply to be exported, among other things. Applicants are expected explain why the proposed action is in the 'public interest.'

<https://www.federalregister.gov/documents/2014/06/04/2014-12932/proposed-procedures-for-liquefied-natural-gas-export-decisions>



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The review

In August 2019, the Australian Government announced a series of market and regulatory measures aimed at promoting the supply of affordable, reliable gas to the domestic market.

This included an expedited review into the Australian Domestic Gas Security Mechanism (ADGSM), extension of the Australian Competition and Consumer Commission's (ACCC) gas market inquiry, and continued reforms through the Council of Australian Governments (COAG) Energy Council aimed at improving the transparency of gas markets.

The Government also announced it would consider options for a prospective national gas reservation scheme. Consideration of these options is being undertaken by the Department of Industry, Science, Energy and Resources (DISER) through a review process which is expected to be concluded by February 2021.

Issues paper

As part of the review process, DISER has developed this issues paper to inform and stimulate stakeholder discussion and conversation on gas reservation. It explores some of the potential benefits and costs of a national gas reservation scheme. It also examines options for a scheme that delivers outcomes in the domestic gas market without compromising investment in the oil and gas sector.

Scope

Matters to be considered as part of the review include, but are not limited to:

- The effects of a prospective gas reservation scheme on:
 - domestic gas markets;
 - energy security;
 - trade and investment in Australia's oil and gas sector; and
 - the domestic economy, including businesses (particularly energy intensive users) and households.
- Approaches to gas reservation within Australian jurisdictions and internationally.
- The market and regulatory frameworks required to support a gas reservation scheme.
- The prospective nature of any national gas reservation scheme.

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Process

The review is being led by DISER. The Government encourages stakeholders to make submissions on the key topics within the Scope above and as highlighted throughout this Issues Paper. Submissions should be provided in written format by 30 June 2020 via the Department's website. Public submissions are encouraged, and confidential information will also be accepted and treated accordingly.

After reviewing the submissions, the DISER will prepare a draft report that will be circulated to stakeholders for comment in the third quarter of the year. It will then prepare a final report in the final quarter of the year.

DISER will also conduct consultations as appropriate with stakeholders over the course of 2020.

The review will provide a final report with recommendations to the Government by February 2021.

Timeline

The dates below are indicative. DISER will publish further information with confirmed dates as the review progresses.

Release of issues paper	April 2020
Due date for submissions in response to issues paper	30 June 2020
Draft report due	30 September 2020
Review completed with final report	February 2021

Summary

Australia has abundant natural gas resources and has historically enjoyed comparatively low domestic gas prices. This has delivered significant benefits for the domestic economy by providing reliable and affordable energy to local businesses, manufacturers, and households.

However, in recent years, gas prices, particularly in eastern Australia, have increased and supply has become more uncertain. There are a number of factors behind gas price rises, including declining supply from traditional sources of conventional gas and restrictions on gas exploration and development in some jurisdictions. However, the start of Queensland's liquefied natural gas (LNG) export industry and subsequent partial linkage of domestic and international gas prices has been a key contributor to price rises on the east coast.

Australia's LNG industry brings with it employment opportunities, revenues from taxes and royalties, benefits to shareholders, and increased trade with Asia-Pacific nations. However, it also exposes domestic consumers to international prices and has, at times, seen gas that may otherwise have gone to the domestic market used to fulfil export contracts. However, the significant scale of LNG project investments has also seen the development of gas for the domestic market which may otherwise not be commercial.

These market changes have implications on energy supply and affordability for domestic industries and consumers generally. The high costs of gas and electricity are impacting the international competitiveness and economic viability of Australia's energy intensive firms, particularly on the east coast.

The Government has acted to increase domestic gas supply and improve market conditions, including by introducing the potential for limited export controls through the Australian Domestic Gas Security Mechanism (ADGSM), transparency measures and other regulatory and market reforms (see Box 1.2). Despite improvements in market conditions, domestic gas users remain concerned about the effects of higher gas prices and potential supply shortfalls on their operations.

In this context, the Government has decided to explore options for a prospective national gas reservation scheme.

In conducting the review, the Department will examine whether Australia should reserve some of its gas for domestic use. And, if so, how such a scheme could be designed and implemented to balance the needs of producers and consumers, whilst preserving Australia's reputation as an attractive and stable investment destination.

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Should we have reservation?

Arguments for and against reservation are well known and have been explored on a number of prior occasions (Box 1.1)

Those in favour of gas reservation tend to argue that it is necessary to protect domestic consumers from the potential price increases and supply disruptions caused by exposure to international markets. They sometimes couch this in terms of market failure, as they argue that an overly intense focus on exporting liquefied natural gas leads to insufficient gas supply for local consumers, which can only be rectified with government intervention.

The concerns associated with reservation were pithily stated by the Productivity Commission in their recent draft Resources Sector Regulation reform draft report:

Domestic gas reservation schemes can reduce returns to investors and discourage investment in gas exploration and extraction, leading to higher prices in the longer run and imposing net costs on the community.¹

Given these arguments have been relatively well canvassed in the past, when assessing the pros and cons of reservation, the Department will place particular emphasis on the particular set of factual circumstances and the likely real-world implications of reservation over the coming years in Australia. In assessing this question, it will look at the effects of the domestic economy (Issue 1), on trade and investment in the resources sector (Issue 2), and the relationship between reservation and national and energy security more broadly (Issue 3).

Box 1.1 Gas reservation – studies and reports to date

- Western Australia Economics and Industry Standing Committee, Inquiry Into Domestic Gas Prices, 2011
- Department of Resources Energy and Tourism, Energy White Paper 2012
- NSW Parliamentary Research Service, Gas: Resources, Industry Structure and Domestic Reservation Policies, 2013
- Bureau of Resources and Energy Economics, Eastern Australian Domestic Gas Market Study, 2014
- Inquiry into Microeconomic Reform in Western Australia, Economic Regulation Authority, 2014
- Department of Industry and Science, Energy White Paper, 2015
- Productivity Commission, Examining Barriers to More Efficient Gas Markets, 2015
- ACCC, Inquiry Into the East Coast Gas Market, 2016
- Productivity Commission, Submission to the Senate Economics References Committee Inquiry into Australia's Oil and Gas Reserves, 2019
- Queensland Department of Natural Resources, Mines and Energy, Review of Domestic Gas Pilot Program (to be released in the first quarter of 2020).
- Productivity Commission, Resources Sector Regulation, Draft Report, 2020

¹

file:///C:/Users/ew7317/AppData/Local/Microsoft/Windows/INetCache/Content.Outlook/L5L6DYBF/EMBARG OED-resources-draft%20(004).pdf

If we should have reservation, how could we achieve this at the national level?

The second question the Department will explore is how reservation could be achieved at the national level.

In examining this question, the Government will look at local and international approaches to reservation. It will also explore the regulatory issues associated with adopting a national approach, as the legislative framework for oil and gas regulation splits powers between the commonwealth and states and territories.

These considerations take place as Australia considers further development of its vast gas resources. Given the significant investments required for such development, it is important to consider the needs of local industries and consumers alongside those of the LNG industry and its customers.

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Box 1.2: A snapshot of the Australian Government's response to gas market issues on the east coast

In 2017, gas prices on the east coast of Australia reached record highs due to a number of factors, including the ramp up in LNG production. The Australian Government has implemented a number of reforms and measures to bring on more gas supply and improve the function of gas markets (listed below). Potential national gas reservation must be understood as one part of a broader suite of measures aimed at improving gas markets.

- **Australian Domestic Gas Security Mechanism (ADGSM):** Introduced in July 2017, the ADGSM gives the Minister for Resources the ability to restrict LNG exports in years where the domestic market is in shortfall.
- **Review into ADGSM:** in August 2019, the Government brought forward a review into the ADGSM to ensure it is working effectively.
- **Heads of Agreement:** In October 2017 and September 2018, the east coast LNG exporters agreed with the Australian Government that they would offer uncontracted gas to the domestic market in the event of shortfall.
- **Gas inquiry 2017-2025:** in 2017, the Government directed the Australian Competition & Consumer Commission (ACCC) to use its special powers to conduct an inquiry into Australia's natural gas markets, and to publish important information on gas supply and pricing from 2017-2020. In 2019, the Government announced the inquiry's extension to 2025.
- **Gas market transparency measures:** Federal, state, and territory governments are working to prompt gas producers and LNG exporters to publish more information on gas prices, reserves, and resources to enable better decision-making by gas market participants.
- **Pipeline regulation:** Federal, state, and territory governments are working to improve the way the gas pipelines are regulated.
- **Gas Acceleration Program:** since 2017, the Government has funded five projects to speed up the responsible development of onshore natural gas projects so that more gas is brought to domestic consumers.
- **AEMO Gas Supply Guarantee:** in 2017, pipelines and producers committed to making gas available to meet peak demand periods in the National Electricity Market.
- **Bilateral State Energy Deals:** The Government is entering into bilateral agreements with state and territory governments on energy and emissions reductions. The first bilateral agreement, which committed \$960 million from the Commonwealth, was signed with NSW on 31 January 2020. A key component of the NSW energy deal is a commitment for Governments to work together to increase gas supply in NSW by 70 petajoules (PJ) of gas each year. Agreements with other states are being negotiated and will be finalised progressively.

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Background

Gas markets in Australia have undergone significant changes due to an unprecedented level of investment in LNG export projects. This has had price and supply implications for domestic gas consumers. While recent attention has focused on the east coast, the western gas market has already experienced supply constraints and price volatility, most notably in 2010.

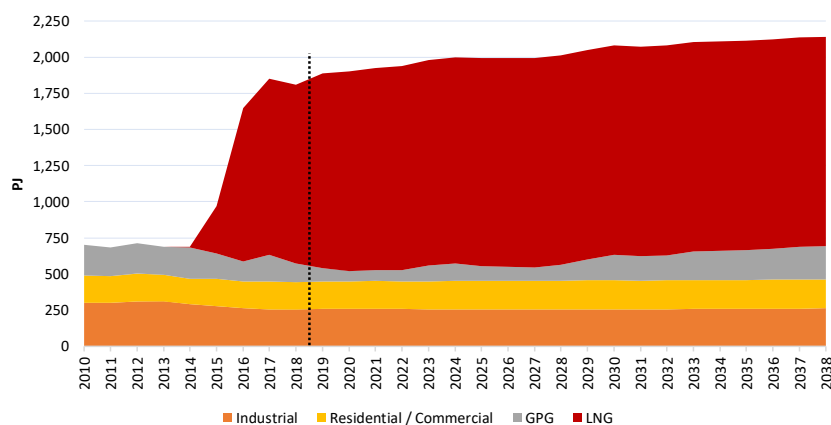
Overview of changes to east coast gas market

The eastern gas market has changed as a result of record investment in LNG export projects. The three LNG joint ventures have entered into large long-term LNG export agreements requiring access to significant gas reserves to meet contractual obligations. These LNG joint ventures control over 75 per cent of gas reserves and a significant proportion of gas production in eastern Australia.

Concern about future supply shortages

In its Gas Statement of Opportunities 2019 report, the Australian Energy Market Operator (AEMO) forecasts gaps in gas supply from 2024. To mitigate against these forecast gaps, new infrastructure development, new commitments to develop reserves and contingent resources, or the discovery and development of prospective resources in the south to meet forecast demand would be required.

Figure 1: Gas consumption actual and forecast, 2010-38, eastern gas market all sectors, Neutral scenario



Australia's western gas market

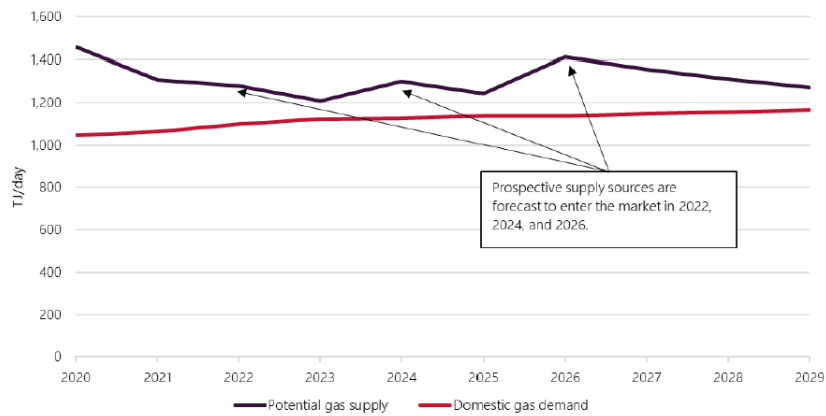
According to AEMO, potential gas supply in the Western market is forecast to exceed domestic gas demand until 2029. Gas supply is expected to be underpinned by projects currently under development, including Browse, Scarborough, and West Erregulla. Gas demand is expected to grow weakly over this period.

Figure 2: Potential gas supply is expected to exceed forecast gas demand over the outlook period in Western Australia³, base scenario

³ WA Gas Statement of Opportunities – December 2019, https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/wa_gsoo/2019/wa-gas-statement-of-opportunities---december-2019.pdf?la=en

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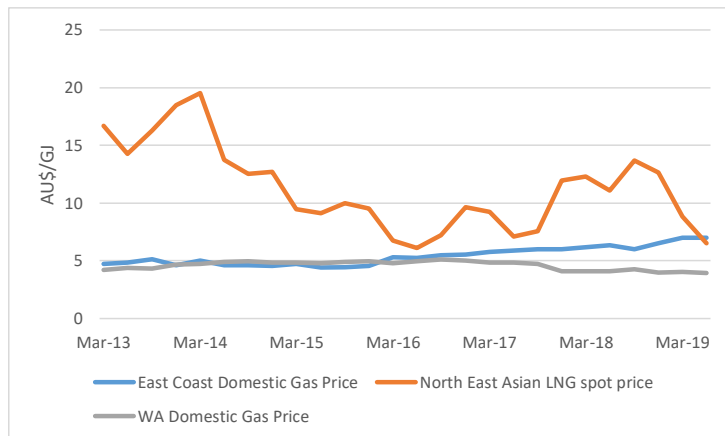


Price dynamics in Australian gas markets

The establishment of LNG export facilities in Queensland has changed the dynamics of Australia's eastern gas market. Gas producers in Victoria and South Australia now have the option of selling gas to LNG export facility operators. This option has created a partial link between domestic and international gas prices. Australian gas users now compete with international customers for Australian gas. The price differential between spot domestic and international gas prices has narrowed since the LNG export facilities started operations (Figure 2).

In Western Australia, a domestic gas reservation policy is in force, requiring LNG producers to reserve the equivalent of 15 per cent of their production for domestic use. Many consider that this has contributed significant gas supply to the domestic market and helped put downward pressure on gas prices. Some consider that the western market is in an oversupply situation.

Figure 3: Domestic and International Gas prices, 2013-20



Source: Energy Edge, Gas Market Analysis Tool

[www.energyedge.com.au/Products/GasMarketAnalysisTool.aspx] and Argus Media, LNG des Northeast Asia (ANEA) half-month 1 [<https://direct.argusmedia.com>]; Government of Western Australia, Department of Mines, Industry Regulation and Safety, Major Commodities 2018-19

Notes: The Four Eastern markets are the Victorian Declared Wholesale Gas Market and the Short Term Trading Markets of Sydney, Brisbane and Adelaide.

The role of gas in domestic industry

Natural gas is used across many sectors as both an energy source and raw material. It is used for heat, as in the case of steel-making; as a feedstock in chemical processes, as with ammonia production (which eventually becomes fertiliser); and in electricity generation. In 2017-18, gas provided one fourth of Australia's energy, fuelled one fifth of the country's electricity generation, and accounted for over 40 per cent of the energy used by the manufacturing sector.⁴

In the past, affordable and reliable gas has been one of Australia's competitive advantages, enabling manufacturers to build globally competitive businesses with significant employment. Today, the manufacturing industry is Australia's seventh largest industry for employment, employing over 900,000 people across thousands of companies, and accounting for 5.5 per cent of GDP and \$127 billion in export earnings in 2019.⁵ There is also the many flow-on benefits to sectors that are closely intertwined with the manufacturing sector.

The impacts of high gas prices on commercial and industrial users of gas

According to the ACCC, high gas prices are one of the top three concerns for all gas users it has surveyed since 2017.⁶ High gas prices have led to a number of businesses reviewing their profitability and becoming unviable. Commercial and industrial gas report postponing capital investment and upgrades as high gas prices compress profit margins.

⁴ Australian Energy Statistics 2017-18

⁵ Office of the Chief Economist, Department of Industry, Science, Energy, Resources

⁶ C&I users included the commercial sector, such as construction, retail, agriculture, and public services, and industry, such as Gas Inquiry Report, <https://www.accc.gov.au/system/files/Gas%20inquiry%20January%202020%20interim%20report.pdf>

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Many energy intensive firms are located in regional areas, such as the Hunter Valley, Gladstone, Bell Bay, Portland, Whyalla and Port Kembla. Redundancies and closures would have a disproportionate impact on their local economies.

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Issue 1 - the effects of prospective domestic gas reservation on the domestic economy

Some proponents of reservation argue that it could benefit our local industries, which are large employers, important contributors to GDP, and, in many cases, of some national or energy security or geostrategic importance to the country (see Box 1.3). Others argue that reservation imposes an overall net loss on the Australian economy, and that over the long term, Australian households miss out on a source of wealth. These issues and some contextual information are summarised below. Stakeholders are encouraged to provide their views on these matters.

The effects of reservation of supply, demand, and price in the short term

Reservation would involve quarantining some gas production or gas-producing acreage for domestic use, instead of allowing that gas to be sold to overseas customers. This will likely have impacts on the supply, demand, and price of gas over the short and longer term.

In theory, reservation would increase the supply of gas to the domestic market and could therefore put downward pressure on prices. This could provide price relief to gas intensive users who have struggled to absorb price increases into their operations in recent years.

Nonetheless, it is important to note that the Government has made clear that reservation, if implemented, would only apply prospectively (see below *A prospective policy*). Therefore when considering potential additional supply, it will only be with respect to future gas developments. However, in Australia, the majority of the large gas projects at the feasibility stage are backfill projects that utilise existing LNG project infrastructure - rather than new greenfield developments of the type seen over the past decade as part of Australia's US\$200 billion LNG investment phase.⁷

The effects of reservation of supply, demand, and price in the long term

A number of inquiries have concluded that over the longer-term, domestic gas reservation may actually increase the price of gas.⁸ This is because reservation may discourage investment in gas exploration and development. Some have also pointed out that high commodity prices serve an important purpose, as the promise of higher returns encourages greater gas exploration and development, which ultimately brings on more supply and corrects gas prices. By intervening in gas markets, the Government may distort this message.

However, many countries with sizeable LNG-export industries have some form of reservation scheme or reserve the right to intervene in exports for the benefit of the domestic economy. The United States and Canada are notable examples. Also, Australia's two largest gas producing states, Western Australia and Queensland, have differing forms of reservation policies applying to their gas developments (discussed in *Issue 4*.) This suggests that it may be possible to balance reservation with a number of other factors to maintain and promote competition and investment in oil and gas exploration and development.

Reservation and domestic energy intensive industries

By increasing the supply of gas to the domestic market, a reservation policy would in theory make gas more reliable and affordable for domestic gas users. This could provide price relief to domestic

⁷ Department of Industry, Innovation and Science, Resources and Energy Quarterly, December 2019, <https://publications.industry.gov.au/publications/resourcesandenergyquarterlydecember2019/documents/Resources-and-Energy-Quarterly-December-2019.pdf>

⁸ PC, Energy White Paper, Neill et al, Deloitte Access Economics, The economic impacts of a domestic gas reservation

gas consumers, enabling them to continue their operations. It could enable them to invest more capital in their operations, grow, expand, and employ more people.

The review aims to better understand the ways that the supply of reliable and competitively priced gas has delivered economic benefits to Australia, and whether it is appropriate to intervene in gas markets in an attempt to restore competitive advantages to Australian industries. It will examine the potential impacts of gas reservation on regional communities, many of whom rely on manufacturing jobs for their ongoing prosperity, and on Australia's export profile.

Reservation and the domestic economy more broadly

The Productivity Commission perhaps best summarised the essence of concerns about reservation in the Regulation Resource Management Review:

Domestic gas reservation schemes can reduce returns to investors and discourage investment in gas exploration and extraction, leading to higher prices in the longer run and imposing net costs on the community.

There have been some economic studies conducted that found that reservation would pose an overall net loss on the economy. This is because of the Australian community's overall benefits from the higher returns offered for gas on international markets. Lower revenues due to reservation policies lower the overall economic benefit generated by gas extraction (though this would of course mask gains in certain sectors.)

Questions for stakeholders

- What is the expected impact of a prospective reservation scheme on the domestic supply of gas over the short and longer term?
- What impacts would a gas reservation scheme have on domestic prices, both in real terms and relative to international prices?
- What is the expected impact of a reservation scheme on market structure and participant behaviour?
- What would the impact of a gas reservation scheme be on the risk profile of domestic gas users?
- For those market participants that operate under some form of domestic reservation, how has the regulatory regime influenced your operations?
- What form would a reservation scheme need to take to have a meaningful impact on domestic markets?
- What is the impact of sustained high gas prices on Australian industries?
- What is the expected impact of a reservation scheme on the domestic gas users/domestic gas demand/the viability of Australian manufacturing and gas user operations?
- What competitive advantages does Australia have in the manufacturing sector?
- Could reservation perpetuate the existence of industries that do not have a true competitive advantage in Australia, at the expense of investment in other industries?
- What is the best outcome for the Australian economy – that resources flow to their highest valued uses, or to areas of national and strategic interest?

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Issue 2 - The effects of a national gas reservation scheme on trade and investment

LNG projects are costly and risky undertakings; they have long planning horizons and typically require long-term contracts to underwrite their development. The Government is committed to maintaining an attractive investment and regulatory environment for the oil and gas industry, which underpins much of Australia's economic development and prosperity. Stakeholders are encouraged to make submissions on the potential impacts of reservation on trade and investment in the oil and gas industry, particularly taking into account the current world we live in and future trends.

Impact on investment

Reservation has been considered in a number of reviews and studies, with a number of clear issues crystallising therein.

By potentially forcing gas producers to sell their gas for less than what it is worth, reservation may reduce any potential return on investment and ultimately disincentive investment in gas exploration and development over the longer term.¹²

Reservation may also create additional uncertainty, risk and regulatory burden for producers at a time when the Government wishes to reduce the complexity of regulation where possible.¹³ This might disproportionately affect smaller or newer producers, who are less equipped to deal with mounting regulation.

Also, smaller domestic gas projects may be reluctant to undertake investment on the basis that larger LNG projects are approved with a requirement to supply competing gas into the domestic market. The resulting impact on market power may be detrimental to domestic gas users seeking greater choice.

It is also worth noting that the economics of gas production are not uniform across the country, which may influence the effectiveness of reservation. While reservation may be viewed as an acceptable cost to bear with respect to a less capital-intensive conventional gas project, it may be prohibitive for a more expensive, unconventional gas project that requires constant drilling and ongoing capital expenditure.

Impact on trade

It is important to consider the way that reservation may impact upon Australia's economic relationships and trade with its partner countries. Some Asian countries are at least partially reliant on Australian gas for their energy security; a number of these regional partners have also invested heavily in oil and gas projects in Australia. It is clear that Australia benefits from this trade and foreign investment, while our regional partners benefit from access to reliable gas supply.

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¹² Energy White Paper 2012, [https://www.aip.com.au/sites/default/files/download-files/2017-09/Energy %20White Paper 2012-.pdf](https://www.aip.com.au/sites/default/files/download-files/2017-09/Energy%20White%20Paper%202012-.pdf); Final Report, Inquiry into Microeconomic reform, Economic Regulation Authority Western Australia, <https://www.erawa.com.au/cproot/12778/2/Final%20Report%20-%20Inquiry%20into%20Microeconomic%20Reform%20in%20Western%20Australia.PDF>;

¹³Resources Sector Regulation Review; Deloitte Access Economics, 2013, Economic Impacts of Gas Reservation, <https://www.appea.com.au/wp-content/uploads/2013/10/DAE-Economic-impacts-of-gas-reservation-2.pdf>; <https://www.accc.gov.au/system/files/ECGI%20-%20Submission%20to%20Issues%20Paper%20-%20PUBLIC%20-%20Business%20Council%20of%20Australia.PDF>

The review will also examine the impact of reservation on the legal obligations held by gas producers. Australian LNG is typically sold through long term supply contracts which can last up to 20 years. While the prospective nature of any scheme would mean that existing commercial contracts between LNG producers and international customers should not be affected, it is important to consider the full range of issues that may affect market participants.

The review also encourages stakeholders to submit views on how reservation may intersect with emerging LNG market trends, such as the current over-supply situation, uncertain future demand conditions, and the broader investment environment.

LNG exporters and the domestic market

Some have pointed out that LNG projects are enablers of domestic gas. This is because they provide opportunities to develop gas resources for the domestic market that would not otherwise have existed. The resources that supply LNG projects require large scale investment supported by international demand. Today, many LNG producers are active in the domestic market, pursuing long-term gas supply agreements with industrial gas users.

Others argue that without Government intervention, LNG producers focus too closely on their international customers at the expense of domestic consumers, who are the rightful beneficiaries of Australia's resource wealth. They argue that some kind of government intervention LNG producers will not be motivated to sell gas to domestic consumers, and that domestic prices will be pushed up.¹⁴

A prospective policy

The Government is keenly aware of the importance of maintaining regulatory stability in the oil and gas sector, which already faces varying risks and uncertainties around costs and investment. As such, the Government has made clear that the potential prospective gas reservation scheme would not be applied retrospectively, but only to prospective projects.

This raises questions about the definition of prospective, particularly with respect to those projects currently in the investment pipeline. At what stage in this pipeline should a project be considered prospective? Should those projects upon which capital has already been spent undertaking scoping, pre-feasibility, and feasibility studies be included as prospective? And how should a lack of standardisation in this terminology be treated in developing a framework to define prospective projects?

It is also important to consider what kind of projects or activities are captured by this definition, and whether project expansions are included. For example, whether the policy should apply to a project's physical infrastructure or to the resources to be developed and/or their underlying tenements/titles. Stakeholders are encouraged to submit their views on the implications of this definitional question.

One possible approach is to tie the concept of prospective to an increase in export capacity. However, it will be important to consider whether this policy would lead to the most efficient use of infrastructure or have other implications for investment.

¹⁴ Economics and industry standing committee, Inquiry into domestic gas prices, 2011, [https://www.parliament.wa.gov.au/publications/tailedpapers.nsf/displaypaper/3813232af0e096cabecf9c8e4825785e0004c326/\\$file/3232.pdf](https://www.parliament.wa.gov.au/publications/tailedpapers.nsf/displaypaper/3813232af0e096cabecf9c8e4825785e0004c326/$file/3232.pdf)

Questions for stakeholders

- How would a reservation scheme affect production and investment decisions in the short and long term?
- How would a reservation scheme affect revenues, capital and operational costs and overall profitability?
- Given potential changes in global and domestic energy markets, and the broader investment environment, how might domestic gas reservation impact investment in Australia's oil and gas sector?
- How may a prospective gas reservation policy affect commitments to international customers?
- What features would a reservation policy need to include to minimise the impacts on investment?
- How are prospective projects defined for the purposes of gas reservation? Is the linkage to infrastructure, export capacity, and/or the gas resource and underlying tenement/title?
- How might a reservation policy affect the ability of Australia's oil and gas sector to compete internationally?

Issue 3 – The relationship between gas reservation, energy security, and national security

Gas and electricity prices

The price impacts of high gas prices extend to electricity prices because of the important role that gas plays in electricity generation. In 2018, the ACCC estimated that for every \$1/GJ rise in gas prices, the wholesale price of electricity rises by up to \$11/MWh, depending on regional differences in the NEM.¹⁶

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National security

Australia is heavily reliant on imports of various materials and consumables that are vital to the nation's security and economic prosperity, most notably oil. This dependency on foreign sources can create a strategic vulnerability for Australia's economy from events that can disrupt critical supply chains. Australia must have access to, or control over the skills, technology, intellectual property, resources and infrastructure of any industrial capability that is deemed strategically important.

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Energy security

Loss of any of these large energy users could also have flow-on impacts for the NEM by accelerating the exit of baseload generation which could compromise energy security. In addition, if Australia loses the industrial capability that offer services to the electricity market such as load-shedding during extreme weather events or major failures, there may be greater risks of supply interruptions, impacting businesses and households.

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¹⁶ Restoring electricity affordability and Australia's competitive advantage, Retail Electricity Pricing Inquiry – Final Report, June 2018, https://www.accc.gov.au/system/files/Retail%20Electricity%20Pricing%20Inquiry%E2%80%94Final%20Report%20June%202018_Exec%20summary.pdf

Issue 4 – The market and regulatory frameworks required to support gas reservation

The Australian legal and regulatory framework

In undertaking the review, the Government will evaluate the different kinds of market and regulatory frameworks that would be needed to enable a national gas reservation scheme.

Reservation can be achieved through a number of different models, such as export controls, blanket reservation, or acreage reservation. In fact, some forms of reservation already exist in Australia. Both Queensland and Western Australia both have some kind of reservation policy, though they vary greatly in design. Victoria has also recently announced that conventional onshore gas production would be directed to domestic gas supplies over exports. (See below ‘Australian approaches to reservation’.)

However, national reservation is a more challenging policy, as the regulatory framework for oil and gas exploration and development in Australia is split between federal, state and territory governments. Under these regulatory frameworks, states and territories retain the responsibility for administration and management of gas resources onshore and within coastal waters, while the Commonwealth has responsibility for gas in offshore Commonwealth waters. This has implications for the efficacy of any scheme.

It will therefore be important to consider reservation in the context of existing legal and regulatory approaches across states and territories. Harmonising these approaches, complementing them, or adopting a framework broad enough to encapsulate both, will be important if national reservation is to succeed.

International approaches to resource reservation

In undertaking the review, the Government will look at models domestically and overseas to examine different approaches to gas reservation. However, comparison should not be facile or simplistic. While a number of gas-exporting countries adopt different kinds of gas reservation schemes (see Box 1.2), some of these jurisdictions have very different legal and regulatory frameworks, geological conditions, and economic imperatives to those of Australia.

United States and Canada – regulating in the public interest

The US and Canada are the most frequently cited examples of the need for and legitimacy of a public or national interest test in Australia. They are both OECD countries that share a number of Australia’s institutions, values, and systems, including federalism, so comparison may be more relevant.

Both Canada and the United States make reference to the public interest in their regulation of the oil and gas industry, and exports are subject to some a public interest test broad enough to encapsulate domestic needs, in the case of the United States, or explicit consideration of domestic requirements, as in the case of Canada.

In the United States, the public interest test is kept deliberately broad and flexible, enabling the Government to respond to changes in the market with relative ease. However, it is also worth noting that many gas exports are automatically deemed to be in the public interest.

Box 1.2 Gas reservation around the world*United States*

In the United States, exports to countries with which the United States has a free-trade agreement (FTA) are automatically deemed to be in the public interest and must be approved “without modification or delay”. If no FTA applies, LNG exports are presumed to be “in the public interests” unless the DOE finds otherwise after conducting an informal adjudication process.¹⁷

Canada

In Canada, exports licenses are granted by the Canada Energy Regulator, formerly the National Energy Board. There is no public interest test in the case of export licenses – when granting the license, the CER will assess licence applications to determine if the volume of the applied for energy commodity proposed for export is surplus to Canadian requirements.

Mozambique

The Petroleum Law states that no less than 25 per cent of the gas produced in the national territory is destined for the domestic market and to regulate price and other matters the relate to the use of this gas. In addition to this, the Government retains greater control over the industry in general, and, for example, reserves the right to be a joint participant in petroleum operations.

Qatar

It is difficult to compare the regulatory environment in Qatar to Australia, as all oil and gas activities in Qatar are undertaken by the state-owned company Qatar Petroleum (with foreign partners as appropriate.) Downstream activities are also effectively controlled by QP and domestic gas prices are set very low to help develop domestic industry

Australian approaches to reservation

Although Australia does not have a national gas reservation policy, there are different approaches across the country to regulating gas markets to ensure that the domestic market is adequately supplied. These range from “light-touch” industry-led solutions to what is commonly described as blanket reservation, as in the case of Western Australia.

The Australian Domestic Gas Security Mechanism (ADGSM)

While not a pure reservation scheme, the ADGSM does give the Government the power to intervene in gas exports in limited circumstances. In the case of an anticipated gas shortfall, the Government can implement export controls, in this way potentially diverting gas to the domestic market.

Currently, the ADGSM is due to expire in 2023. Given its relative flexibility, it may represent the best option for reservation. However, there may be legal or regulatory issues that make it of limited use.

Non-regulatory approach

On two occasions, a Heads of Agreement has been signed by the Prime Minister and representatives of the three east coast liquid natural gas (LNG) exporters to ensure these producers make available a secure supply of gas to the east coast domestic market. The Government has tended to prefer an

¹⁷ When assessing the project to a non-FTA country, the DOE takes into consideration the scope of the project, the participants in the transaction, the terms of the transaction, as well as the source and security of the natural gas supply to be exported, among other things. Applicants are expected explain why the proposed action is in the “public interest.”

<https://www.federalregister.gov/documents/2014/06/04/2014-12932/proposed-procedures-for-liquefied-natural-gas-export-decisions>

industry-led solution; however, it offers a less certain approach to ensuring Australia's gas needs a met.

Acreage reservation

Through its regulation of petroleum leases, the Queensland Government imposes a condition (the "Australian Market Supply Condition" or AMSC) on certain tenements that any petroleum developed on the leased acreage must be sold and used only in Australia. Recently, the Queensland Government included a requirement that any gas produced must be supplied to an Australian manufacturer that will use the gas within Australia. The QLD government is currently conducting a review of this policy.¹⁸

Blanket reservation

Western Australia adopts a blanket policy that requires LNG producers to reserve gas for the domestic market. LNG producers can obtain project approval by proving that they fulfil three conditions:

- reserving domestic gas equivalent to 15 per cent of LNG production from each LNG export project;
- developing and obtaining access to the necessary infrastructure to meet their commitments; and
- showing diligence and good faith in marketing gas to the domestic market.¹⁹

The policy is described as flexible with respect to exact timing, price, and sale conditions. For example, the policy does not specify the price at which gas be offered for sale – this is instead determined by the market and producers can withhold gas in reserve to sell at a time when market conditions are preferable.

If administering a blanket reservation policy of this nature at the national level, the Government would likely need to consider the volume of gas required to adequately supply the domestic market, an amount that would fluctuate in ways difficult to predict over time. It would also need to consider the manner in which gas is sold and at what price. This could be administratively burdensome.

Case by case assessments

In considering gas reservation it is important to consider whether such reservation is applied via a 'blanketed' approach or whether 'case by case' assessments are warranted. A 'blanketed' approach makes the requirements clear to project proponents while 'case by case' assessments can provide a level of flexibility to ensure the scheme is appropriately applied to meet the need of specific projects, the market and consumers.

¹⁸Review of domestic gas pilot program, <https://www.dnrme.qld.gov.au/mining-resources/initiatives/review-of-domestic-gas-pilot-program>

¹⁹ <https://www.jtsi.wa.gov.au/economic-development/economy/domestic-gas-policy>

Potential national gas reservation mechanisms

Export controls

- Export controls could make LNG-exports subject to a licensing requirement that ensures exports are consistent with Australia's national interests.
- This is similar to the existing Australian Domestic Gas Security Mechanism, which is implemented through the Customs (Prohibited Exports) Regulations 29158.
- Australia already applies a national interest test for some foreign investment through the *Foreign Acquisitions and Takeovers Act 1975*.
- A national interest test could require consideration of whether a project would leave adequate gas supply for domestic users.

Blanket reservation

- Blanket reservation could make a fixed percentage of any Australian gas production available for domestic-consumption only.
- This is the model in Western Australian.

Acreage reservation

- Tenements could be offered on the condition that the gas produced from them is only sold to domestic customers.
- This is the model in Queensland.

National framework

- Commonwealth, state and territory governments could work together to draft and adopt a harmonised regulatory approach to future gas developments, in which domestic needs are taken into consideration for any new gas development.

Industry-led solution

- LNG exports commit to making gas available to domestic gas users

Questions

- What do you think would be the impacts of the gas reservation mechanisms outlined above on the price and supply of gas to Australian gas markets?
- What are the risks associated with these approaches?
- Should a blanket approach to reservation apply or should projects be assessed on a case by case' basis to determine the need or otherwise for reservation?

s22

From: s22
Sent: Tuesday, 1 December 2020 9:57 AM
To: RD - OMEB - Onshore Gas
Subject: RE: Nat Gas Reservation Policy - Consultation - Reading submissions [SEC=OFFICIAL]

Hey team

Great job everyone on your efforts so far.

We have done 14 – only 26 to go!

We need to get this done the two paragraph summaries done **by the end of the week**, so let me know if you are struggling for time and I will reassign your submission.

s22

OFFICIAL

From: s22
Sent: Monday, 30 November 2020 12:10 PM
To: RD - OMEB - Onshore Gas
Subject: Nat Gas Reservation Policy - Consultation - Reading submissions [SEC=OFFICIAL]

Hey team

I have tagged you in teams so you should have received some kind of notification – s22 can you confirm you received this, as I could not see your names so hope that my 'onshore gas' tag captures you.

We are reviewing the 40 submission we got as part of the national gas reservation policy consultation.

To do this we are tracking all submissions in a workbook. Multiple people can't edit in excel so we have saved the spreadsheet in teams to allow multiple editing.

Here is the [link](#). We are mainly working in the tab 'Submissions Received'.

Instructions are included in the workbook but to summarise:

- 1.) Basically, please read the submission you been assigned (see below screenshot for example of how workbook looks).

Submission No.	Name of Company or organisation	Link to Submission	Person	Brief Summary	Incorporated	Sector	Draft	Confidential	Positive/negative	Model	Key issues
1	s22	Link to RNDW	Rohan	Yes	Yes	Industry Associate	3	N	Negative		
2	s22	Link to NWII	Rohan	Yes	Yes	Community Not for	3	N	Positive		
3	s22	Link to NWII	Rohan	Yes	Yes	LNG Export Facility	3	N	Negative		
4	s22	Link to NWII	Rohan	Yes	No	LNG Export Facility	3	N	Negative		

- 2.) Complete a two paragraph submission here: [Two Paragraph Submission Summaries](#)
- 3.) Complete the fields in 'Submissions Received', including 'Brief summary', 'Positive/negative', 'model', 'Key issues'.

Thanks

s22

OFFICIAL

s22

From: s22
Sent: Wednesday, 28 October 2020 3:21 PM
To: RD - OMEB - Onshore Gas; Lawrence, David
Subject: Gas reservation consult - some key links [SEC=OFFICIAL]

Hey team

Just making you aware of some important documents and processes for the consultation, in case you get roped in at any point.

We have our own folder for the review: [National Gas Reservation Review](#).

[Plan](#) for issues paper release and consultation

We are keeping track of interactions with stakeholders here: [Consultation tracker](#)

We are also keeping a register of contacts within dochub itself [here](#)

Draft consultation [presentation](#)

Media here: [Media](#)

Other docs

[Risk register](#)

[Draft options paper](#)

OFFICIAL

s22

From: s22
Sent: Monday, 26 October 2020 4:13 PM
To: RD - OMEB - Onshore Gas
Subject: FW: Issues Paper - Options for a Prospective National Gas Reservation Scheme [SEC=OFFICIAL:Sensitive]
Attachments: Options for a National Gas Reservation Scheme Issues Paper October 2020.pdf

Team – we are all set to go...

OFFICIAL:Sensitive

From: s22
Sent: Monday, 26 October 2020 4:12 PM
To: s22
Cc: Lawrence, David ; Quinn, Daniel ; Illman, Marie ; s22
Subject: Issues Paper - Options for a Prospective National Gas Reservation Scheme [SEC=OFFICIAL:Sensitive]

Dear colleagues

As a heads up, Minister Pitt is likely to announce the release of the 'prospective national gas reservation scheme' issues paper early tomorrow.

The paper is attached here and will be available for public download on [ConsultHub](#) from tomorrow. Submissions will close on 27 November.

Should you be approached by your stakeholders, you are welcome to refer team on to my team in the first instance (s22 or myself). The official review email address is GasOptions@industry.gov.au.

Thanks

s22

s22
Manager, Onshore Gas
Resources Division
Department of Industry, Science, Energy and Resources

s22
s22 @industry.gov.au
<http://www.industry.gov.au>

OFFICIAL:Sensitive

s22

From: s22
Sent: Wednesday, 7 October 2020 11:35 AM
To: RD - OMEB - Onshore Gas
Subject: Issues paper - gas reservation [SEC=OFFICIAL:Sensitive]

Hey team

See the Issues Paper on the prospective gas reservation scheme, which may go live this Friday. It includes some changes from the office, mainly in the gas users section.

[PDMS Version with MO changes 6 Oct -Attachment A - Options for national gas reservation policy- issues paper](#)

s22

OFFICIAL:Sensitive

s22

From: s22
Sent: Friday, 2 October 2020 9:59 AM
To: Lawrence, David
Cc: s22
Subject: RE: FYI Comms documents for the Public consultation: National Gas Reservation Scheme [SEC=PROTECTED]

David

Thanks, we'll point it out to Comms.

s22

PROTECTED

From: Lawrence, David
Sent: Friday, 2 October 2020 9:55 AM
To: s22
Cc: s22
Subject: RE: FYI Comms documents for the Public consultation: National Gas Reservation Scheme [SEC=PROTECTED]

Thanks.

Just one comment in the first document.

David Lawrence
General Manager, Onshore Minerals & Energy Branch
Resources Division
Department of Industry, Science, Energy & Resources
Level 5, 10 Binara Street, Canberra ACT 2601
GPO Box 9839, Canberra ACT 2601

s22
E-mail: david.lawrence@industry.gov.au

PROTECTED

From: s22
Sent: Thursday, 1 October 2020 6:12 PM
To: Lawrence, David <David.Lawrence@industry.gov.au>
Cc: s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>;
s22 <s22@industry.gov.au>
Subject: FYI Comms documents for the Public consultation: National Gas Reservation Scheme [SEC=PROTECTED]

David

For your awareness, below are links to the updated communications related pages.
The first link is the content for the consultation hub, as in the email below, Comms Branch advise they like to keep the content flat for the consultation overview. So it doesn't include reference to the announcements.

- [NGRC Consult hub overview](#)
- [NGRC IGA news article](#) for the department's website
- [NGRC Australian Petroleum promo](#)
- [NGRC social media posts](#) for resources (amplified thru IGA)

Thanks

s22

PROTECTED

From: s22

Sent: Thursday, 1 October 2020 5:26 PM

To: s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>

Cc: s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>

Subject: RE: Public consultation: National Gas Reservation Scheme - next steps for comms [SEC=PROTECTED]

Thanks s22

Sorry I didn't see the earlier draft edits.

We don't put announcement content in consultation overviews like that. It needs to be flat, descriptive and about the current consultation and goals rather than the history. Fine to have those media releases below for context.

So I have edited to capture the two aims. Please have a look to see if you are happy with those statements.

I've also made small tweaks in the news story. Definitely good to cite the gas-led recovery there.

I can get the elements ready as soon as you have confirmed them.

Many thanks

s22

Content Designer at [industry.gov.au](mailto:s22@industry.gov.au)

Digital Experience and Engagement

Communications Branch

Corporate and Digital Division

s22

s22@industry.gov.au

I work from home now, so please contact me by email or skype if you would like to arrange a phone chat.

Department of Industry, Science, Energy and Resources

Supporting economic growth and job creation for all Australians

See our new [guide on making documents accessible](#)



The department acknowledges the traditional owners of the country throughout Australia and their continuing connection to land, sea and community. We pay our respect to them and their cultures and to the elders past and present.

PROTECTED

From: s22

Sent: Thursday, 1 October 2020 4:37 PM

To: s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>; digital <digital@industry.gov.au>

Cc: s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>

Subject: RE: Public consultation: National Gas Reservation Scheme - next steps for comms [SEC=PROTECTED]

Hey team

It is more likely than not that the issues paper is released **tomorrow at 10am**.

However, we are still waiting for confirmation from the MO.

I have updated the below links to include the new closing date of 13 November and added some words around gas-fired recovery:

- [NGRC Consult hub overview](#) (s22 , we requested changes via email, but I updated this doc for you to refer to in case.)
- [NGRC IGA news article](#)
- [NGRC Australian Petroleum promo](#)
- [NGRC social media posts](#) for resources (amplified thru IGA)

s22 we will send through the **updated issues paper** as soon as we get it from the office.

Let me know what else we need to do so your job is easy (or as easy as possible!)

s22

PROTECTED

From: s22

Sent: Thursday, 9 July 2020 9:48 AM

To: s22 industry.gov.au>; s22 @industry.gov.au>

Cc: s22 @industry.gov.au>; s22 @industry.gov.au>

Subject: RE: Public consultation: National Gas Reservation Scheme - next steps for comms [SEC=PROTECTED, DLM=Sensitive]

Hi s22

GasOptions@Industry.gov.au is good.

Let us know if/when you hear something ☺

Kind regards

s22

PROTECTED Sensitive

From: s22

Sent: Thursday, 9 July 2020 9:16 AM

To: s22

Cc: s22

Subject: RE: Public consultation: National Gas Reservation Scheme - next steps for comms [SEC=PROTECTED, DLM=Sensitive]

Hi s22

We will have a look at the documents in the next couple of days.

I are happy with GasOptions@Industry.gov.au

We do not have any further confirmation from the Minister's Office on agreement to the paper and release date yet. But we are planning it will be late next week or early the week after around the 20 July.

s22

PROTECTED Sensitive

From: s22
Sent: Wednesday, 8 July 2020 3:57 PM
To: s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>
Cc: s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>
Subject: RE: Public consultation: National Gas Reservation Scheme - next steps for comms [SEC=PROTECTED, DLM=Sensitive]

Hi s22

Please find the **National Gas Reservation Consultation** links for your approvals:

- [NGRC Consult hub overview](#)
- [NGRC IGA news article](#)
- [NGRC Australian Petroleum promo](#)
- [NGRC social media posts](#) for resources (amplified thru IGA)

If you are able to confirm (or include in your amendments):

- Generic email address
- Date for release

Let us know if you have any queries, comments or issues.

Kind regards

s22

PROTECTED Sensitive

From: s22
Sent: Friday, 26 June 2020 4:31 PM
To: s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>; As22 <As22@industry.gov.au>
Cc: s22 <s22@industry.gov.au>
Subject: RE: Public consultation: National Gas Reservation Scheme - next steps for comms [SEC=PROTECTED, DLM=Sensitive]

Excellent thanks for this s22 . We usually do a quick QA of the issues paper before we upload to the consultation hub. Once it comes back from the MO is fine, as they may make some changes potentially. Let us know as soon as you hear anything and we can help you with this.

Cheers s22

PROTECTED Sensitive

From: s22
Sent: Friday, 26 June 2020 4:29 PM
To: s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>
Cc: s22 <s22@industry.gov.au>
Subject: RE: Public consultation: National Gas Reservation Scheme - next steps for comms [SEC=PROTECTED, DLM=Sensitive]

Hi

We undertook to send you a copy of the brief for the issues paper. Which is attached. Attachment A was the draft issues paper which you already have.

s22

PROTECTED Sensitive

From: s22**Sent:** Thursday, 25 June 2020 4:02 PM**To:** s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>; s22 <s22@industry.gov.au>**Cc:** s22 <s22@industry.gov.au>**Subject:** Public consultation: National Gas Reservation Scheme - next steps for comms [SEC=UNCLASSIFIED]

Hi everyone

Thanks for our meeting just now.

Just to recap the next steps:

- s22 to brief s22 in the Digital team on creating the supporting web page on industry.gov.au that relates to the consult. s22 will get in touch with s22 on a digital content plan going forward for the new page including the news story on industry.gov.au once the consult goes live.
- s22 to complete the consultation hub requirements form and privacy statement and gain GM approval for the consult so s22 can start working on the consultation page asap.
- s22 to check if the resources division has any good images that can be used to promote the consult in news stories and social media posts etc. Comms can help in sourcing an image if you get stuck so please just let us know how you go.
- Comms will continue to work on the draft comms plan and will finalise once the consultation milestones are confirmed and the stakeholder engagement plan is in place. s22 to let Comms know.
- s22 to advise Comms immediately once MO has approved the issues paper and confirmed the opening date for the consultation.
- Project team contacts are: s22 (Comms Team) s22 (Consultation Hub) s22 (Digital Team). Please keep us all in the loop on any project developments.

Meantime, please reach out if you have any queries or concerns.

Cheers

s22

Assistant Manager | Communications

Corporate and Digital Division

s22 <s22@industry.gov.au>**Department of Industry, Science, Energy and Resources** | www.industry.gov.au

UNCLASSIFIED

s22

From: s22
Sent: Friday, 2 October 2020 9:42 AM
To: s22
Cc: s22
Subject: RE: QTB-000101 Gas Reservation issues paper and ADGSM due at 10:00 [SEC=OFFICIAL:Sensitive]

s22

We've sent it to Parliamentary. s22 also just confirmed the issues paper isn't going out today so there is not update today.

Thanks

s22

OFFICIAL:Sensitive


From: s22
Sent: Friday, 2 October 2020 9:25 AM
To: s22
Cc: s22
Subject: RE: QTB-000101 Gas Reservation issues paper and ADGSM due at 10:00 [SEC=OFFICIAL:Sensitive]

Hi s22

Can you please send up without the update as I need to get all QTBS to the repping Minister's office today. We can do an additional update on Tuesday if required.

s22 | Departmental Liaison Officer
Office of the Hon Keith Pitt MP
Minister for Resources, Water and Northern Australia

s22
Suite M1 45 Parliament House, CANBERRA ACT 2600

 *The department acknowledges the traditional owners of the country throughout Australia and their continuing connection to the land, sea and community. We pay our respect to them and their cultures and to the elders past and present.*

OFFICIAL:Sensitive

From: s22
Sent: Friday, 2 October 2020 9:07 AM
To: s22 @industry.gov.au>
Cc: s22 @industry.gov.au>; s22 @industry.gov.au>
Subject: QTB-000101 Gas Reservation issues paper and ADGSM due at 10:00 [SEC=OFFICIAL:Sensitive]

Hi s22

QTB-000101 is due at 10:00am today,

We are waiting to hear from the MO about releasing the Gas reservation issues paper today.

We need confirmation of the release and any announcement about maintaining the ADGSM to update the QTB

We'll keep you in the loop and update it ASAP, unless you want us to send it up without the update.

Thanks

s22

Assistant Manager

Onshore Gas

Onshore Minerals and Energy

Resources Energy

Department of Industry, Science, Energy and Resources

Level 5

51 Allara Street, Canberra City ACT 2601

GPO Box 2013, Canberra ACT 2601 Australia

s22

s22 [@industry.gov.au](mailto:industry@industry.gov.au)

Internet: www.industry.gov.au

ABN 74 599 608 295

Supporting economic growth and job creation for all Australians

OFFICIAL:Sensitive

Gas Options

From: Gas Options
Sent: Tuesday, 8 December 2020 11:32 AM
To: Gas Options
Subject: Gas reservation options - non-confidential submissions to be published on Consultation Hub [SEC=OFFICIAL]

Dear Stakeholder

Thank you again for your submission in response to the Department of Industry, Science, Energy and Resources' Issue Paper on *Options for a Prospective National Gas Reservation Scheme*.

We are reviewing submissions and value your efforts in taking the time to provide us with information to inform our analysis of options.

We will be publishing your submission within the next day or so on the [Consultation Hub](#).

We note that you have made a non-confidential submission. However, if you have any concerns please contact me asap.

s22

Onshore Gas
Onshore Minerals & Energy Branch
Resources division
Department of Industry, Science, Energy and Resources

s22

[@industry.gov.au](mailto:industry@industry.gov.au)

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