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GAS MARKET REVIEW – WOODSIDE SUBMISSION

Introduction

Woodside appreciates the opportunity to contribute to the Commonwealth Gas Market Review (the Review), which is crucial for ensuring that Australia's energy markets and regulatory frameworks effectively support the energy needs of households and businesses.

Woodside has a long history as a global leader in the upstream oil and gas industry, developing and operating significant projects in Australia, such as the North West Shelf Project, Pluto LNG, Scarborough, and Pluto Train 2. Additionally, we are committed to supplying reliable, affordable, and secure energy to our customers, both domestically and internationally.

In the Bass Strait, Woodside holds a 50% interest in the Gippsland Basin Joint Venture (GBJV) and 32.5% interest in the Kipper Unit Joint Venture (KUJV) – acquired through a 2022 merger with BHP Petroleum – with the remaining stakes held by ExxonMobil and Mitsui. Natural gas production from the Bass Strait assets is 100% dedicated to the Australian domestic market and currently supplies approximately 40% of Australian east coast domestic gas demand.

On 29 July 2025, Woodside entered into an historic agreement with ExxonMobil Australia to assume operatorship of the Bass Strait assets during 2026, unlocking potential development of additional gas resources.

As a proud Australian company, Woodside invests in our host communities and aims to contribute to the economic prosperity and energy security of Australia and the region.

It is in this spirit that we offer the following recommendations for reform of domestic gas market policy and regulation to ensure the market can operate efficiently and deliver reliable and affordable energy supply to Australian homes and businesses.

Executive summary and recommendations

As highlighted in the Federal Government's Future Gas Strategy, our standard of living in Australia and our competitive advantage as a nation depend on a reliable and affordable energy supply. An efficient gas market, combined with developing new sources of supply, is fundamental to delivering this.

While current policy and regulatory settings were designed to safeguard supply, maintain affordability, and support investment, they have evolved into a complex and unnecessarily interventionist system that is undermining market confidence, deterring investment, and constraining new supply.

Under the Gas Market Code (the Code), detailed contracting rules—including Expression of Interest (EOI) and offer processes—impose significant procedural, reporting, and compliance obligations beyond prior market practice. These measures have raised administrative costs, impact negotiation timelines, and can reduce flexibility for producers and buyers limiting their ability to respond promptly to changing market conditions.

The static price cap imposed by the Code's reasonable price mechanism influences market-based pricing signals, which can affect the commercial viability of higher-cost or marginal projects and reduce the investment confidence needed to bring new supply to market.

The Australian Domestic Gas Security Mechanism (ADGSM) grants broad ministerial discretion to declare a domestic shortfall without sufficient predictability and can apply to regions not experiencing a shortage. This uncertainty can negatively impact long-term contracting and investment decisions and slow down the development of new projects.

With east coast peak day shortfalls projected from 2028 and structural shortfalls from 2029, a coherent, market-based policy and regulatory framework is needed. Our submission proposes a comprehensive reform agenda to restore investment confidence, improve market efficiency, and support Australia's energy transition. The Review consultation questions correctly identify some of the challenges arising from the current framework and request further information on the implications. We have endeavoured to provide detailed responses to support consideration of potential reform.

1. Enabling a well-functioning gas market

A competitive, transparent, and flexible gas market is essential to prevent supply shortfalls and ensure stable price signals that incentivise investment. The following initiatives would support a return to market-based mechanisms that reflect real supply and demand dynamics:

- **Sunset the Code** to eliminate rigid, prescriptive negotiation and contracting requirements, including EOI and offer processes.
- **Remove the static price cap and revoke the Code's reasonable price mechanism** to enable the creation of stable price signals required to promote investments in additional supply.
- **Consolidate governance of gas market regulations and reporting** across the Australian Competition and Consumer Commission (ACCC), the Australian Energy Regulator (AER), and Australian Energy Market Operator (AEMO) to streamline processes and reduce administrative burden.

2. Supporting a secure, affordable energy transition

Australian gas has a critical role to play in supporting the deployment of renewable energy infrastructure for national electricity generation, as well as helping regional trading partners meet their energy security and decarbonisation goals. We recommend revisiting regulatory restrictions on gas development that lack a robust scientific foundation. Ensuring that policy decisions are evidence-based will help investor confidence, unlock new supply, and support Australia's energy security and emissions reduction goals. To support a secure and affordable energy transition, the following recommendations are proposed:

- **Accelerate new supply development** by reinstating and expediting annual offshore exploration acreage release rounds and ensuring timely approvals. This will allow important infrastructure to remain available so that the opportunity for future supply can be maintained in line with market demand.
- **Include gas-fired power generation in the Capacity Investment Scheme**, recognising its role in firming renewables and supporting grid reliability.
- **Enable LNG import infrastructure** to mitigate short-term supply volatility and address structural shortfalls forecast from 2029.
- **Repeal the ADGSM** and replace it with a regionally responsive reservation policy that supports domestic supply and that avoids distorting export investments.

3. Efficient regulatory approvals

As identified in the Federal Government's Future Gas Strategy, "new sources of gas supply are needed to meet demand during the economy-wide transition".

To unlock new supply, regulatory frameworks, including project approvals, need to be simple, effective, and streamlined, recognising the pace of change required. Avoiding duplication across federal, state, and local government processes is critical. Within this context, Woodside recommends the following:

- **Hold approval agencies accountable to statutory timelines** to ensure there are no delays in bringing new supply to market.
- **Design EPBC Act reforms** that reinforce the principle of ecologically sustainable development by requiring the Minister to consider both long- and short-term economic, social, and environmental factors, and publish integrated assessments.
- **Legislate a single-agency integrated assessment model**, consolidating state and federal approvals to reduce delays and duplication.
- **Introduce "National Priority" status** for major energy projects to fast-track approvals through whole-of-Government coordination.
- **Review environmental approval legislation and regulatory frameworks** to mitigate against vexatious litigation driven by activist political agendas.

Conclusion

Woodside takes its responsibility to contribute to local energy security seriously and welcomes the opportunity to provide feedback on east coast gas market policy and regulation. A transparent and efficient gas market is essential to the provision of reliable and affordable energy supply that underpins secure local supply chains and a robust economy through the energy transition.

In addition to providing gas from the Bass Strait into the east coast market, Woodside also continues to provide domestic gas to the Western Australian market. Indeed, the North West Shelf Project started with the supply of domestic gas to Western Australian customers in 1984 – supported by long-term contracts with the State. Reliable gas supply to local customers has continued ever since, thanks in part to the reservation policy introduced by Western Australia in 2006.

The export of Australian LNG makes a significant contribution to the Australian economy, while providing an energy supply that can support the decarbonisation of our trading partners. It is vital that policy settings enable the delivery of both LNG for export and gas for domestic supply to maximise value from Australia's abundant resources.

Woodside stands ready to provide further detail on the recommendations outlined in this submission in order to inform policy consideration as might be required.

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[redacted]

Supply, security and trade

1. **How effective are the existing instruments in ensuring sufficient supply of natural gas for Australia's domestic market, including impacts on the exploration and development of new gas resources and infrastructure? Please provide detail.**

   Woodside does not believe there is any evidence that the existing instruments – comprising the Code, the ADGSM and the Heads of Agreement (HoA) – have effectively ensured sufficient domestic gas supply or provided the level of policy certainty required to support sustained investment in new gas resources and infrastructure.

   In the case of the Code, the highly prescriptive contracting rules – including the EOI and offer processes – introduce detailed procedural, record-keeping, publication, and reporting obligations that go well beyond prior market experience. Producers must dedicate significant time and resources to ensure compliance and manage the risk of substantial civil penalties, even in routine commercial negotiations. This limits the ability of producers and buyers to tailor agreements or respond quickly to market opportunities, increases compliance costs and lengthens negotiation timeframes. These constraints can delay or deter the commercial arrangements needed to commit to new gas projects, making it more difficult to secure long-term contracts that underpin investment.

   The Code's regulated price cap influences market-based price signals, reducing commercial viability of higher-cost or marginal projects that could otherwise contribute to domestic supply. By limiting potential returns, the cap can affect investment confidence and discourage the long-term capital commitments needed to develop new resources.

   The ADGSM provides the Minister with broad discretion to declare a domestic shortfall but lacks transparent criteria and relies heavily on available, often contradictory, forecasts. It can also apply to LNG exports from regions not experiencing a shortfall, which may create disproportionate impacts and overlook regional market conditions. This uncertainty can delay investment decisions and risks hindering the timely development of new gas supply for both domestic and export markets through impacting Australia's international investment competitiveness.

   In the current condition of supply scarcity, it is important to accelerate new supply development. The existing instruments have not sufficiently incentivised investment or addressed the issues related to lengthy and complex approval processes or the lack of timely exploration acreage release - both of which are significant barriers to bringing forward major projects and need to be resolved to secure new supply essential for long-term energy security.

2. **Have the instruments affected the competitiveness of Australia's LNG export industry, investment reputation or international reputation for quality and reliability? If yes, please provide detail.**

   The introduction of the east coast price cap and the ADGSM risks undermining the competitiveness of Australia's LNG exports by creating uncertainty over existing contracts and future policy settings, deterring international buyers and investors who may perceive heightened risk relating to contract fulfilment and future investment viability. International partners have expressed concerns over Australia's reliability as an LNG supplier. Collectively, these measures impact Australia's competitiveness, investment reputation, and standing in the global LNG market.

3. How might the instruments be improved to better achieve the Review's objective?

Focusing on market-based mechanisms that reflect real supply and demand dynamics would improve investment confidence, reduce compliance burden, and allow market participants to respond more efficiently to evolving market conditions. To achieve the objectives of this Review and the Future Gas Strategy, key proposed actions are:

- Sunset the Code to move away from prescriptive contracting and negotiation rules while encouraging commercial flexibility, reducing compliance costs, and enabling producers and buyers to negotiate terms that bring new supply to market more quickly.
- Remove the static price cap and revoke the Code's reasonable price mechanism to restore stable market-based price signals, improving commercial viability of new projects and encouraging development of new supply.
- Repeal the ADGSM and replace it with a regionally responsive reservation policy so that supply measures are targeted to where they are actually needed, avoiding unnecessary export restrictions while still ensuring domestic supply security.

4. Are there alternative policies that would secure gas for Australian consumers while maintaining a strong LNG export industry? If so, please provide detail regarding anticipated effect these policies would have, how they should be applied, and how they should interact with existing instruments and policies?

A regionally specific gas reservation policy – similar to that in Western Australia (WA) – would be a more effective policy mechanism than the ADGSM. The WA model provides clear and transparent obligations for LNG producers to reserve gas for the domestic market while retaining flexibility in how these commitments are met. Woodside recognises that further consultation on the parameters for such a policy would be essential to its success and would contend that any such scheme should be applied on a project-by-project basis and should ensure mutual benefits for manufacturing, minerals processing and other key domestic industries. It is vital that any such scheme is not retrospective and is designed in such a way that it brings forward new gas developments.

Including gas-fired power generation in the Capacity Investment Scheme is another effective policy tool to enable gas to play an important role in firming renewables and in supporting grid reliability as Australia's energy mix decarbonises and the country reduces its reliance on coal. A future made in Australia, including a critical minerals industry, is enabled by stable, secure and affordable access to energy. For example, the South Australian electricity grid relies on gas peaking generation for grid stability during periods of high renewable generation and for the reliable dispatch capacity it provides during periods of low renewable generation. Gas-fired generation availability has supported the South Australian electricity grid to reduce reliance on coal, is likely to have accelerated the development of renewables and to have reduced emissions in the process. This underscores how important gas-powered generation will be across the east coast as further coal fired power stations close in the coming years.

To facilitate the development of new gas supply, reform is required to Australia's environmental approval and regulatory framework to remove duplication between jurisdictions and enable prompt decisions that take into account a balance of environmental, social and economic factors.

Timely approvals would be supported by nominating a single regulatory agency to conduct an integrated assessment process on behalf of all relevant federal and state agencies to address requirements across jurisdictions. A further improvement would be legislating clear approvals timelines that do not change, and ensuring departments are resourced to meet them.

Contracting and bargaining conduct

1. Has the Expression of Interest (EOI) and offer process in the Code and HoA respectively been effective?

Woodside does not consider the EOI and offer processes under the Code to have been effective. These processes are far more restrictive than the market practice established prior to the introduction of the Code. Their highly prescriptive nature, coupled with substantial civil penalty provisions, has forced producers to adopt a less dynamic, more compliance-focused approach at the expense of commercial flexibility. This has reduced the ability for producers to accommodate buyers seeking longer-term gas supply through direct engagement. These buyers often require a bespoke negotiation process that includes flexible timelines that align with their investment planning or operational needs which may not be possible under the Code's enforced EOI processes and timelines.

The administrative burden of complying with the instruments is significant. Producers must dedicate considerable time and resources to understand and meet the procedural, record-keeping, publication, and reporting obligations or they risk substantial penalties. Buyers are also impacted as they have been required to decipher complex legislation in order to understand how best to interact with the new EOI processes many producers are now obliged to follow. This administrative load increases compliance costs and reduces the ability for producers and buyers to interact in a timely and responsive manner.

Instead of enhancing market activity, the EOI and offer processes have introduced ambiguity and inconsistency in how market participants engage and transact. Buyers now face different procedures and timelines depending on if – and how – the Code applies to the seller, which creates confusion and slows direct communication between parties.

For example, if a producer opens a targeted negotiation by commencing discussions with two customers for 12 months of supply in a future calendar year, then the producer must be wary of any current or future bilateral discussions with other counterparties that cover the same period. Under the Code, the producer would have no exemption from using the full EOI process - and the significant reporting and procedural obligations that are associated with it - once a discussion of a materially similar supply product was entered into with a third potential customer.

As a further example, once a producer has opened an EOI they are unlikely to be comfortable progressing any other bilaterial negotiations that cover the EOI period until the EOI has closed. As EOI's have been observed to take as long as 6 months to complete this can severely limit the time frames available for negotiations to take place in.

Overall, the processes have reduced the flexibility and efficiency of negotiations and contracting, undermining a well-functioning market.

a. To what extent have these instruments helped address bargaining power imbalances?

It has not been clear how the processes are intended to address any power imbalances under current conditions of supply scarcity. On the contrary, they have hindered market activities and limited contracting flexibility, likely exacerbating the issue and leading to higher prices.

Once an EOI is opened, the producer must consider all participants simultaneously, which can result in volume uncertainty as availability must be spread across multiple parties rather than meeting a single buyer's needs as it would in a bilateral discussion. Both price and key non-price negotiations are also influenced by the broader process particularly as they must be negotiated within short timeframes. Collectively, these factors can make it challenging for buyers to align gas supply arrangements with their investment requirements.

The most effective way to address bargaining power imbalances is not by unnecessary and overly prescriptive regulation, but by supporting the development of new supply options, thereby enabling a well-functioning, competitive market with balanced bargaining positions.

b. Have these instruments produced any unintended consequences?

One notable unintended consequence arises from the requirement to issue binding final offers that must remain open for a set period of time. As producers are exposed to potential market price movements during this period, they must factor that risk into their pricing, often resulting in elevated offer prices.

Another example is how the strict timing obligations associated with the EOI and offer processes can delay other negotiations and overall market activity. These requirements significantly reduce producers' engagements with the market until all procedural steps are completed – a process that can extend to six months.

Finally, the risk of further market interventions has made long-term pricing extremely challenging and has also made it difficult for buyers to commit to large new supply options, such as east coast LNG import terminals.

These unintended consequences make it difficult for buyers to engage with producers at times and on time frames that best suit their business needs. Once engagement does occur producers are often restricted from negotiating with the flexibility needed to meet a particular buyer's specific needs and, given the long-term uncertainty that has been created, it is increasingly rare for producers and buyers to find common ground on longer term pricing assumptions.

Adding inefficiency to the contracting process by reducing the ability for producers to directly contract at times and in ways that best meet the direct needs of specific customers primarily benefits large gas aggregators. These participants are able to purchase gas on more standardised and less flexible terms and can then add their own margins when on-selling the gas - often via the bespoke bilateral negotiations that producers are increasingly unable to enter into directly.

2. **Have existing instruments impacted your ability, either positively and/or negatively, to secure long-term contracts?**

The instruments have made it more difficult to secure long-term contracts. While the EOI process is not explicitly mandated for marketing gas in general, in practice it is challenging to negotiate longer-term sales without the risk of inadvertently contravening the Code's provisions. Exemptions to procedural obligations apply only in narrow circumstances, for example, as short-term transactions or targeted approaches involving fewer than three buyers, and do not provide practical pathways for negotiation and contracting longer-term gas sales outside of EOI.

Buyers seeking long-term contracts to support their own investment decisions are impacted by the EOI framework at the outset of any negotiations. This is because the start of substantive discussions may need to be delayed to align with a producer's enforced EOI timeframes. Once discussions have been entered into further uncertainty is created for the buyer who must familiarise themselves with complex legislation that mandates procedures which materially differ from previously established market standard contracting processes.

Long-term supply discussions are often complex negotiations driven by the specific needs of the buyer and any particular requirements of the seller. To be successful both parties require the ability to interact flexibly as they pursue opportunities to meet the needs of both sides. This is particularly important in the negotiation of non-price terms which may be significantly more valuable to one side than another. This flexible approach to contracting is difficult to achieve within the restrictive procedural and time bound nature of the obligations enforced by the Code.

As a result of the EOI functioning as a de facto process for long-term contracting, producers and buyers face a reduced ability to engage directly and to contract in a manner which meets the specific requirements of each side. Its rigid procedural nature – including fixed timelines, binding final offers, reporting and publication rules - has also contributed to a broader market shift toward short-term transactions, which are exempt from both the EOI and offer processes.

3. **How might the HoA and Code EOIs and offer processes be improved? Potential improvements could include price guidance and feedback being required from producers or exempting buyer-led EOIs from the Code.**

    a. **How might this impact EOI processes? Please provide detail.**

The prescriptive EOI and offer processes, together with the overarching Code, have introduced procedural and administrative requirements that add complexity to commercial negotiations. Sunsetting the Code would remove these rigid procedural requirements that constrain efficient contracting and impose unnecessary administrative burdens. This would allow the industry to return to the dynamic, market-based practices that existed prior to market interventions, which would in turn restore contracting flexibility, reduce compliance costs, and enable timely, commercially driven negotiations. It would also restore the ability for producers and buyers to engage early, maintain direct communication, and progress tailored negotiations without the pressure of fixed timelines. This ensures that buyers can

secure gas supply contracts with producers at the time and in the form that meets their needs, resulting in the best outcome for both parties.

Woodside does not consider it necessary to mandate price guidance or feedback during the EOI stage. While buyers may seek early price signals, any publication of indicative pricing as part of a Code-governed EOI process could present serious competition law risks. In particular, there is a concern that a published price signal could be interpreted as facilitating coordinated behaviour among producers, potentially constituting a 'concerted practice' under the Competition and Consumer Act.

Price guidance is also unlikely to improve outcomes. Buyers already have access to a range of price information, including through the Declared Wholesale Gas Market (DWGM) and Short Term Trading Market (STTM), which can provide them with an indication of the prevailing market price for gas. Any published indicative prices would not account for variable terms such as Take-or-Pay conditions, seasonal shape, and flexibility rights. Additionally, it would not necessarily impact the price of gas for the ultimate consumer, as midstream operators, infrastructure owners, and retailers are not bound by the Code and could simply increase their margins based on a published wholesale price.

It is not entirely clear how exempting buyer-led EOIs from the Code would improve current processes. If the aim is to enhance flexibility by removing the prescribed requirements for producers in this type of EOI, it would implicitly acknowledge that the existing EOI framework is not working as intended. In that case, the more effective solution would be to remove the prescriptive EOI process entirely, rather than introducing additional narrow exemptions.

4. **Do you consider buyer negotiating positions would improve with a standard Gas Supply Agreement (GSA) template that provides guidance or optionality on non-price terms as a reference for negotiations? Please provide detail.**

Woodside does not consider that introducing a standard GSA template would improve buyer negotiating positions. Gas contracts cover a wide range of operational and commercial factors and must remain flexible to suit specific circumstances. Enforcing standard terms could reduce efficiency by limiting the ability of parties to tailor agreements to their specific needs.

   a. **What non-price terms would benefit from standardising?**

      Some basic administrative provisions – such as invoicing timeframes or dispute resolution processes – could benefit from optional guidance. However, core commercial provisions such as liability, indemnities, off-specification gas, curtailments and nomination rights are highly context-specific and not suitable for standardisation.

   b. **What are the benefits of standardising terms and conditions?**

      While a standardised template might offer initial clarity for some market participants, it would likely limit contracting flexibility. Buyers could lose the ability to negotiate bespoke non-price terms that may be more valuable than marginal price improvements.

c. What are the barriers in adopting a standardised GSA?

GSAs vary significantly across regions and production areas due to differences in infrastructure, risk profiles and market conditions (amongst other factors). A single standard template would need to accommodate a wide range of scenarios, resulting in a document so complex that it would undermine the very purpose of the standardisation.

Gas market transparency

1. What are your key sources of supply and pricing information (both from market bodies or elsewhere)?

Key pricing sources include:

- Actual DWGM and STTM markets bids, offers and settled prices;
- Gas Supply Hub (GSH) trades;
- Broker trade lists and forward gas price curves;
- International price benchmarks such as Brent and JKM;
- AEMO short-term trading data.

For supply-related data, key references include the Gas Bulletin Board (GBB) (particularly the medium-term capacity outlook), Iona storage levels and the Gas Statement of Opportunities (GSOO) for longer-term supply data.

2. What impact would more transparent or more timely information have on the supply of gas to the domestic market? How does this impact LNG operations?

Currently available information is relatively transparent and timely, providing a good reflection of underlying supply and demand dynamics. A variety of short- and long-term supply, capacity and pricing data points are accessible through market platforms and reporting by AEMO, the ACCC and the AER. Given this existing transparency, additional reporting would have minimal effect, as market participants already have access to sufficient information to support decision-making.

Instead, improvements should focus on consolidating how existing information is published – as it is currently dispersed across several market or regulatory bodies – to create a more centralised and accessible source. This would improve the timeliness of information, enhancing market activity and enabling faster responses to changing supply-demand conditions in both domestic and LNG operations.

3. How transparent are shortfall determination processes under the instruments, and in particular under the ADGSM?[1]

The ADGSM shortfall determination process grants the Minister broad discretionary powers without a clear, transparent criteria to guide decisions or evaluate the likelihood of

[1] The Department of Industry, Science and Resources, AEMO and ACCC. Customs (Prohibited Exports) (Operation of the Australian Domestic Gas Security Mechanism) Guidelines 2023, Item 8 (1).

intervention. This creates material uncertainty for LNG producers, hampering investment and undermining confidence – both domestically and internationally.

The mechanism also enables export restrictions in states not facing supply shortages, including those with effective local reservation policies. This is disproportionate and risks distorting outcomes in otherwise well-functioning regional markets.

National uniform regulation such as the ADGSM is not designed to reflect local supply and demand conditions and should be replaced with a more targeted, region-specific policy that delivers proportionate responses where genuinely required.

4. **Are you aware of uncontracted gas information and EOIs hosted on gas producer websites? If yes, please provide detail.**

   Woodside is aware of uncontracted gas information and EOIs hosted on producers' websites, as we are required to publish this information on our own website. In particular, we must publish a 5-year marketing forecast in addition to the existing prescribed 2-year forecast under section 34 of the Code. These forecasts are subject to differing update deadlines, resulting in unnecessary duplication and creating confusion for those accessing the information.

5. **What changes are required to ensure you have sufficient access to market information (e.g., more real time price information, available supply, contract terms etc) to make informed procurement decisions?**

   Woodside considers relevant market information to be already widely available. Streamlining and centralising available market data – for example, through publishing by a single market body or platform (e.g., the GBB) – would enhance accessibility and usability of existing information. A single, unified framework would also reduce the administrative workload associated with extensive compliance reporting.

   It is also important to recognise that the growing volume of reported market data risks creating an imbalance, as larger, more sophisticated participants are better equipped to extract value using advanced analytical tools, while smaller or newer participants may lack the resources to do so.

6. **What are the tradeoffs that come with closer to real time price transparency to the market?**

   Woodside maintains that while transparency is important, closer to real-time price reporting risks increasing compliance burdens, raising barriers to entry and reducing market efficiency.

   Increased real-time price transparency may also inadvertently harm market liquidity and competition, as reported prices – particularly from bespoke deals with specific non-price terms – can be misinterpreted, distorting market signals. For example, when AEMO's short-term transactions reporting was introduced, market participants expressed concerns that the diversity of contracting and pricing structures would make it difficult to categorise and report trades accurately. As anticipated, this has resulted in opaque and at times misleading reporting. For instance, swap transactions are still reported without clarifying whether they are time- or location-based, even though prices can differ significantly depending on the type.

In contrast, real-time reporting on the GSH works well because it involves standardised products. If further transparency measures are pursued, they should be confined to commonly used and clearly defined transaction types. Complex or bespoke transactions, where pricing is highly context-dependent, should not warrant real-time reporting, as such data is of limited use to the broader market. If reported, such information should be aggregated and disclosed with an appropriate time lag to preserve commercial flexibility.

7. **Would consumers and/or producers support an information sharing arrangement whereby GSAs are reported in close-to-real-time to the AER (rather than waiting for an information order)? Please provide detail.**

Any reporting framework should require GSAs to be reported only once, with clear timing and procedural requirements to avoid duplication and minimise administrative burden. However, as previously noted, close-to-real-time reporting of all GSAs is unlikely to deliver meaningful improvements in market transparency - particularly given the complexity and bespoke nature of many agreements, where pricing and terms are highly context-specific.

Wholesale Gas Prices

1. Has the Code's reasonable price mechanism been effective at reducing gas prices? Please provide your observations.

There is no evidence that the Code's reasonable price mechanism has been effective in reducing gas prices. It is arguable that the introduction of the reasonable price mechanism - and the price cap that preceded it - worked to delay the necessary investment in new gas supply that would otherwise have applied downward pressure to gas prices.

Almost all east coast producers have now either been granted conditional ministerial exemptions from the pricing provisions of the Code or are exempt from the reasonable price mechanism due to holding small producer status (or both). In exchange for these exemptions, producers like Woodside have been required to comply with complex reporting regimes that duplicate pre-existing obligations. The Code's reasonable price mechanism has therefore ultimately resulted in a significant compliance burden and a material lessening of reporting efficiency being applied to gas producers. Despite this, Woodside has seen no evidence that suggests the Code has reduced gas prices.

a. Does the current reasonable price (set at $12/GJ excluding transport costs) reflect actual supply and demand conditions? Please provide detail.

The current reasonable price does not reflect actual supply and demand conditions. Supply and demand conditions are complex and vary from state to state and from month to month. It is therefore functionally impossible to set a static reasonable price that will accurately reflect all supply and demand conditions. More specifically, the $12/GJ current reasonable price does not adequately consider the risks associated with new supply projects. After applying the cost of unsuccessful exploration and development it becomes increasingly difficult to economically justify new supply projects in an environment where a

static $12/GJ cap is applied to gas sales, effectively limiting all upside cases when assessing economic feasibility.

In the case of existing late life assets, unit production costs are expected to increase towards final production. Maintaining a price cap may result in producible volume not being economically viable and result in gas remaining undeveloped. Free market conditions would efficiently allow the appropriate point at which gas production is no longer economically producible to be determined.

b. Has price volatility reduced or increased under the instruments? Please provide detail.

Long-term price volatility is expected to increase under these instruments. The instruments have distorted the transparent price signals associated with a well-functioning and efficient market and have instead increased investment uncertainty and resulted in a significant reluctance by market participants to contract longer term. In the absence of market intervention contracting would have taken place earlier and would have covered longer supply periods which would have increased price certainty and efficient outcomes for the market.

In the shorter-term price volatility may have been decreased as the $12/GJ number set by Government acted as a magnet for contracting levels. However, volatility can still be seen when large volumes of gas are made available, typically in QLD, at a set price for a limited period of time due to producer obligations either under the HoA or under a Ministerial Exemption to the Code. In these instances, the market price is artificially set at the offered price before returning to levels that more accurately reflect underlying market conditions.

c. Does the reasonable price support competition in Australia's gas markets? Please provide detail.

Woodside is of the view that the reasonable price does not support competition in Australia's gas markets. By distorting price signals and inhibiting investment, this can damage competition and the risks of structural shortfalls may increase. The reasonable price, and the significant regulatory burden applied across the industry, act as major barriers to entry for new participants and add significant costs to the industry as a whole.

Given the long-term and capital-intensive investment required to bring new gas to market, the uncertainty of policy and presence of price caps may constrain new entrants from being able to enter the market for economically marginal gas fields. General economic principles suggest that, by nature, a cap prevents up-side pricing scenarios being factored into investment decisions and, when only downside pricing assumptions are considered, economic analysis is artificially skewed to downside realisation.

2. Is the mechanism in the Code for setting a reasonable price appropriate or should an alternative mechanism set the reasonable price?

As discussed in question 1b above, a static price cap applied across the entire east coast for multiple years at a time will not be able to accurately or appropriately reflect underlying market dynamics, particularly as they shift over time. The deterrent effect any price cap regime has on upstream investment also far outweighs any short-term benefit to price

outcomes which can be seen when considering the existing exemption list - which includes nearly all east coast suppliers.

If a reasonable price mechanism is required, the mechanism should be targeted and applied only in the specific situations and to the specific participants it needs to.

3. **What changes to the existing instruments are needed to ensure gas is affordable and reliable for your operations?**

The current instruments add significant costs across the industry through complex, onerous and overlapping reporting regimes. These need to be simplified and unified wherever possible.

The market should be allowed to return to operating with transparent price signals that accurately reflect underlying demand and supply dynamics. These price signals will drive efficient market outcomes and will enable economic investment in new gas supply which will ultimately work to both keep gas prices as low as possible and to encourage longer term contracting.

Improving the efficiency of regulatory approvals and streamlining these for areas of existing development (for example the requirement for Offshore Project Proposals (OPPs)) would reduce time to market for new developments. Additionally, reducing the timeframe for new permits to be gazetted would allow timely assessment of new acreage for additional gas supply. This is particularly important for Victoria as Bass Strait infrastructure, which is key to underpinning future development, is currently being planned for removal which may strand any resources in areas not already covered by production licenses, retention licenses or exploration permits.

4. **How might future market conditions or potential new supply sources (e.g. LNG regasification terminals) impact wholesale gas prices?**

The 2025 AEMO GSOO has highlighted structural shortfalls in east coast gas markets beginning from 2029. Under these projected conditions, any new supply – including both LNG import terminals and new domestic supply projects - will play a critical role in alleviating the severity of these shortfalls, and therefore in reducing the likelihood of wholesale gas prices reaching market price caps.

It is also important to consider the impact on wholesale electricity prices. With growing renewable penetration in the electricity market gas-fired generation will be increasingly relied upon for firming and back-up capacity. This segment is expected to become the marginal source of supply adding further upward pressure to wholesale gas prices particularly during times of low renewable generation.

While new domestic supply projects will be critical in putting sustained and longer-term downward pressure on gas prices they are not expected to be able to meet the current 2029 time frame. As already mentioned, new supply projects must also contend with entrenched pricing mechanism issues. Without improvements or clear upside in pricing structures, investment in domestic supply development is likely to remain challenged and, as a result, potential new entrants may delay or abandon development plans, limiting the future supply pool.

In the absence of timely domestic developments wholesale gas prices are increasingly likely to be linked to global LNG markets - either directly via imports or indirectly via export LNG netback. While this linkage may introduce global market exposure, the forecast shortfalls indicate that without new gas supply the domestic price may continue to rise and could significantly exceed international levels.

LNG import terminals offer scalability and a more immediate solution to supply constraints. A new imported LNG supply source could act to stop domestic prices exceeding international levels and, notably, southern markets may benefit from seasonal LNG pricing dynamics as domestic demand spikes during the Australian winter could coincide with lower global LNG prices stemming from reduced northern hemisphere summer demand.

Efficient Wholesale Markets

1. **What benefits do bilaterial gas trades offer compared to use of AEMO's facilitated markets. What barriers exist to greater use of AEMO's facilitated markets?**

   Bilaterial gas trades provide complete flexibility in negotiating contractual terms. This enables both parties to tailor contracting structures that maximise value or manage risk most effectively, ultimately increasing the suitability of the final agreement for both parties.

   While AEMO's facilitated markets can be useful for contracting quickly and easily such contracting is limited to standardised products. Bilateral gas trades can also be more cost-effective to enter into as the AEMO facilitated markets often involve transaction fees and may also include margining requirements.

2. **Does bilateral gas contracting limit competition, transparency and a more efficient price formation process?**

   Woodside is of the view that bilateral gas contracting does not limit competition, transparency or a more efficient price formation process. Removing the ability for the market to contract bilaterally would only benefit market participants who are able to operate effectively under standardised products and this benefit would come at the detriment of any who do require bespoke arrangements to support their operations.

   The ability to negotiate non-price terms is important in promoting efficient contracting outcomes as it allows parties to find opportunities for win-wins instead of forcing all elements of the negotiation into a pricing debate. While this does add complexity to price transparency this complexity is a by-product of the sophisticated requirements that many gas customers have.

3. **Views on the performance and efficiency of the wholesale gas market, including supporting evidence, are welcomed. Stakeholders may wish to consider specific market aspects, such as the following voluntary market (Gas Supply Hub) features:**

   1. **Bid/Ask spread: Do relatively low participant numbers and trade volumes lead to wide spreads? Please provide detail.**

      While wide bid/ask spreads can be exacerbated by low participant numbers, they are more commonly a result of significant market uncertainty leading to both sides taking conservative pricing views.

2. **Trading volumes: Given the 5-fold increase in off-screen trades via the GSH since 2018, is there sufficient volume being transacted on screen to support reliable and efficient price discovery? Please provide detail.**

   The GSH reports all trades whether they were done on screen or not. There is therefore no impact to price discovery from participants transacting directly via the hub rather than on screen as the trades are still made public.

3. **Order book depth: Does the market have enough depth to support meaningful trades without excessive price impact? Please provide detail.**

   Market depth varies by time of year, by location and by the market involved. Some markets (such as the DWGM) maintain significant depth year-round while others (such as the Brisbane STTM) are very shallow. Participants should assess the market depth, and the associated ability for trades to move the market price, when deciding whether to become an active participant in any particular market.

4. **Execution times: Can participants reliably execute trades quickly at known prices, or are there delays and uncertainty? Please provide detail.**

   Execution time can be impacted by many factors including the strength of the relationship between the counterparties, the existence of a signed Master Agreement and whether the parties have both signed up to markets such as the GSH. The size of the transaction, and the associated internal approvals can also be a material factor. In general, shorter term and/or smaller transactions can be exercised faster than longer term/larger agreements.

5. **Price volatility: Is observed volatility a function of supply/demand fundamentals, or a symptom of low market liquidity? Please provide detail.**

   Volatility is often a function of supply/demand fundamentals however under the price caps market signals have become distorted. In particular, markets are often temporarily shifted to particular levels set by large producers being obliged to offer significant volumes of gas under either the Heads of Agreement or under a Ministerial Exemption to the Code.

6. **Market confidence: To what extent would more structured supply of gas to market, including for example a market making regime, encourage greater levels of confidence amongst smaller participants around the availability and price of gas at the GSH? Please provide detail.**

   Woodside is currently precluded from participating in the GSH due to the no export warranty requirement in its Conditional Ministerial Exemption to the Code.

Governance of gas market regulations and reporting

1. Are the current roles and responsibilities of the AER, AEMO and ACCC in gas market regulation and reporting clear and appropriate? Please provide detail. If not, are there gaps or overlaps that could be addressed?

Although the formal roles of the AER, AEMO, and ACCC are generally understood, their responsibilities, particularly regarding reporting, often overlap. This creates duplication, confusion, and unnecessary administrative burdens for market participants.

Gas transactions reporting is currently fragmented across multiple processes, including Code reporting and notices, ACCC Gas Inquiry notices, CME reporting, AEMO GBB and GSOO, and other ad hoc data requests. These processes frequently require similar information in different formats and timeframes. Reporting cycles often overlap, and even minor variations in requirements can necessitate extensive internal review and resubmission.

Woodside supports transferring GSA reporting from the ACCC to a market body, with publication via the GBB, as a positive step toward streamlining. However, this will only be effective if a genuine "report-once" approach is implemented to eliminate duplication and reduce administrative effort.

The Review Consultation paper also highlights ambiguity by referring to the ACCC, AEMO, and AER collectively as regulatory and market bodies, despite their distinct functions. These roles should be clearly defined. For example, responsibilities such as gas market monitoring and compliance are best suited to the AER, while the ACCC should remain focused on enforcing competition law and fair trading. The long-term administration of sector-specific regulation, like the Code, would also more appropriately sit with the AER. This approach would clarify responsibilities, minimise overlap, and allow each agency to focus on its core expertise.

2. What has been your experience in relation to the reports and forecasts produced by these regulatory bodies?

Among the market information produced by regulatory and market bodies, Woodside's experience is that AEMO's publications (particularly the GSOO and those on the GBB) are the most frequently used by market participants. These sources provide operationally relevant information which is often relied upon to support marketing activities. However, some of the assumptions used in AEMO's forecasting – for example, those relating to gas-powered generation (GPG) demand – can materially impact the headline outcomes of these publications. It is important that these inputs are transparent and clearly explained to market participants, and that they are regularly reviewed to ensure forecasts remain robust and aligned with market developments.

The ACCC's inquiry reports can be useful for general insights into long-term developments in the market, including shifts in LNG producers' impact, international price fluctuations, and broader analysis of market conditions. However, reporting of information related to supply, demand and pricing would be more appropriately managed by AEMO or the AER, which would consolidate data sources and simplify access for market participants.

It is also important to note that the AER already publishes Wholesale Markets Quarterly Reports using data from AEMO and the GBB. Given the similar frequency and content, it is unclear how the ACCC Gas Inquiry reports provide any further insight into supply, demand, and price trends (except for long-term pricing data, which could potentially be transferred to the AER) beyond what is already reported by AEMO and the AER.

Potential options for change

1. **Do the issues you have raised in your submission warrant significant change to the current system?**

   Significant change to the current system is warranted. It is important that there are transparent pricing processes that accurately reflect underlying supply and demand dynamics. These price signals will promote efficiency across the market and encourage the economic investment in new supply sources that the current system has acted to inhibit. This investment represents an important component in reducing future gas prices and in encouraging the longer term contracting that will provide price certainty for market participants.

2. **If yes, do any of options presented above offer better alternatives to the existing system and why?**

   While some of the proposed options may have merit, others are unlikely to be effective and may introduce new risks such as increased regulatory complexity or further discouragement of investment. More time is needed before forming a view on what may work and what may not but, broadly speaking, fundamental reform is going to be necessary given the breadth and complexity of the existing regulatory regime.

3. **If there are options not presented here that should be considered, please outline and explain how they would improve the current system.**

   The three current instruments – the Code, the ADGSM and the HoA - should be replaced with a single consolidated instrument that focuses on:

   - Simplifying and consolidating regulatory reporting requirements, including the removal of all instances of double reporting.
   - Applying any reasonable price or reservation obligations only to specific market participants that are acting in a manner which reduces the domestic supply of gas.
   - Creating efficient market outcomes through promoting transparent market pricing which accurately reflects underlying market dynamics.

   The consolidated instrument should avoid enforcing prescriptive process requirements that impede efficient contracting and should not seek to apply reasonable price mechanism or reservation provisions unilaterally across the market.

   Adding gas fired power generation to the Capacity Investment Scheme should be considered. A future made in Australia, including a critical minerals industry, is enabled by stable, secure and affordable access to energy. Gas peaking generation is a key enabler in accelerating the roll out of renewables and in supporting the energy transition. Gas

powered generation is expected to play an increasingly important role in the decarbonising, reliable and affordable energy supply mix necessary to meeting Australia's climate ambitions and to reducing the country's reliance on coal.

A major impediment to productivity growth is Australia's regulatory approvals system for major energy projects. Regulatory approvals should be timely, efficient, clear, and balance economic and social factors, alongside robust environmental processes. Specifically, Woodside recommends the Australian Government:

- Reform Australia's environmental approvals and regulatory framework to remove duplication between jurisdictions to enable prompt decisions that take into account a balance of environmental, social and economic factors.
- Advocate for a project approvals system that provides for timeliness and certainty to enable the benefits of Australia's resource endowment to be delivered for the nation by:
    - Streamlining major project status to reduce time and avoid duplication.
    - Nominating a single regulatory agency to conduct an integrated assessment process on behalf of all relevant federal and state agencies to address requirements across jurisdictions.
    - Making project approvals permanent to provide certainty for investors, governments, businesses, and communities.
- Review environmental approval legislation and regulatory frameworks to mitigate against vexatious litigation driven by activist political agendas.
- Review government funding provided to non-government organisations that litigate against approvals properly given by the government (and its agencies) itself.