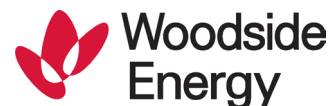


Please direct all responses/queries to:  
[redacted]



**Woodside Energy Group Ltd**

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17 September 2025

Attn: Associate Professor Tim Nelson  
Chair, National Electricity Market Review Panel  
Department of Climate Change, Energy, the Environment and Water  
GPO Box 3090 Canberra ACT 2601  
By email: [NEMreview@dcceew.gov.au](mailto:NEMreview@dcceew.gov.au)

Dear Mr Nelson,

## **WOODSIDE SUBMISSION – NATIONAL ELECTRICITY MARKET (NEM) WHOLESALE MARKET SETTINGS REVIEW DRAFT REPORT**

Woodside welcomes the opportunity to comment on the NEM Wholesale Market Settings Review Draft Report (Report). Woodside welcomes the Report's focus on strengthening short-term physical, medium-term financial and long-term investment market arrangements in the NEM. In this context, we consider that investment incentives and policy signals should recognise the critical role that natural gas plays in delivering secure and affordable energy and emissions reduction. The feedback in our submission below reflects this priority.

We also refer to the submissions of the industry associations Woodside is a member of: the Business Council of Australia (BCA), Australian Energy Producers (AEP) and the Australian Industry Greenhouse Network (AIGN).

### **About Woodside**

Woodside is a global energy company founded in Australia, providing reliable and affordable energy to help people lead better lives. Driven by a spirit of innovation and determination, we established the liquefied natural gas (LNG) industry in Australia 35 years ago and today supply a growing base of customers. We have reliably delivered natural gas to homes and businesses in Australia for decades, supporting the development of local industry and driving economic prosperity.

Woodside's climate strategy is integrated throughout our company strategy: to thrive through the energy transition with a low cost, lower carbon, profitable, resilient and diversified portfolio.<sup>1</sup> Our climate strategy has two key elements: reducing our net equity Scope 1 and 2 greenhouse gas emissions and investing in products and services for the energy transition.

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 targeted for completion in 2026 and subject to regulatory approvals, with the aim of unlocking potential development of additional gas resources.

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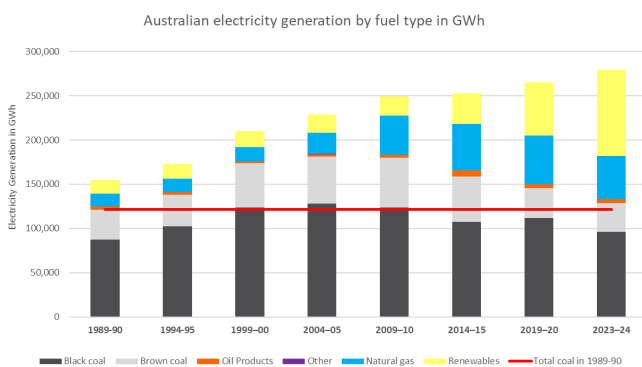
<sup>1</sup> For Woodside, a lower carbon portfolio is one from which the net equity Scope 1 and 2 greenhouse gas emissions, which includes the use of offsets, are being reduced towards targets, and into which new energy products and lower carbon services are planned to be introduced as a complement to existing and new investments in oil and gas. Our Climate Policy sets out the principles that we consider will assist us achieve this aim.

## Role of gas in the NEM

Woodside believes greater attention needs to be paid among policymakers and within the economy to the importance of significant and timely investment in the energy supply projects needed for secure and affordable energy, and emissions reductions. Current policy settings do not fully contemplate the positive contribution to meeting energy and decarbonisation goals that can be made by fuels and technologies such as gas and carbon capture and storage (CCS) which have a significant amount to offer Australia's and Asia's energy transition. Not fully including these options in policy considerations risks making reaching net zero more difficult and more expensive.

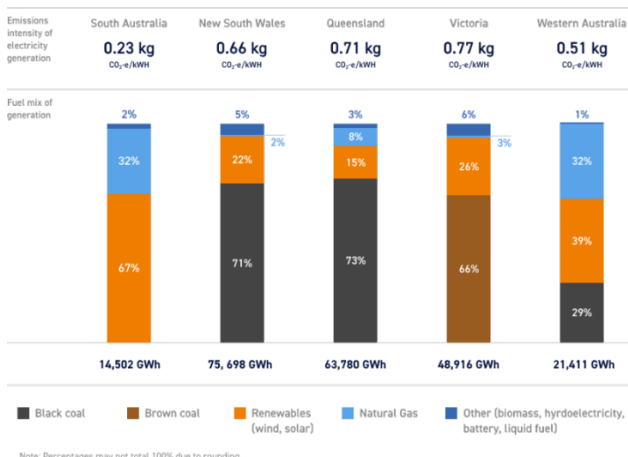
Renewables are growing, which is positive, but Australia still uses as much coal as it did in 1989-90 (see Figure 1) because over that period there has been increased demand for energy, which has absorbed additional supply. This indicates why, as renewables continue to increase, their impact on emissions reduction should be supported by gas, to both meet additional energy demand and substitute coal as existing coal-fired plants reach the end of their planned operational lives.

**Figure 1: Australian Electricity Generation by fuel type, physical units, financial year<sup>2</sup>**



Australia's NEM and South West Interconnected System (SWIS) serves as an example of how higher proportions of gas combined with renewables can drive overall reductions in emissions intensity. The fuel mix in South Australian electricity generation 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. The bar chart below demonstrates the impact of a gas-renewables mix in delivering substantially lower emissions intensity (i.e. fewer emissions per unit of electricity generated) than coal-dominated grids, but with the requirement for additional gas in order to achieve this aim.

**Figure 2: Fuel mix and emissions intensity in electricity markets of select Australian states<sup>3,4,5</sup>**



<sup>2</sup> Australia Energy Statistics 2025: Table O1 Australian electricity generation, by fuel type, physical units, financial year. <https://www.energy.gov.au/publications/australian-energy-update-2025>.

<sup>3</sup> Australian Department of Climate Change, Energy, the Environment and Water, 2024. 'Australian National Greenhouse Accounts Factors.' <https://www.dcceew.gov.au/climate-change/publications/national-greenhouse-accounts-factors-2024>.

<sup>4</sup> Net Generation in GWh taken from Open Electricity: NEM for the calendar year of 2024. <https://opennem.org.au/>.

<sup>5</sup> Fuel mix percentages accessed online <https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/data-dashboard-nem> 12 months to 22 Jan 2025 and for SWIS accessed online <https://opennem.org.au/>.

Woodside estimates that if the fuel mix and therefore emissions intensity of the other States shown in Figure 2 matched South Australia's, the same amount of electricity could be generated with approximately ~95 MT CO<sub>2e</sub> fewer emissions, with a more than threefold increase in the electricity generated from gas. For context, Australia's total emission in the year to June 2025 were 440.2 MT CO<sub>2e</sub>, approximately 86 MT CO<sub>2e</sub> above the indicative value of Australia's 2030 single-year point target in its Nationally Determined Contribution<sup>6,7</sup>.

#### Design NEM policy settings that recognise the role of gas

Woodside supports the Report's recommendation for technology-neutral market design. The proposed Electricity Services Entry Mechanism (ESEM) is a good example of this approach and, if implemented, would appropriately recognise gas-powered generation within a technology-neutral framework that incentivises long-term investment and supports system reliability.

Australia needs a comprehensive policy approach to achieving net zero, which necessarily would avoid favouring certain technologies while discounting others. Woodside looks forward to the final report and would welcome the opportunity for ongoing engagement to help inform market settings that reflect the role of gas in delivering reliable, affordable, and lower-emissions electricity.

Yours sincerely,



**Tony Cudmore**

Executive Vice President – Sustainability, Policy & External Affairs

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<sup>6</sup> Australian Department of Climate Change, Energy, the Environment and Water, 2025. National Greenhouse Gas Inventory Quarterly Update: March 2025. <https://www.dceew.gov.au/climate-change/publications/national-greenhouse-gas-inventory-quarterly-update-march-2025>.

<sup>7</sup> Commonwealth of Australia 2022. Australia's Nationally Determined Contribution Communication 2022.