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Gas Review Team
Department of Climate Change, Energy, the Environment and Water
GPO Box 3090
Canberra ACT 2601

Via email: gasmarkets@dcceew.gov.au

Dear Gas Review Team

WOODSIDE ENERGY: FEEDBACK ON GAS MARKET REVIEW IMPLEMENTATION

Woodside Energy welcomes the opportunity to contribute to the Australian Government's consideration of the Gas Market Review Report, which was released by the Department of Climate Change, Energy, the Environment and Water and the Department of Industry, Science and Resources in December 2025. Woodside believes that reforms are required to Australia's gas markets and the regulations which govern them so they are fit for purpose and deliver in the national interest.

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, Woodside established the liquefied natural gas (LNG) industry in Australia more than 35 years ago and today supplies a growing base of customers. Woodside has reliably delivered gas to homes and businesses in Australia for decades, supporting the development of local industry and driving economic prosperity. In Western Australia, Woodside operates a number of significant projects, including the North West Shelf Project, Pluto LNG and Macedon Gas Plant, and is developing and will operate the Scarborough Energy Project and Pluto Train 2. The proponents of these projects have agreed to domestic gas obligations with the State of Western Australia pursuant to Western Australia's existing Domestic Gas Reservation Policy.

With respect to Australia's east coast gas system, in the Bass Strait, Woodside holds a 50% interest in the Gippsland Basin Joint Venture and a 32.5% interest in the Kipper Unit Joint Venture. Natural gas produced from these Bass Strait assets is 100% dedicated to the Australian domestic market and currently supplies approximately 40% of Australian east coast domestic gas demand. Pursuant to an agreement with ExxonMobil Australia in 2025, Woodside is on track to assume operatorship of these jointly owned Bass Strait assets during 2026, unlocking potential development of additional gas resources.

The Gas Market Review Report

In its response to the Gas Market Review, Woodside proposed a comprehensive reform agenda aimed at restoring investment confidence, improving market efficiency, and supporting Australia's energy transition. Woodside was pleased to see the Gas Market Review Report reflect the view that existing gas market regulation needs to evolve to provide for energy security in the long-term. Woodside agrees with the Report's finding that there are opportunities to consolidate and streamline current regulation to support investor confidence and deliver a more productive and efficient market.

Woodside supports the introduction of an appropriately constructed and market-oriented east coast domestic gas reservation scheme. As the Report noted, care needs to be taken in the detailed design of the scheme to minimise unintended consequences, with particular focus on areas that risk significant market distortion that may defeat the purposes of the reforms if they are not implemented correctly.

Areas that Woodside considers important for careful consideration are outlined below.

The scheme should not impact or overlap existing state-based regimes

As noted in the Report, Australia has two distinct, physically separate gas markets; the east coast (including the Northern Territory) and the west coast in Western Australia. Producers exporting gas from Western Australia have operated under the Western Australian Domestic Gas Policy since 2006. The long-standing certainty and stability of this framework has underpinned sustained investment in new gas supply and is a key contributor to Western Australia's energy security. In order for this regulatory certainty not to be jeopardised by the introduction of the national domestic gas reservation scheme, it is critical that the scheme clearly and unambiguously avoids any overlap with, or interference in, the existing Western Australian Domestic Gas Policy.

While Woodside recognises that Commonwealth legislation must be national in scope, this objective can be achieved through explicit recognition of equivalent state-based regimes, ensuring that producers and projects exporting LNG that are subject to domestic gas obligations in favour of the State of Western Australia are exempted from the operation of the national domestic gas reservation scheme. Failure to clearly achieve this outcome may add new regulatory uncertainty, undermine investor confidence, and risk deterring future investments in Western Australia, contrary to the stated objectives of the Gas Market Review. Woodside would appreciate the opportunity to be consulted as part of the detailed design of the scheme to ensure that this objective is met.

The scheme's introduction should simplify, not add to, regulation

The Report correctly identified that the current patchwork of interventions has increased compliance burden without delivering long-term investment certainty or reliably directing supply.

Consistent with the Review's recommendations and ministerial commitments to reduce red tape and promote transparency through streamlined governance arrangements, the introduction of a domestic gas reservation scheme should be explicitly linked to the removal of existing instruments that are no longer required. This would include removal of:

- the Australian Domestic Gas Security Mechanism;
- the reasonable price mechanism, EOI process provisions and ministerial exemption framework under the Gas Market Code; and
- the Heads of Agreement.

Introducing the scheme as part of a broader reform package may materially reduce duplication, restore clearer price and investment signals, and align with the Government's commitment to promote transparency through streamlined arrangements

The scheme should not force sales into an oversupplied market

Western Australia's domestic gas obligations are applied over the life of a project, rather than annually, which allows producers to respond to changing market conditions. This design has proven effective in ensuring that gas is available when it is most needed, while avoiding unnecessary oversupply during periods of lower demand.

By contrast, the Australian Government has indicated a preference for annual supply obligations alongside a requirement to sell, rather than offer, gas to the market as a proposed design feature of the federal scheme. Without a suitably effective release valve for excess volumes, this approach potentially risks forcing exporters to sell gas domestically during periods of oversupply. Sustained market oversupply could push domestic gas prices below the cost of local production, possibly undermining investment in new supply and threatening the viability of domestic only producers who may be entirely exposed to an artificially suppressed and distorted market.

A well-designed scheme should therefore include clear flexibility mechanisms, allowing surplus gas to be exported when domestic demand is adequately met, and preserving price signals necessary to support future investment.

Woodside has extensive experience managing domestic supply obligations alongside changing market conditions in Western Australia and would welcome further engagement with Government on the design of this critical component of the scheme.

The scheme should be clear on how it treats purchases from the domestic market

While a domestic gas reservation scheme implies that each producer should be a net contributor to the domestic market, this objective must be reconciled with the commitment to respect existing contracts. Woodside supports the scheme being prospective in nature, but notes that this will require the scheme to outline clear principles governing how domestic gas purchases in a market by LNG exporters are treated, including how such purchases are reflected in assessing compliance with domestic supply obligations. Once these principles are developed, a net contributor framework could be introduced to track the net market position of each LNG exporter and to determine compliance with its domestic supply obligations.

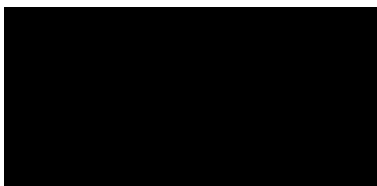
To minimise market distortion as a result of the reservation scheme, LNG exporters should retain the ability to trade domestic gas purchases amongst themselves. This trading currently protects the domestic market from significant volatility during periods of planned and unplanned LNG export facility maintenance, but it could also be used to mitigate the impacts of forced sales into an already oversupplied market. For example, LNG exporters could be permitted to buy back volumes of gas via AEMO facilitated markets at or below a reasonable price (which could be set to reflect the expected price in a well-balanced market) without impacting their domestic supply obligations. Such an approach may increase demand during periods of oversupply, while remaining neutral when the market is balanced or when additional supply is required.

Conclusion

The design of any national domestic gas reservation scheme must strike a careful balance. It should focus on Australian households and industry having access to reliable and affordable gas, while preserving commercial incentives that underpin LNG exports and Australia's role as a trusted international energy supplier supporting the global energy transition and the vital interests of Australia's regional partners. Woodside believes that achieving this balance is essential, not only for Australian domestic energy security, but also for supporting continued investment in new supply, to enable gas to continue to play its role in the energy transition. Stable and predictable policy and regulatory systems provide the necessary certainty for the long-term investments required to achieve the outcomes sought by the Australian Government's Future Gas Strategy.

Woodside welcomes the opportunity to contribute to the Australian Government's work to establish a long-term, stable regulatory environment to support domestic energy security and affordability. As a member of the Australian Energy Producers, Woodside supports and draws attention to their submission. Woodside takes its responsibility to contribute to local energy security seriously and looks forward to continued engagement with government in support of a transparent, efficient and investment-enabling gas market.

Yours sincerely



Acting Executive Vice President and Chief Operating Officer Australia