s 22(1)(a)(ii)

From: awells@agradvisors.com
Sent: Sunday, 14 June 2026 4:39 PM
To: Hunt, Sarah; s 22(1)(a)(ii) @industry.gov.au
Subject: EMBARGOED Copy of Kroll Final Report
Attachments: Beach Energy Kroll Modelling Release JUNE26.docx; 20260610_Kroll_Final.pdf

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Hi Sarah and s 22(1)(a)(ii)

The attached report from Kroll Economics "An Assessment of East Coast Gas Adequacy and Policy Design" will be released tomorrow morning and broadsheet media have been provided embargoed copy. The report was commissioned by Beach Energy (listed on the Lobbyist Register as a client of AGR Advisors). Key findings of the Kroll report include:

- The gas market is well supplied until the early 2030s and the east coast does not face geological scarcity. Sufficient reserves exist for the next decade and beyond. The real issue is timely investment, approvals, infrastructure, and contracting - particularly in southern basins.
- A permanent 20 per cent reservation is mismatched to a conditional, seasonal, and operational problem. It risks suppressing price signals exactly when new southern supply, storage, and transport infrastructure is most needed.
- Despite short term lower gas prices for domestic consumers, the modelling shows net welfare losses of about **$2.9 billion** annually under a 20 per cent reservation (and $1.5 billion at 15 per cent), driven by foregone export revenue, lost producer surplus, and infrastructure inefficiencies.
- By 2030, the scheme is projected to reduce Australia's real GDP by **$653 million** annually (20 per cent case reservation case), with Queensland bearing the largest impact.
- The policy could worsen peak day shortfalls in the southern market and **bring them forward to 2027** by displacing southern production that is vital for winter demand peaks.

Beach Energy's position is the final policy must:

- Be prospective so as not to penalise domestic producers for their investments since the advent of the east coast LNG export industry.
- Be calibrated in scale to the market need to encourage investment in domestic gas exploration and development and not seek to oversupply the market.
- Be pro-competitive and not force gas sales at sub-economic prices.
- Incorporate a transparent and equitable mechanism that recognises the essential role of domestic producers in the east coast market.

Happy to discuss as needed.

Many thanks

Ashley Wells
Managing Director
GPO Box 111
Canberra City
Tel: 0402 286 680
www.agradvisors.com



AGR
Advisors

DOCUMENT 2

Media release

Independent modelling reveals high cost of proposed gas reservation

Monday, 12 October 2026

****EMBARGOED UNTILL 12.01AM MONDAY 15 JUNE****

Independent economic analysis commissioned by Beach Energy and prepared by Kroll has found the costs of the Federal Government's proposed 20 per cent east coast gas reservation scheme far outweigh its benefits, acting as a handbrake on the economy and southern gas exploration, development and production.

Key findings of the Kroll report include;

- The gas market is well supplied until the early 2030s and the east coast does not face geological scarcity. Sufficient reserves exist for the next decade and beyond. The real issue is timely investment, approvals, infrastructure, and contracting - particularly in southern basins.
- A permanent 20 per cent reservation is mismatched to a conditional, seasonal, and operational problem. It risks suppressing price signals exactly when new southern supply, storage, and transport infrastructure is most needed.
- Despite short term lower gas prices for domestic consumers, the modelling shows net welfare losses of about **$2.9 billion** annually under a 20 per cent reservation (and $1.5 billion at 15 per cent), driven by foregone export revenue, lost producer surplus, and infrastructure inefficiencies.
- By 2030, the scheme is projected to reduce Australia's real GDP by **$653 million** annually (20 per cent case reservation case), with Queensland bearing the largest impact.
- The policy could worsen peak day shortfalls in the southern market and **bring them forward to 2027** by displacing southern production that is vital for winter demand peaks.

The report's findings show the reservation proposal would weaken the domestic gas industry that underpins Australia's energy security.

Beach Energy's position is the final policy must;

- Be prospective so as not to penalise domestic producers for their investments since the advent of the east coast LNG export industry.

- Be calibrated in scale to the market need to encourage investment in domestic gas exploration and development and not seek to oversupply the market.
- Be pro-competitive and not force gas sales at sub-economic prices.
- Incorporate a transparent and equitable mechanism that recognises the essential role of domestic producers in the east coast market.

"As currently drafted, the scheme undermines the objectives it is meant to serve," said Beach Energy Managing Director and CEO Brett Woods. "It reallocates gas rather than creating new supply, weakens investment in the southern basins where supply matters most, and carries a real economic cost without solving the winter reliability problem. There is a better way to deliver secure, affordable gas, and we want to work with the Government to get there."

The risk of $2.9 billion annual net welfare losses to the economy highlights how complex the gas system is and how carefully any changes should be considered. For example, the report reveals the cost to the economy of each gigajoule of gas reserved is more than $15, showing how a poorly designed gas reservation acts as a handbrake on jobs and living standards in Australia.

Importantly, the data shows the east coast gas market is not in structural annual shortage. Notwithstanding global energy shocks, domestic gas prices remain amongst the lowest quartile of developed economies and comfortably lower than our trading partners and manufacturing competitors in east Asia.

The real challenge for Australia is seasonal gas deliverability in the southern states which is best supported by more domestic gas exploration and development, strategic gas storage and infrastructure investment.

Beach Energy is calling on Government to carefully reconsider

"Australian households, farmers and businesses value energy security more than ever, but this policy risks delivering a handbrake on the economy and shrinking the oil and gas industry by reallocating gas rather than generating new supply," Mr Woods said.

About Beach Energy

Beach Energy is an ASX listed, oil and gas exploration and production company headquartered in Adelaide, South Australia. Founded in 1961, Beach today has oil and gas production in five basins across Australia and New Zealand and is a key supplier of gas into the Australian east coast gas market.

About the Kroll Report

Beach commissioned Kroll to prepare the Report for the purposes of providing independent economic modelling and policy analysis in relation to the design of a prospective domestic gas reservation framework to support Beach in its engagement in policy consultation and associated public disclosure in relation to that framework. Further details with respect to this engagement are set out in the transmittal letter attached to the Kroll Report on Beach's website.

Authorisation

This announcement has been authorised for release by Brett Woods, Managing Director and Chief Executive Officer, 80 Flinders Street, Adelaide, SA, 6000.

For further information contact the following on 0401 037 140

Media	Ken McGregor, Manager Media and Government Relations

From: s 47F @glng.com>
Sent: Tuesday, 9 June 2026 1:49 PM
To: Invitations Ayres
Cc: s 47F s 47F
Subject: GLNG Meeting Request - Gas Reservation Design Framework

Follow Up Flag: Follow up
Flag Status: Completed

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Dear Senator

GLNG Meeting Request

Further to GLNG's letter to you earlier today, the GLNG JV partners would like to meet with you and your staff in the next couple of weeks to discuss the Gas Reservation Design Framework.

The proposed GLNG attendees are:

1. Ahmad Azizi Kamil – Managing-Director Petronas Australia
2. Sang Hyun Lim – Managing-Director Kogas Australia
3. Martin Tiffen – Managing Director TotalEnergies
4. Tracey Winters – Chief Strategy Officer Santos
5. Stephen Harty – CEO GLNG

We would be grateful if you could propose some potential dates & times and we will coordinate with our attendees and, in relation to our separate requests for meetings, with other Ministerial offices and Departments.

Kind regards

s 47F

Risk & Regulatory Affairs Manager

t: s 47F) | m: s 47F)

e: s 47F @glng.com

glng.com

GLNG Operations Pty Ltd
Level 22 | 32 Turbot Street
Brisbane Qld 4000

GLNG is a Santos PETRONAS TotalEnergies KOGAS venture.

Santos GLNG

visit glng.com

From: s 47F @shell.com
Sent: Wednesday, 24 June 2026 8:31 AM
To: s 22(1)(a)(ii)
Cc: s 22(1)(a)(ii) ; Invitations Ayres
Subject: Re: Meeting Request - Cecile Wake, Country Chair Shell - Thursday 25 June [SEC=OFFICIAL]

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Hello s 22(1)(a)(ii) 0930 works well. We will be coming direct from another meeting in the Senate wing, so will get there about 0935, let me know if that is okay.

Really appreciate it. Thanks, s 47F

From: s 22(1)(a)(ii)
Sent: Wednesday, 24 June 2026 07:09:29
To: s 47F C SDA-CRAA/ZP
Cc: s 22(1)(a)(ii) ; Invitations Ayres
Subject: RE: Meeting Request - Cecile Wake, Country Chair Shell - Thursday 25 June [SEC=OFFICIAL]

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Think Secure. This email is from an external source.

OFFICIAL

Good morning s 47F
Thank you for contacting Minister Ayres Office with your request for a meeting.
Please let me know if the below time for the meeting tomorrow.

1. 8am
2. 9:05am
3. 9:30am
4. 3:30pm

Please be advised that the Minister's schedule is ever changing, and all meetings are capped to **20 minutes.**
I look forward to hearing from you, thank you.
Kind regards,

s 22(1)(a)(ii) | **Executive Officer to the Minister**
Office of Senator the Hon Tim Ayres
Minister for Industry and Innovation
Minister for Science
Senator for NSW
M: s 22(1)(a)(ii) **P:** s 22(1)(a)(ii)
E: s 22(1)(a)(ii) @industry.gov.au

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From: s 47F @shell.com s 47F @shell.com>
Sent: Monday, 22 June 2026 11:56 AM
To: Hunt, Sarah s 47F @industry.gov.au>; s 22(1)(a)(ii) @industry.gov.au
Subject: Meeting Request - Cecile Wake, Country Chair Shell - Thursday 25 June

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Hello Sarah and s 22(1)(a)(ii) hope you are both well and thanks for your time with the Gas Market Review team on Friday.
Our Country Chair and Chair of AEP Cecile Wake will be in Canberra on Thursday for meetings related to the Gas Market Review and is keen to meet with Minister Ayres if he has availability.
Cecile will be in Canberra early Thursday morning to evening and can work around the Minister's schedule if he is available. Apologies for the short notice, but this is an opportunity for a frank discussion between the Minister and Cecile on the finer points of the domestic gas reservation design as we progress towards the draft legislation being released.
Any time the Minister and your office have will be much appreciated. I look forward to hearing from you.
Thanks, s 47F

s 47F

Federal Government Lead
Shell Australia

Mob: s 47F
s 47F

@shell.com | Connect on LinkedIn | www.shell.com

Connect with us:

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s 22(1)(a)(ii)

From: Invitations Ayres
Sent: Friday, 19 June 2026 5:06 PM
To: Victor Violante; Invitations Ayres
s 22(1)(a)(ii)
Cc:
Subject: RE: Request for meeting with Minister Ayres on behalf of Australian Energy Producers Chief Executive Samantha McCulloch [SEC=OFFICIAL]

OFFICIAL

Good afternoon Victor,

Thank you for contacting Minister Ayres with your request for a meeting.

Minister Ayres is unable to meet during the upcoming sitting fortnight due to Parliament commitments. However, he would be happy to meet with during a non-sitting period, either in Sydney, Canberra or online via Teams.

Please let me know the location that would suit best and then I can provide some dates and times.

Please be advised that the Ministers schedule is ever changing, and all meetings are capped to 20 minutes unless otherwise advised.

If Samantha has something urgent she wishes to discuss, she can meet with the relevant adviser during her upcoming visit.

I look forward to hearing from you, thank you.

Kind regards,

s 22(1)(a)(ii) | **Executive Officer to the Minister**
Office of Senator the Hon Tim Ayres
Minister for Industry and Innovation
Minister for Science
Senator for NSW
M: s 22(1)(a)(ii) | **P:** s 22(1)(a)(ii)
E: s 22 @industry.gov.au

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OFFICIAL

From: Victor Violante s 47F @energyproducers.au>
Sent: Thursday, 18 June 2026 3:43 PM
To: Invitations Ayres <invitations.ayres@industry.gov.au>

Subject: Request for meeting with Minister Ayres on behalf of Australian Energy Producers Chief Executive Samantha McCulloch

CAUTION - This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Good afternoon,
I am writing on behalf of Australian Energy Producers Chief Executive Samantha McCulloch to request a meeting in Canberra with Minister Ayres during the Parliamentary sitting week of Monday 29 June to Thursday 2 July Canberra to discuss the government's gas reservation policy, and the content of our submission to the consultation that closes on 30 June.

Australian Energy Producers is the peak body for Australia's gas producers, and Ms McCulloch can present a whole-of-sector perspective on the proposed reforms. Ms McCulloch is available any day that week across most times except 12-2pm on Wednesday 1 July.

Thank you for your consideration.

Kind regards

Victor Violante
General Manager – External Affairs

M s 47F **E** s 47F @energyproducers.au
energyproducers.au

Australian Energy Producers acknowledges and pays respect to the past and present Traditional Custodians and Elders of this nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.

s 22(1)(a)(ii)

From: s 47F @cmaxadvisory.com.au>
Sent: Monday, 29 June 2026 11:17 AM
To: Invitations Ayres; Hunt, Sarah; s 22(1)(a)(ii)
Cc: CMAX Executive; CMAX Account 1
Subject: Request for adviser meeting - Senex Energy (30 June - 2 July, Canberra)

CAUTION - This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Dear Senator Ayres' Office,

I'm writing on behalf of Senex Energy's CEO Darren Stevenson and General Manager, Corporate Affairs Nick Park to request a meeting with a relevant adviser while they are in Canberra this week between 30 June and 2 July.

As you may be aware, Senex is a Queensland-based natural gas producer supplying the east coast domestic market under long-term contracts to industrial customers including s 47G , as well as s 47G . Senex recently completed its $1 billion Surat Basin expansion, increasing production capacity to around 60 petajoules per year (representing approximately 10 per cent of east coast demand), supporting both manufacturing activity and domestic energy reliability.

Mr Stevenson and Mr Park would welcome the opportunity to discuss current developments in gas policy, including the design of the proposed domestic gas reservation framework, as well as broader public interest considerations relating to taxation of the gas industry. Last week, Senex accompanied its South Korean co-owner POSCO to a range of ministerial engagements, and they would value the opportunity to brief the Minister's office on these discussions, particularly in relation to energy security, investment certainty and Australia's role as a reliable supplier to key regional partners.

Ms s 22(1)(a)(ii) I understand you have carriage of the domestic gas reservation policy within the office, and Senex would welcome the opportunity to meet with you, or another relevant member of the team, noting the short notice.

I'm conscious of the short turnaround, but any availability in your schedule before Parliament rises for the winter break would be greatly appreciated.

Warmly,

s 47F

s 47F

ACCOUNT DIRECTOR
CMAX ADVISORY

T s 47F M s 47F
A 18 National Circuit BARTON ACT 2600
P PO Box 4092 MANUKA ACT 2603
W cmaxadvisory.com.au

I acknowledge the Traditional Owners and ongoing Custodians of the lands on which I live and work, and pay my respects to Elders past, present and future.

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s 22(1)(a)(ii)

DOCUMENT 7

From: Jenkins, David DL s 47F @bluescope.com>
Sent: Thursday, 2 July 2026 2:30 PM
To: s 22(1)(a)(ii) ; s 22(1)(a)(ii)
Subject: BlueScope Gas Market Review submission
Attachments: BlueScope_Draft DGRS Design Framework Consultation_June 2026.pdf

Follow Up Flag: Flag for follow up
Flag Status: Flagged

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Hi s 22(1)(a)(ii) and s 22(1)(a)(ii)

We lodged our submission to the Gas Market Review on Tuesday – copy attached FYI.

We have also given a copy to Minister Bowen's office and said to them we would be happy for ministers to quote from our submission if it is helpful in progressing the reservation scheme and pushing back on the more vocal critics. See in particular the executive summary.

Kind regards

David Jenkins | Manager External Relations
External Relations

M s 47F
E s 47F @bluescope.com | **W** www.bluescope.com
A Level 24, 181 William Street, Melbourne VIC 3000

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BlueScope

Domestic Gas Reservation Scheme – draft Design Framework

BlueScope Response

30 June 2026

Introduction and summary

BlueScope strongly supports the Government's decision to introduce a 20 per cent domestic gas reservation scheme. It is a necessary and overdue reform. Australia's domestic gas market has been dysfunctional for more than a decade. Manufacturers and households have paid far too much for an abundant national resource.

BlueScope is encouraged by several elements of the *Draft Design Framework*, including:

- The Government's key objectives of ensuring more Australian gas is supplied to the domestic market to avoid potential shortfalls, and delinking domestic prices from export prices to provide affordable gas for domestic consumers;
- A clear commitment to structural reform, not temporary price intervention;
- The proposal for annual domestic supply obligations, which if well enforced can materially improve domestic gas availability;
- The requirement that reserved gas be sold, not merely offered, which is critical to improve real market outcomes;
- Stronger transparency measures, particularly improved visibility of prices and available supply;
- Recognition that while flexibility mechanisms may be needed, they should be tightly designed and controlled; and
- Incentives for domestic infrastructure and storage.

Overall, BlueScope supports the proposed gas market reforms. But the proposed design will only support industrial competitiveness if it delivers actual contracted supply on commercially workable terms, not just headline reservation volumes or short-term market liquidity. Gas market reform is critical to the competitiveness of Australian manufacturing, sovereign capability, regional employment and decarbonisation.

It is important to recognise that gas is not like other commodities. Gas is an intermediate good that is an essential input to almost every manufacturing process, from food and beverage manufacturing to the production of almost every building material. It will continue to be an important source of energy for household heating and cooking. It is a key fuel for electricity generation including to firm renewables. Gas is a finite sovereign resource that does not belong to any company or individual and governments have a duty to ensure its production and use provide the maximum possible benefits to the Australian people.

We encourage the government not to be distracted by claims the scheme is unworkable or threatens the viability of the gas industry. A well-designed scheme with transparent pricing benchmarks provides producers and consumers with certainty. This certainty will help underpin long-term contracting that is in the interests of consumers and producers, including by helping underwrite investment in further gas supply. The real risk to the business model of domestic producers is a gas market so expensive it drives manufacturers offshore entirely, hence removing their customer base.

There are **four** things it will be critical to get right in the design of the scheme:

1. **Price outcomes**
   - 'Reasonable terms' should include the perspective of domestic buyers, not only producers.
   - A key requirement to keep manufacturing in Australia and make lower emissions iron and steelmaking viable, is delivered gas prices of $8–$10/GJ.
   - Policy should not allow all low-cost gas to be exported while higher cost gas is forced onto domestic consumers.
   - LNG import terminals will not deliver affordable gas to domestic buyers and will simply entrench import parity pricing.

- Cost of supply should not be used as a reason for LNG exporters to reduce or avoid their domestic gas obligations. Since exporters can meet their DSO from multiple sources, they should not be allowed to rely on higher-cost gas options - such as marginal fields, third-party gas or LNG imports - and then claim there is insufficient domestic demand because prices are too high. Allowing that would undermine the scheme's purpose of ensuring adequate, reasonably priced domestic supply and giving Australian consumers access to lower-cost gas resources.

2. Strong domestic supply obligations (DSOs)

- We strongly support annual DSOs and the principle that gas must be sold, not just offered. This is a critical design feature.
- Acquittal should require binding contractual commitments to domestic customers ahead of export licencing approvals.
- Export approvals should be closely tied to demonstrated compliance, with the ability to act quickly if domestic supply falls short.
- Existing LNG contracts should be recognised in line with the prospective nature of the policy. However:
    - Recognition of existing contracts should not create a blanket exemption from domestic supply obligations, with relief given on DSO where a liable entity demonstrates that compliance would materially interfere with existing contract/s.
    - Pre-existing contracts used to support DSO variations must be publicly disclosed. This transparency would also assist domestic users in identifying when additional gas is expected to become available to the market.
    - Extensions and variations to existing export contracts must be treated as new contracts.
    - The framework does not address the treatment of global portfolio supply contracts[1]. As these are not tied to a specific LNG plant and allow contractual obligations to be met from global supply, they should not provide a basis for DSO relief, even when established prior to 22 December 2022.
- While flexibility mechanisms will be needed to manage changes in annual gas demand these mechanisms - including Ministerial variations and the release valve - must be tightly constrained so they cannot be gamed.
- The release valve, auction mechanism and minimum liquidity requirement should not unintentionally dilute the reservation scheme or push reserved gas into short term markets at expense of longer-term contracts.
- Policy must ensure any accrued or released DSO volumes remain enforceable and do not become a permanent reduction in supply obligations.
- Any approval to export surplus gas should first require evidence that domestic demand including industrial demand has been met.

3. Transparency and enforcement

- Better transparency on prices and supply availability is essential to correct the current information asymmetries.
- Public reporting of company level compliance plans and performance including available gas, pricing, contract tenor, uncontracted volumes and use of flex mechanisms will give buyers confidence the scheme is working.
- Mechanisms for consumer input to forecasts and compliance plans should be developed.

[1] See for example: https://www.santos.com/news/santos-signs-long-term-lng-supply-contract-with-shizuoka-gas/

- Longer term visibility of domestic gas market supply will support investment decisions, including in 'green steel', lower-emissions DRI and other low emissions industries.
- The proposed rules provide broad scope for Ministerial discretion to vary individual DSO obligations. This discretion should be constrained by legislated principles to ensure it does not undermine scheme integrity or domestic market outcomes. Circumstances in which discretion may be exercised should be clearly defined, with decisions that are transparent and predictable because it is not in the interests of producers or gas users for opaque Ministerial decision making.

4. Infrastructure

- Some lower-cost undeveloped sources of gas (e.g. Beetaloo Basin) lack infrastructure to reach east coast manufacturers.
- While it is appropriate to require producers to demonstrate infrastructure investment plans, market forces alone may not deliver the necessary transport and storage infrastructure to get gas to east coast customers at the delivered prices they need to be internationally competitive.
- Targeted government support may be needed where there is market failure or regulatory constraint.

Reforming the domestic gas market is critical to Australia's economic future. The success of the scheme will ultimately be judged on whether it delivers reliable, competitively priced gas to Australian consumers.

The proposed framework is promising, and we welcome the government's stated objective that reservation will put strong downward pressure on domestic gas prices, shield domestic industry and households from global price volatility, and ensure Australia's energy security by avoiding potential gas supply shortfalls. The real test now is ensuring the detail, enforcement and resolve are strong enough to deliver genuinely affordable gas, protect jobs, and give manufacturers confidence to keep investing in Australia.

Response to individual design elements

The table below provides BlueScope's detailed views on the specific design elements proposed in the Government's consultation paper. These comments are informed by BlueScope's perspective as a large Australian manufacturer and long-term domestic gas user. We appreciate the opportunities provided for engagement with the Gas Market Review Panel and other key government stakeholders, and look forward to continuing to work constructively with Government to support an effective and practical policy design.

Regulatory architecture

Criteria	Description	BlueScope comments
Legislative structure	• New primary legislation: establish export approval process, the DSO, powers for Ministers and regulator, powers to set reservation percentage, DSO formula and obligations. • Subordinate legislation: rules specific to export approvals. • Changes to Gas Market Code: establish market-based mechanisms to govern domestic supply and market conduct obligations.	• Supportive of the proposed legislative structure. New primary legislation is preferable to amending existing legislation or relying solely on regulation, as it provides greater transparency and durability for the scheme.
Regulator	• The AER will administer the Reservation Scheme	• Explicit transparency on AER resourcing and capability uplift to match expanded role (export approvals, compliance monitoring, advisory functions) is required.
Governance	**Ministerial and Executive Government decisions:** • Set the DSO percentage • Issue export approvals • Agree any individual DSO variations • Direct and delegate matters to the AER **Independent Regulator, AER roles:** • Undertake matters delegated by the Ministers • Develop guidelines and policies relevant to administration of the scheme • Educate industry participants	• The proposed rules provide a lot of scope for Ministerial discretion to allow individual DSO variations. This discretion should be constrained by legislated principles to ensure it does not undermine scheme integrity or domestic market outcomes. • As above, explicit transparency on AER resourcing and capability uplift to match its expanded role is required.

	• Assessing export approval applications. • Acknowledge compliance plans • Monitoring and compliance • Advise and inform Ministerial and executive government decisions	
Reservation Commencement	• Legislation is intended to commence in 2027 • Export approvals required from 1 July 2027	• Highly supportive of the proposed scheme commencement date.
Prospectivity	• Regulated entities will have the opportunity to propose a variation to their annual DSO (from the 2027 regulatory period onwards) to account for existing contracts entered into on or before 22 December 2025 or existing regulatory obligations. • Regulated entities must first demonstrate they cannot meet their DSO without breaking existing contracts. • Extensions or variations to existing contracts are not considered existing contracts for the purposes of this legislation, such that the arrangements to ensure existing contracts are respected will not apply to contract extensions or variations if executed after 22 December 2025.	• Very supportive of the requirement to exhaust all other means of satisfying existing export contracts before DSO requirement is varied – there should not be automatic exemption of existing contracts. • Strongly support the position that extensions and variations will count as new contracts. • Pre-existing contracts supporting DSO variations should be publicly disclosed (volumes, duration, counterparties) or deemed ineligible. This transparency will enable domestic gas users to identify when additional volumes of gas are expected to enter the domestic market. • The design framework does not address how global portfolio supply contracts are treated. These contracts are not tied to a specific LNG plant and allow producers to meet obligations from their global operations.[2] As they are not linked to a specific Australian LNG plant, they should not provide a basis for DSO relief, even if entered into prior to 22 December 2025.
Export Approval Process	• Regulated entities will apply for export approval, providing details of export contracts (SPAs), terms and conditions and how DSO commitments will be met (for example, details of domestic contracts (GSAs) and intentions to market and sell gas).	• Producer compliance plans must be made public. • The proposed design appears to rely on ex-post compliance and should instead require demonstrated domestic supply prior to export approval.

[2] See for example: https://www.santos.com/news/santos-signs-long-term-lng-supply-contract-with-shizuoka-gas/

	• To inform approval decisions, the AER in consultation with AEMO will provide advice on:
	  ○ the domestic market's demand outlook
	  ○ impact of exports on domestic supply
	  ○ any adjustments to DSO requirements.
	• The time period of any export approval is based on the application and the Ministers' approval.
	• An indicative flow chart for the LNG export approval process is outlined in Attachment A, based on a calendar year compliance period. Subject to consultation, a financial year obligation may be considered more appropriate.
		• "Intentions to market and sell" is too weak and should be replaced with evidence of firm domestic contracting pathways.

Reservation design

Criteria	Description	BlueScope comments
Regulated Entities	• LNG exporters	• BlueScope supports the domestic gas reservation scheme applying only to LNG exporters.
Domestic Supply Obligation (DSO)	• Regulated entities will have an annual obligation to supply the domestic market with a proportion of their total exports, referred to as the DSO	• There is inconsistent language in the *Draft Design Framework* paper related to requirement to supply or sell. BlueScope's preference is for all wording to consistently refer to "a regulated entity must sell gas into the domestic market".
Calculating the DSO	• The DSO calculation will be made in line with the following formula: DSO = 20% x LNG Exports • Note: The DSO is calculated on the thermal energy content of the volume of LNG exported. In practice LNG exports are measured in millions of tonnes, but for the purpose of the obligation LNG exports are converted to joules to align with how usage is measured. • Note: LNG that is regassified and contracted for the domestic market does not count as exports.	• BlueScope supports the DSO being set at 20% of LNG exports and applied nationally. However, we note that reserving of 20% of LNG exports is equivalent to reserving approximately 16% of gas wellhead production after accounting for losses associated with LNG export operations. • The exclusion of LNG resupplied via import terminals may create perverse incentives. For producers relying on LNG imports or re-imports to meet DSO requirements, the higher cost of imports should not justify a variation to their domestic obligation where domestic users are unwilling or unable to

		pay import parity prices. Producers should not be able to rely on uneconomic import costs to avoid compliance, as this would undermine the policy objective of ensuring adequate and reasonably priced domestic gas supply. Where LNG imports/re-imports are intended to be used to acquit a DSO, producers must be expected to sell those volumes into the domestic market regardless of whether those sales are loss-making.
Reservation Percentage	• The reservation percentage will be set by Government as a proportion of an exporter's total production equivalent to 20% of LNG exports, for long-term application.	• BlueScope supports the DSO being set at 20% of LNG exports, applied nationally.
Review Mechanism	• The primary legislation will outline a mechanism by which Ministers may review the reservation percentage, only if clear and observable criteria based on the guiding principles for the domestic reservation are met, and with advice from the AER and AEMO. • Any such review will not be time bound.	• It is critical that any such mechanism for Ministers to review the reservation percentage requires the outcome of changes to not have negative consequences for the domestic market and gas consumers. Ideally this would be included in legislation. • Domestic gas users and manufacturers should play a clear role in informing review decisions; however, such a role is not currently reflected in the *draft design framework*.

Meeting reservation obligations

Criteria	Description	BlueScope comments
Acquitting the DSO through supply and swap agreements	• Regulated entities can acquit their DSO by supplying gas through standard commercial and market arrangements. Where an entity is unable to meet its DSO from its own production it may engage third parties to provide additional gas on its behalf including via swap arrangements	• It is important to clarify that "supplying gas" is intended to mean the "regulated entity must sell and deliver gas into the domestic market". • The robustness of the proposed additionality test will be critical to ensure genuinely additional gas is supplied into the domestic market. • We are concerned that swap agreements may enable LNG producers to transact with high-cost domestic gas suppliers or LNG importers and offer that gas into the domestic market at elevated prices that do nothing to improve market outcomes for consumers. It is essential that the Domestic

		Gas Reservation Scheme ensures domestic consumers have access to Australia's lowest-cost, tier-1 gas resources or equivalent.
Standard commercial and market-based arrangements	• Regulated entities will be able to meet their DSOs through standard commercial and market-based arrangements, including sales through: • Bilateral contracts (including gas delivered under gas supply agreements and other arrangements, including as available or call options). • Current and any future Australian Energy Market Operator (AEMO) facilitated markets (regulated entities are expected to be net-suppliers of gas into the AEMO facilitated markets over a set period). • Where a regulated entity is unable to meet its DSO from its own production, it may meet its DSO by underwriting new third-party production through investment or offtake agreements, where it can be demonstrated that this gas satisfies an additionality test. For example; a regulated entity could underwrite a third-party project that has yet to take a Final Investment Decision (FID) or has not yet received a production license. Such arrangements to meet a DSO would be subject to the application for and receipt of an export approval.	• The robustness of the additionality test is critical to ensure that genuinely additional gas is supplied into the domestic market. • There is a risk that "additionality" is satisfied via high-cost supply with limited affordability benefit to domestic users. This risk can be managed by maintaining the requirement to sell into the domestic market to acquit a DSO. • Requiring a regulated entity to seek Ministerial approval to acquit its DSO through means other than its own production is a welcome feature. However, this process must be robust and transparent, with clear criteria for approval, ideally set out in legislation. Applications and Ministerial decisions must be publicly disclosed.
Minimum liquidity requirement to support the spot market	• Regulated entities will be required to make uncontracted DSO volumes available to the domestic market, under conditions determined by the AER in consultation with AEMO. • The minimum liquidity requirement will outline the liquidity commitment conditions which must be met for LNG producers to access the release valve mechanism. These conditions will reflect the Government's expectations around producer conduct and supply adequacy. • The liquidity requirement is intended to ensure the quantum of gas available to the domestic market supports a modest oversupply and functional spot markets.	• The intention of the minimum liquidity requirement, to maintain a modest oversupply in the domestic market and reflect the Government's expectations regarding producer conduct and supply adequacy, is welcomed. The requirement to offer gas through AEMO markets (via a facilitated auction) before accessing flexibility mechanisms or the release valve is also supported. • However the *draft design framework* paper provides very limited detail and clarity. • We support that the "volume limit of the liquidity obligation could be set to reflect the current structure of the contract market, where up to 30% of gas is traded in spot markets."

		The key issue is that this does not become a substitute for longer term contracting and it should support firm, bankable medium and long term contracts, by tying the length of contract volumes to export licencing duration and volume. • There is no clarity on the thresholds required to access the release valve, or how the liquidity requirement will be enforced. • The release valve mechanism will only be effective if producers cannot access it where gas remains unsold at high prices. The release valve must only be available where the domestic market is demonstrably well supplied.
Infrastructure constraints	• As part of their application for export approval, Ministers will be able to agree to a varied DSO if entities are able to prove through evidence that they are unable to physically supply gas due to infrastructure constraints. Over time, regulated entities will need to demonstrate they are pursuing commercial arrangements to overcome any infrastructure constraints that may otherwise prevent them supplying their DSO gas into the domestic market over the medium-longer term.	• The requirement for regulated entities to demonstrate that they are establishing commercial arrangements over the medium to longer term to address infrastructure constraints is supported. However, several elements raise concerns and create potential pathways to avoid DSO obligations: ○ Ministerial discretion to vary DSO for infrastructure-constrained producers must be subject to strict and clearly defined guidelines as there are various methods by which producers can meet their obligations. ○ The term "medium to longer term" is not defined. Commercial arrangements should be capable of being implemented in the near term. ○ Commercial arrangements (swaps etc) could disincentivise gas infrastructure construction and lead to LNG import terminals. ○ There is no reference to the role of gas storage. ○ There should be an explicit requirement for producers to demonstrate how they are overcoming, or intend to overcome, infrastructure constraints through investment in physical infrastructure, including gas pipelines and storage.
Treatment of Swaps	• Timing (e.g. seasonal shifting) and/or location-swap arrangements may be allowed as long as the regulated	• The requirement for a net contribution to the domestic market before allowing timing or locational swaps is sensible.

	entity's DSO provides for a net contribution to the domestic market, for example over a forward period.	• However, swaps introduce risks that may undermine outcomes for domestic gas consumers. Safeguards are needed to ensure that timing or locational shifts do not leave the domestic market undersupplied: ○ Net contribution test must apply to all volumes (i.e, not excluding pre 22 Dec 2025 contracts) before swaps are permitted. ○ There is a risk that LNG exporters use time-shifting to pursue higher prices rather than meet seasonal demand; this should be explicitly prohibited. ○ Pricing outcomes must be considered when assessing the acceptability of physical swaps.

Managing annual supply volumes

Criteria	Description	BlueScope comments
Annual DSO flexibility	• Regulated entities will be required to meet their DSO from the commencement of the scheme. • Ministers will have the power to approve a variation to a portion of the DSO for forthcoming years in line with domestic demand plus a small buffer following requests from regulated entities as part of settling its annual compliance plan. • To inform the decision, the AER in consultation with AEMO will provide advice on: ○ the domestic market's demand outlook ○ impact of all regulated entity compliance plans on domestic supply to ensure there is no overall shortfall ○ any adjustments to DSO requirements to avoid significant oversupply of the domestic market in the year ahead.	• The requirement for Ministerial discretion and flexibility mechanisms to preserve a modest oversupply in the domestic gas market is strongly supported. However, it is critical that these mechanisms do not dilute the effectiveness of the DSO, which may occur if they are not tightly constrained. Ideally, the legislation or Domestic Gas Reservation Scheme rules should set clear parameters for the use of discretion and flexibility, ensuring outcomes remain predictable. • The accrual of adjusted DSO volumes into future years is a critical safeguard against gaming of the scheme. The prospect of these obligations being called upon in future years should help ensure exporters seek DSO variations only where genuinely required. • AER advice, developed in consultation with AEMO, must be made publicly available. The AER should also be required to consult gas users as part of its advice to Ministers, including to assess whether any users are short of gas during the

		regulatory period. The LNG Export Approval Process outlined in Attachment A currently provides no formal mechanism for gas user input.

Release valve mechanism	• Upon meeting the minimum liquidity requirements, the AER may allow volumes under the DSO that are surplus to the domestic market's demand to be exported (or 'released')
	• Gas will only be considered surplus if:
	  ○ Market indicators show near-term supply adequacy
	  ○ Regulated entities have met transparency, liquidity, marketing and conduct obligations (making gas available on reasonable terms), and
	  ○ Once established, participation in a new market mechanism based on periodic auctions aimed at balancing short-term supply and demand.
	• Any DSO volumes that are exported through the release valve mechanism will be accrued into subsequent periods, with the ability for these volumes to support resilience of the market during any anticipated supply tightness or shortfall.
	• Accrual of DSO volumes by regulated entities will be limited to a share of their annual DSO, indicatively set at 30%, to reflect the current structure of contract markets (refer Maximum Annual Accrual section further below).
		• BlueScope recognises the need for the release valve and governance framework requiring any DSO volumes unable to be contracted domestically to be offered to the domestic market via AEMO-facilitated short-term markets. We also support the near-term supply adequacy metrics, conduct requirements, and liquidity obligations that regulated entities must meet prior to accessing the release valve.
		• We also strongly support that "Any DSO volumes that are exported through the release valve mechanism will be accrued into subsequent periods, with the ability for these volumes to support resilience of the market during any anticipated supply tightness or shortfall." This is important recognition of the finite nature of Australia's gas resources and that once the gas is gone it is irrecoverable. Also recognises the high uncertainty in future gas demand.
		• However, we have some concerns with the current lack of clarity provided in relation to the practical operation of the release valve such as maximum accrual volumes, and definitions of terms such as "well satisfied market", "pipeline and storage constraints" and "offering gas on domestically competitive terms". In the absence of these definitions there remains a risk that exporters can offer gas at high prices, fail to contract, and access the release valve.
		• The accrual of release valve volumes into future years is a critical safeguard against gaming of the scheme. The prospect of these obligations being called upon in future years should help ensure exporters only access the release valve where genuinely required.

Integrated market reforms

Criteria	Description	BlueScope comments
Market Conduct Obligations	• Gas Market Code's conduct and negotiation obligations to be replaced by selling practice requirements, proposed to include: ○ Producers to determine reasonable offer open periods. ○ Producers and prospective buyers should determine negotiation timeframes. ○ Price and non-price terms should reflect appropriate risk allocation. ○ Producers should not withdraw or terminate offers unless there is a material change in circumstances. ○ Expression of Interest (EOI) responses should receive timely feedback. ○ Sellers and buyers should negotiate in good faith. ○ EOIs for gas supply arrangements to be published on the AEMO Gas Bulletin Board.	• The inclusion of prospective buyers in determining negotiation timeframes is a positive development. Historically, the EOI process has been conducted on terms set solely by gas producers, this provision will help to partially rebalance market power. • Publishing of EOIs on the AEMO Gas Bulletin Board will help with transparency. • It is unclear whether indicative price ranges will be included as part of the EOI (e.g. Offers accepted between $8/GJ and $10/GJ depending on terms and conditions). BlueScope strongly supports their inclusion as a key measure to improve transparency and remove the silent auction process that has caused significant issues in the past, including further embedding information asymmetry. • Many of the proposed selling practice requirements use the term "should", implying they are not mandatory. These practices must be compulsory, with "should" replaced by "must".
Transparency Measures	• Measures to improve transparency of gas prices and available gas supply on the AEMO Gas Bulletin Board.	• The proposed price transparency measures and consolidation of gas reporting requirements to the GBB (as outlined in Attachment B) are broadly supported by BlueScope. However, it is unclear which specific price and supply metrics will be published and the level of granularity. • The effectiveness of these measures will depend on meaningful price disclosure and timely data availability.

Monitoring, compliance and enforcement

Criteria	Description	BlueScope comments

Compliance and reporting	• Annual Compliance Plan
	  ○ Regulated entities must submit a forward-looking annual compliance plan to the AER covering estimated DSO, forecast gas availability and proposed compliance pathway.
	• Performance reporting
	  ○ The AER will establish a performance reporting framework, leveraging existing reporting structures to the extent possible, to assess the progress of regulated entities towards meeting their DSOs.
		• BlueScope strongly supports the requirement for annual compliance plan and performance reporting.
		• Compliance plans and performance reports must be made public to enable proper scrutiny, on an individual (not aggregated) basis.
		• Reporting should be subject to mandatory independent audit to ensure credibility and comparability. This would be consistent with requirements attached to other regulatory reforms

Remedies	• AER will have range of standard regulatory remedies available to pursue at its discretion including court enforceable undertakings, issuing infringement notices, injunctions or financial penalties.	• BlueScope supports the position that failure to meet the DSO may result in civil penalties and variation, suspension or cancellation of approval to export.

s 22(1)(a)(ii)

DOCUMENT 9

From: s 47F s 47F @bca.com.au>
Sent: Thursday, 2 July 2026 3:49 PM
To: s 22(1)(a)(ii) s 22(1)(a)(ii) ; s 22(1)(a)(ii)
Cc: s 47F ; s 47F
Subject: Gas reservation

Follow Up Flag: Follow up
Flag Status: Completed

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Hi s 22(1)(a)(ii) s 22(1)(a)(ii) and s 22(1)(a)(ii)

Hope you are all well.

BCA will be putting our submission to the Domestic Gas Reservation Scheme draft design framework tomorrow.

Would be keen to discuss the submission and next steps for the reform early next week if you have availability.

We can be pretty flexible on timing, and can do separately if that's easier for diaries. Do let us know which of the below might work for you:

Monday 6th
- 3.00pm-5.00pm

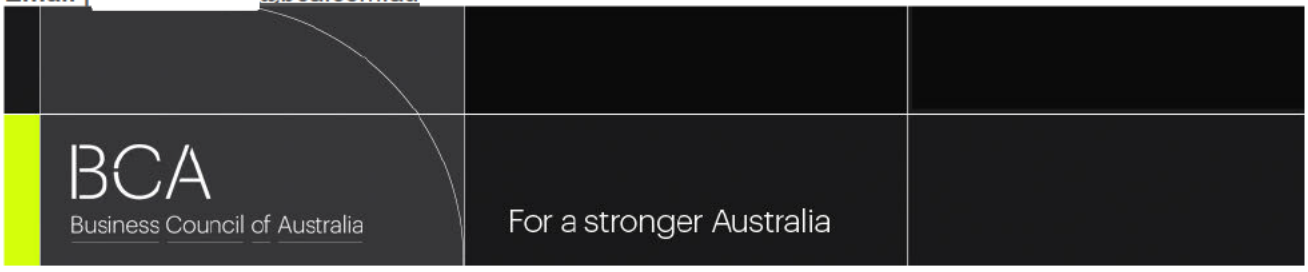
Tuesday 7th
- Any time

Wednesday 8th
- 1.30.pm -3.30pm

From the BCA side it would be myself, our s 47F , and our s 47F .

Many thanks
s 47F
s 47F

Business Council of Australia
Level 6, 345 George Street, Sydney NSW 2000
Mobile | s 47F **Reception** | 03 8664 2664
Email | s 47F @bca.com.au



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From: s 47F @cmaxadvisory.com.au>
Sent: Tuesday, 30 June 2026 12:46 PM
To: s 22(1)(a)(ii) ; s 22(1)(a)(ii)
Cc: CMAX Account 1; CMAX Executive
Subject: Meeting brief: Senex Energy and s 22(1)(a)(ii) (1 July, 3.15pm)
Attachments: 260701_Senex_Office of the Minister for Industry and Innovation_External.pdf

Follow Up Flag: Follow up
Flag Status: Completed

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Dear Ms s 22(1)(a)(ii)

Please find attached a short briefing note ahead of your meeting with Senex Energy tomorrow afternoon.

Senex are in the process of finalising their submission to the gas reservation design consultation today, so they should be in a position to share their submission with you tomorrow.

If there is anything else that would assist you ahead of the meeting, please let me know.

Warmly,

s 47F

s 47F

ACCOUNT DIRECTOR
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I acknowledge the Traditional Owners and ongoing Custodians of the lands on which I live and work, and pay my respects to Elders past, present and future.

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DOCUMENT 11

Meeting Brief: Senex Energy and the Office of the Minister for Industry and Innovation

Date	Wednesday, 1 July 2026 | 3.15pm – 3.45pm AEST
Location	Suite M1.45, Australian Parliament House
Attendees	▪ Ms s 22(1)(a)(ii) , Senior Adviser, Policy and Strategy, Office of the Minister for Industry and Innovation ▪ Mr Darren Stevenson, Chief Executive Officer, Senex Energy ▪ Mr Nick Park, General Manager, Corporate Affairs, Senex Energy ▪ s 47F Account Director, CMAX Advisory
Key contacts	s 47F , CMAX Advisory | s 47F | s 47F @cmaxadvisory.com.au

Meeting objectives

- Brief you on Senex's submission to the Government's gas reservation design consultation, including key concerns with the proposed framework and its potential implications for investment certainty, new supply and domestic market outcomes.
- Discuss the role of domestic gas in supporting Australia's energy security, industrial base and economic transition, including the importance of policy settings that sustain long-term investment in supply.
- Share insights from Senex and POSCO's recent ministerial engagements, particularly in relation to Australia's role as a reliable energy supplier to key regional partners and the importance of stable policy settings for international investment.
- Discuss broader public interest considerations relating to gas industry policy, including the interaction between gas reservation, taxation settings and Australia's energy security and economic priorities.

Prior Engagement

Senex representatives Darren Stevenson and Nick Park previously met with Ms Murphy on 26 March 2026, to discuss the implementation of the Gas Market Review.

Background

Senex Energy

Senex Energy is an Australian natural gas producer focused on supplying reliable and affordable energy. The company's operations are centred in Queensland, with core assets in the Surat Basin, where Senex has recently completed an expansion backed by an investment of around $1 billion. This expansion has increased production capacity and strengthened Senex's role in supplying the domestic market.

Senex plays a key role in supporting Australia's domestic gas supply and contributes to export volumes that underpin Australia's position as a leading global LNG exporter. Senex supplies approximately 10 per cent of

domestic gas demand on Australia's east coast; the company provides reliable energy to manufacturers and power generators, helping to support industrial activity and electricity generation.

While Senex does contribute to export volumes, it is important to note that the company does not receive LNG export level prices for its gas. Expansion projects were possible due to strong and long-term price signals, which enabled capital to be provided on the basis of stable and predictable market rules that would support the recovery of this capital.

Gas reservation policy design

Senex is concerned the proposed framework for the domestic gas reservation undermines the long-term price signals needed for domestic gas investment, risks crowding domestic producers out of the local market, and may lead to producers supplying LNG export projects rather than Australian customers.

The proposed design includes intentional over-supply dynamics that could depress prices, distort market signals and deter investment. Over time, these settings risk reducing incentives for new supply and weakening the domestic market.

Senex instead supports policy settings that protect investment certainty, support new domestic supply and preserve a well-functioning gas market. A proven example is Queensland's Australian Market Supply Condition, where obligations are attached to new acreage at release, providing clarity for producers and customers and supporting stable, predictable investment and contracting outcomes.

Biographies

Mr Darren Stevenson, Chief Executive Officer
Senex Energy



Darren Stevenson is the Chief Executive Officer of Senex Energy, an Australian natural gas producer focused on supplying the east coast domestic gas market from operations in Queensland's Surat Basin.

Mr Stevenson was appointed CEO of Senex Energy in January 2024. In this role he is responsible for leading the company's strategy to expand domestic gas supply, strengthen long-term supply arrangements with Australian manufacturers and energy producers, and supporting Australia's energy transition through reliable natural gas production.

Prior to becoming CEO, Mr Stevenson served as Chief Financial Officer at Senex Energy, where he played a key role in the company's financial management, investment strategy and the expansion of its Surat Basin gas development.

Before joining Senex, Mr Stevenson held senior leadership roles in the resources sector, including positions with Woodside Energy, one of Australia's largest oil and gas companies. During his time at Woodside, he worked across a range of commercial and finance functions supporting major LNG and energy projects.

Mr Nick Park, General Manager, Corporate Affairs
Senex Energy



Nick Park has recently commenced as the General Manager, Corporate Affairs at Senex Energy, where he leads government relations, public policy, communications, and stakeholder engagement for the company.

Mr Park has more than 25 years of experience in corporate affairs, government relations, and strategic communications, primarily within the resources and energy sectors. His career has involved working closely with governments, regulators, industry bodies and community stakeholders on policy and regulatory issues affecting major resource developments.

Before joining Senex Energy, Mr Park held senior corporate affairs and government relations roles within the resources industry, including positions with BHP, one of the world's largest mining and resources companies.

s 47F

Account Director

s 47F

CMAX Advisory

s 47F

s 22(1)(a)(ii)

From: s 47F @cmaxadvisory.com.au>
Sent: Wednesday, 1 July 2026 5:25 PM
To: s 22(1)(a)(ii) ; Nick Park
Subject: Thank you for your time + soft copy of Senex's submission
Attachments: 30 06 206 - Gas Market Review – Draft design framework.pdf

Follow Up Flag: Flag for follow up
Flag Status: Completed

CAUTION - This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Dear s 22(1)(a)(ii)

Thank you for your time this afternoon in what has been an incredibly busy parliamentary period.

For your records, please find attached a soft copy of Senex's submission.

As you grip up other submissions and the advice from the Department, @Nick Park is available to speak to Senex's experience and concerns about unintended consequences of the current proposed reservation design.

Hoping the team has the opportunity to catch its breath once parliament rises.

Warmly,

s 47F

s 47F

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s 22(1)(a)(ii)

From: Minister Ayres <Minister.Ayres@industry.gov.au>
Sent: Thursday, 23 July 2026 11:33 AM
To: stephen.harty@glng.com
Cc: Minister Ayres; Minister King; minister.bowen@dcceew.gov.au
Subject: Letter from Minister Ayres - regarding the draft Design Framework of the Domestic Gas Reservation scheme
Attachments: Letter to Mr Harty.pdf

Good morning,

Please see the attached correspondence from Senator the Hon Tim Ayres, Minister for Industry and Innovation, Minister for Science.

Kind regards,

s 22(1)(a)(ii)

Interim Department Liaison Officer
Office of Senator the Hon Tim Ayres
Minister for Industry and Innovation | Minister for Science
Parliament House, Canberra ACT 2600

SENATOR THE HON TIM AYRES
MINISTER FOR INDUSTRY AND INNOVATION
MINISTER FOR SCIENCE

MC26-001839

Mr Stephen Harty
Chief Executive Officer
GLNG Operations
Level 22
32 Turbot Street
BRISBANE QLD 4000

stephen.harty@glng.com

Dear Mr Harty

Thank you for your letter of 8 June 2026 regarding the draft Design Framework of the Domestic Gas Reservation (DGR) scheme. I appreciate you taking the time to write.

The Albanese Government recognises that stakeholders will hold a range of views on the proposed framework and welcomes continued engagement from Santos GLNG and other gas producers as we finalise the design. Consultation remains open, through the Department of Climate Change, Energy, the Environment and Water, until 30 June 2026.

Australia needs a reliable supply of gas at affordable prices, particularly trade exposed manufacturers central to the Government's Future Made in Australia agenda.

Affordable gas underpins domestic industrial capability and national economic resilience. The DGR is intended to improve availability of gas for the domestic market and place downward pressure on prices, while maintaining stable and predictable settings to support ongoing investment and development.

More broadly, the DGR responds to a decade of fragmented policy settings that have created uncertainty across the east coast gas market. The DGR represents an important structural reform to address longstanding challenges in the domestic gas market and will replace a range of existing measures, including the ADGSM, the Heads of Agreement and elements of the Gas Market Code, reducing regulatory complexity and improving certainty.

The ACCC's March 2026 Gas Inquiry report highlighted risks of shortfall, prompting the Minister for Resources to issue a notice of intent under the Australian Domestic Gas Security Mechanism (ADGSM). While this was not ultimately triggered, supply risks remain.

The Government has been clear that existing contracts entered before 22 December 2025 will be respected. The DGR will include flexibility to recognise these arrangements and avoid outcomes that would impact these contracts.

The Government is working to achieve the right balance between supporting continued investment in gas supply and ensuring supply certainty at prices that underpin Australia's manufacturing base. A durable policy framework must provide sufficient confidence for upstream investment, while also delivering predictable and transparent outcomes for domestic users who rely on gas as a critical input.

Your feedback to this consultation is important. Getting the balance right is key to maintaining both a competitive resources sector and a resilient industrial economy fit-for-purpose in a shock prone world.

I look forward to further constructive engagement on these matters.

Yours sincerely



TIM AYRES
23/07/**2026**

CC: The Hon Chris Bowen MP, Minister for Climate Change and Energy
The Hon Madeleine King MP, Minister for Resources

Santos GLNG

8 June 2026

Senator the Hon Tim Ayres
Minister for Industry and Innovation
Australian Government

Copy: senator.ayres@aph.gov.au
Copy: s 22(1)(a)(ii) @industry.gov.au
Copy: julia.pickworth@industry.gov.au

Dear Senator Ayres,

We refer to the recently released Domestic Gas Reservation Scheme Draft Design Framework dated May 2026 ("**DGR Framework**").

GLNG has, for almost a decade, engaged constructively with the government on policy to ensure both a well-supplied domestic market and a healthy LNG export industry. Historically as an industry we have agreed on the need to:

1. Honour existing LNG contracts that provide energy security for Australia's trading partners.
2. Ensure new gas supplies are developed to serve both domestic and LNG markets into the future.

The DGR Framework simultaneously fails to honour existing contracts and undermines the investment case for new gas supply development. The Framework leaves the regulated entity with a binary choice to supply gas at a loss into an oversupplied domestic market, or fund uneconomic upstream projects under threat of losing the right to export. Both outcomes are inconsistent with the Framework's Key Design Principles. If implemented, the DGR Framework with its stated aim to oversupply the domestic market will discourage new investment, and in practice, appropriate and redirect existing gas developed at a cost of tens of billions of dollars and already committed to export customers. International investors will bear the cost, effectively subsidising Australian gas users which will significantly deter much needed foreign investment in Australian resources and industries.

It reflects a complete disregard for Australia's established reputation in the Indo Pacific region both as an investment destination and as a safe and reliable provider of energy security, which is also the foundation of our regional and national security. The DGR Framework will impact our mutual interdependence with our neighbours and will erode confidence in Australia as a trade partner. **Australia does not have a gas supply crisis and does not need this legislation**.

Australia has decades of gas in the ground and offshore, which can and should be developed under a market-based framework to serve both domestic and LNG export markets for decades to come.

It is a fact that forecast gas supply shortages from around 2032 (*see* AEMO GSOO 2026) and peak day shortfalls from around 2029-30 have been caused not by the LNG Exporters, but by the failure of both NSW and Victoria to develop – *in the full knowledge of declining supply from Bass Strait and the Cooper Basin* – their own gas resources for more than a decade. **Development is the key to unlocking the contended domestic gas price issue**.

There is no gas shortfall in the east coast domestic market today, nor will there be for at least the next three years. According to the ACCC, average contracted gas prices are in the A$13-15/GJ range. The spot price has ranged from A$8-11/GJ this year. While it is an inconvenient truth, this pricing broadly reflects the cost of supply on the east coast, including a reasonable return on investment (as recognised by the ACCC in 2022).

Indeed, in December 2022, the ACCC found that around A$12/GJ reflects the cost of domestic gas supply, including a reasonable return. This was reaffirmed in December 2025, with updated data showing that costs for new supply are even higher, approaching A$13/GJ. This indicates that current prices are already close to the minimum needed to sustain investment. At these levels, the market is broadly balanced, with pricing reflecting the rising cost of new supply.

Australian east coast gas prices are manifestly lower than prices paid by end users of Australian LNG in importing manufacturing nations, such as Korea and Japan. Australian manufacturers, however, point to the US Gulf Coast manufacturing corridor where prices are equivalent to $6-7/GJ because, comparisons with the US are a false equivalence:

- Scale - the US domestic market consumes more than 35,000PJ of gas per year against Australia's east coast domestic market which consumes a mere 550PJ per year – it is 1.5% the size of the US domestic market.
- Close to Market - the US has over the past decades encouraged market driven investments coupled with the shale / fracking revolution to facilitate the large-scale development of its gas resources, whereas Australia has not - particularly close to industrial markets in NSW and Victoria.
- Driven by oil - About 20-30% of gas produced in the US is associated with oil developments and must find a market to enable oil production to continue. Most of the growth in gas production in the US for the last decade has been oil driven. By comparison, all current gas production on Australia's east coast is dry gas which does not have the supportive economics associated with oil development.
- Fewer regulatory barriers – in the US a major onshore drilling activity can be approved in just 3 months, while in Australia similar approvals will take at least 18 months if Federal EPBC approvals are not required, and more than [3 years] if they are.

On the evidence before us, it appears that the DGR Framework expressly targets GLNG by intervening in existing investment decisions and existing LNG contracts. As you are aware, GLNG has no uncontracted production volumes that it can divert to the domestic market, and it does not have the reserves and resource base that other Queensland exporters have. Its LNG feed gas is predominantly sourced from equity production, foundation gas from equity partner Santos, gas from strategic partners Senex and Meridian, whose projects were underwritten by our JV. In our view, **GLNG will inevitably be forced to breach its foundation contracts under the DGR Framework**.

From a GLNG perspective in particular:

1. The imposition of new conditions on existing contracts, including a 20 per cent domestic supply obligation on existing export contracts, and the obligation for sellers to increase their own gas supply, contract with other LNG exporters, underwrite new production, or contract to buy gas, causes harm to, and interferes with, the performance of our existing contracts. It is disingenuous to suggest otherwise.

2. The sweeping ministerial discretion proposed by the DGR Framework to set allowable export volumes and DSO volumes annually is incompatible with the Annual Delivery program mechanism and undermines the predictability of the energy security of our Korean and Malaysian customers, who must plan for their energy supplies on the multi-decadal timeframes required to build sufficient gas and LNG production infrastructure around the world, and negotiate underpinning long-term offtake agreements.

3. More generally the intended and unintended consequences of the proposed DGR Framework will have to be considered during all future investment decisions by gas producers, whether they be domestic only or orientated to LNG export. The consequent underinvestment will in the medium-term lead to shortages that will impact both domestically and internationally.

GLNG has been attentive to safeguarding Australia's national and international interests, and has proactively undertaken four significant reforms to support the domestic market by:

- Changing our export schedule to decrease exports during Australia's gas market winter peak with that gas sold by GLNG into southern markets s 47G
- s 47G
- Allowing legacy contract long-term GSAs with domestic suppliers to expire
- Increasing its investment to A$1 billion per annum to develop its acreage, including drilling new wells to sustain production.

Just over a month ago, Australia's Prime Minister signed an agreement with his Malaysian counterpart in Kuala Lumpur to engage in energy trade on a *"**no surprises basis**"*. The two countries have an energy inter-dependence, with Malaysia relying on Australia for LNG and Malaysia being one of Australia's most important suppliers of refined liquid fuels.

Similarly, Australia's Foreign Minister announced that Australia and the Republic of Korea had renewed commitments to work together to maintain a stable, secure and reliable supply of diesel and other liquid fuels.

The DGR Framework is wholly inconsistent with a *"no surprises basis"* and undermines trust.

We maintain that ***unlocking new gas supply is the only real game changer*** for increasing domestic gas supply to the east coast market. It is basic economics that when contracts (domestic or LNG) are met and LNG plants are full (inherently capped at infrastructure capacity), all excess gas production will flow to the domestic market at the marginal short-run cost of supply.

We reiterate our request that the government prioritise fiscal and policy stability, coupled with streamlining the approvals process to encourage the private sector investment in gas supply and transport infrastructure to deliver new domestic volumes by 2029-30 – an outcome that the proposed DGR Framework would prevent.

Our industry has been a huge contributor to economic growth, thriving regional communities, jobs, business opportunities, national income and government revenues for decades and it can continue to be, but not under the proposed DGR Framework.

GLNG and the executives of our joint venture partners have made a meeting request to meet with you and trust that you will engage constructively with us on these matters.

Yours sincerely,



Stephen Harty
Chief Executive Officer
GLNG Operations