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23 October 2026

Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary

WOODSIDE ENERGY SUBMISSION: DOMESTIC GAS RESERVATION BILLS 2026

Woodside Energy welcomes the opportunity to contribute to the Senate Committee's inquiry into the Domestic Gas Reservation Bill 2026 and related bills (the Domestic Gas Reservation Bills).

About Woodside

As Australia's leading energy company, Woodside has delivered reliable energy to Australian homes, businesses and industry for decades, supporting Australia's energy security and economic prosperity. Our operations make a significant contribution to domestic gas supply in Western Australia and on the east coast.

Introduction of a domestic gas reservation scheme

Woodside supports the objective of strengthening domestic energy security and affordability and has engaged constructively throughout the Gas Market Review consultation process, providing submissions to each of the Government's four previous consultation rounds.

From the outset, Woodside has supported the introduction of an appropriately constructed, market-oriented scheme that strengthens domestic supply while maintaining the investment settings required to deliver new gas to Australian consumers. However, the ultimate test of the scheme should be whether it delivers secure and affordable gas both now and over the long term. That requires policy settings that are stable and encourage, rather than deter, investment in new supply.

Woodside acknowledges that the Government has made adjustments to the proposed framework following feedback from market participants, demonstrating the value of consultation with industry. However, as outlined in our recent submission on the Exposure Draft legislative package, Woodside has material concerns regarding the design of the scheme as reflected in the Domestic Gas Reservation Bills. In particular, we remain concerned that the annual demand calibration combined with the 'must supply' framework will create uncertainty for investors and increase the risk of persistent oversupply, which will impact investment signals, crowd out domestic-only producers and discourage new supply, resulting in a significant risk that domestic gas customers will face a shortfall and higher prices in future years. This could ultimately undermine Australia's long-term energy security and position as a reliable energy supplier internationally.

Material issues for amendment in the Domestic Gas Reservation Bills

Woodside remains concerned that the Domestic Gas Reservation Bills do not adequately recognise existing or future domestic gas reservation arrangements, nor require mandatory Ministerial consideration of those arrangements, even where they are achieving the policy objectives of the Bills. As a result, the treatment of the Western Australian Domestic Gas Policy remains uncertain, including how existing and future domestic gas commitment agreements (DCAs) entered into pursuant to the Policy will interact with Commonwealth

obligations and how licence holders can comply with two fundamentally different regulatory frameworks (an annual, supply-based obligation versus a life-of-project joint, reservation-based regime).

While the framework includes mechanisms intended to recognise existing domestic gas reservation arrangements, the operation of those mechanisms remains dependent on broad Ministerial discretion, one-off transitional arrangements and determinations that may be varied or revoked. The lack of objective criteria and rules-based processes for material determinations creates regulatory risk that existing domestic gas reservation arrangements may not be recognised or maintained over time, undermining the long-term certainty required to support investment by Western Australian exporters.

The Domestic Gas Reservation Bills also do not clearly recognise future domestic gas reservation arrangements that may achieve the same policy objectives. This creates regulatory uncertainty and unnecessary risk of overlapping and potentially conflicting Commonwealth and State obligations for future developments and project expansions sanctioned after 22 December 2025, which will adversely affect future investment decisions and the development of new gas supply.

To address this issue, Woodside strongly recommends the following:

- Amend section 7 (*Application of domestic gas reservation law*) of the Domestic Gas Reservation Bill 2026 to expressly provide that the operative parts of the Bill do not apply to a domestic gas market that is subject to an existing domestic gas reservation arrangement requiring licence holders, or persons subject to that arrangement, to reserve and market natural gas into that market. This approach would support the continued operation of existing domestic gas reservation arrangements, provide greater policy certainty and stability for investment decisions and avoid unnecessary duplication between existing State-based arrangements and the Commonwealth framework.

- Amend the definition of 'existing domestic gas reservation arrangement' in section 9 (*Definitions*) of the Domestic Gas Reservation Bill 2026 to ensure that existing domestic gas reservation arrangements can continue to operate, including for future developments and project extensions, and that the protections afforded to those arrangements extend to DCAs or similar agreements that are entered after 22 December 2025 pursuant to, or to give effect to, an existing domestic gas reservation arrangement.

The treatment of existing domestic gas reservation arrangements should be considered alongside the broader concerns raised by Woodside in its submission on the Exposure Draft legislative package dated 24 September 2026, which is attached as **Attachment 1** for the Committee's reference. While some amendments have been made since the Exposure Draft, Woodside's key concerns remain, including the risk that annual demand calibration combined with the 'must supply' framework will create persistent oversupply, undermine investment in new domestic gas supply and ultimately increase the risk of future supply shortfalls and higher prices. The Domestic Gas Reservation Bills also continue to provide limited mechanisms to adequately address circumstances where non-compliance arises through no fault of the licence holder and cannot be remedied in an oversupplied market.

Woodside has engaged extensively throughout the consultation process to seek to address key concerns with aspects of the Domestic Gas Reservation Bills that have the potential to result in negative outcomes for both producers and users in Australia. Notwithstanding that some changes have been made, the need for remaining concerns to be addressed is now urgent to support a stable market and create the foundations for investment in new supply for Australian gas users. Accordingly, Woodside has respectfully outlined in **Attachment 2** a detailed analysis of the impacts of the Bills, together with proposed solutions and some direct drafting suggestions on how the legislation may be improved, for Parliament's consideration. These drafting suggestions have been prepared in the time available and are not exhaustive, nor do they seek to resolve all issues in the Domestic Gas Reservation Bills.

Woodside appreciates the opportunity to contribute to the Committee's inquiry. Should the Committee require further information or clarification, Woodside would be pleased to assist.

Yours sincerely

[redacted]

Breyden Lonnie
Executive Vice President and Chief Operating Officer Australia

Attachment 1

Please direct all responses/queries to:
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24 September 2026

Oil and Gas Division
Department of Industry, Science and Resources
10 Binara Street
Canberra ACT 2601

Via email: domesticgas@industry.gov.au

Dear Consultation Team

WOODSIDE ENERGY: DOMESTIC GAS RESERVATION SCHEME EXPOSURE DRAFT LEGISLATION

Woodside Energy welcomes the opportunity to contribute to the consultation on the Exposure Draft Legislative Package for the Domestic Gas Reservation Scheme (DGRS) as released by the Department of Industry, Science and Resources and the Department of Climate Change, Energy, the Environment and Water on 10 September 2026.

Woodside remains committed to working constructively with the Australian Government to improve domestic energy security and affordability. The central policy challenge is ensuring that domestic supply obligations are structured in a way that both efficiently allocates existing gas, and supports the investment required to develop new gas supply for Australian customers over coming decades.

Achieving the objectives of the DGRS will require a framework that preserves long-term investment incentives, does not interfere with existing reservation arrangements that are delivering the same policy outcomes, and provides the regulatory certainty necessary to support long-term investment decisions. Stable and predictable regulatory settings remain essential to attracting investment in new gas supply, supporting economic growth, and maintaining Australia's position as a reliable energy supplier to both domestic and international customers. This is particularly important for long-life, capital-intensive LNG projects where investment decisions are made years in advance of production commencing.

While the Exposure Draft legislation includes some positive developments, Woodside remains concerned that key elements of the framework will have unintended outcomes that undermine domestic energy security, affordability and future investment in new gas supply. Woodside's comments and recommendations on these elements are intended to be constructive, targeted and solutions-focused, drawing on Woodside's experience supplying gas to both domestic and international markets.

Woodside welcomes those aspects of the Exposure Draft legislation which recognise key industry concerns identified during earlier consultation, including:

- **Calibration of the domestic supply obligation:** Recognition that the domestic supply obligation (DSO) is not fixed at 20% of LNG exports in all circumstances and may be calibrated to market conditions.

- **Recognition of separate domestic gas markets:** Recognition that Australia comprises physically separate domestic gas markets and that the obligation should reflect those differences.

- **Implementation period:** Recognition that the introduction of a requirement for an LNG export licence and imposition of the DSO obligation will have a significant impact on industry, and allowing time for export licence applications, adjustment determinations and implementation.

- **Long-term export licences:** The granting of long-term export licences with durations of between 20 and 50 years to provide greater certainty for long-life LNG projects.

In addition, we note several significant elements of the proposed framework are dependent on Gas Market Code provisions, AER methodologies and subordinate legislation that have not yet been published, limiting industry's ability to fully assess the practical operation and consequences of the framework during the consultation period. These elements should be the subject of future consultation when relevant materials are released.

Material issues for consideration

Woodside has identified five principal areas where further refinement of the Exposure Draft legislation is strongly recommended.

1. Treatment of Western Australia remains uncertain

The Western Australian (WA) domestic gas policy has underpinned decades of domestic supply, industrial development and LNG investment. However, the Exposure Draft fails to provide explicit recognition of existing or future domestic gas reservation arrangements, or to require mandatory Ministerial consideration of those arrangements, even in circumstances where they are already achieving the stated policy outcomes. As a result, the treatment of WA is uncertain, with existing WA reservation arrangements, which reflect project-specific application of the WA Domestic Gas Policy, recognised only in limited circumstances. While DSO adjustments and variations may provide some relief for WA exporters, these mechanisms are transitional, discretionary, and subject to amendment and revocation.

Given the reliance on Ministerial decision-making, WA exporters will not have certainty over which regime to comply with until the end of 2027. This will create a material compliance burden, because exporters will be required to plan and operate on the basis that the Commonwealth regime applies, or risk jeopardising export rights. Given the scale of LNG operations, the commercial consequences of such uncertainty could be significant. To the extent the Commonwealth regime overlaps with the WA regime, the additional complexity created from the interaction between the two inconsistent regimes will be a material disruption to existing operations and commercial frameworks, will create uncertainty for domestic gas customers and may act as a barrier to progressing new WA projects.

The framework should not interfere with existing domestic gas reservation arrangements; it should provide greater certainty regarding how existing and future State and Territory-based arrangements that are delivering domestic gas outcomes will be recognised under the national scheme.

2. Risk of structural oversupply and distorted market outcomes

A domestic reservation scheme should promote long-term and reliable gas availability for customers by encouraging additional supply into the Australian market, not suppress the investment signals required to develop that supply. While the ability to calibrate the DSO to market conditions is a positive development, the proposed framework lacks an adequate mechanism for addressing instances of sustained over-forecasting of demand. Without such a mechanism, the reliance on AEMO demand and supply forecasts as inputs into the calibration process, combined with the market oversupply requirement and an unclear treatment of deferred and debt quantities, will all work to increase the risk of structural oversupply and distorted market outcomes. If the scheme does not allow the export of volumes of gas that can be demonstrated to exceed domestic requirements, this persistent oversupply will impact investment signals, crowd out domestic-only producers and undermine investment in new domestic gas supply resulting in significant risks that domestic gas customers will face a shortfall in future years. The annual nature of the calibration process also provides no certainty for longer-term LNG production, contracting and investment decisions further exacerbating the risk to domestic supply.

A multi-year calibration framework, together with a flexible acquittal framework that allows export of gas that can be reasonably demonstrated to exceed domestic requirements, would materially reduce these risks and better align the framework with long-term investment horizons.

3. Insufficient flexibility and risk of forced supply

The DGRS operates as a 'must supply' obligation, requiring gas to be sold into a market that is oversupplied by design. The scheme seeks to mitigate the adverse investment impacts that would arise from this through the introduction of a flexibility mechanism. However, the mechanism is narrow, inadequate and difficult to access, and is therefore unlikely to provide sufficient relief.

The framework provides limited flexibility for LNG exporters to manage volumes that are not required by the domestic market or cannot be supplied due to circumstances beyond their control. Relief mechanisms for force majeure, demand shortfalls and other uncontrollable events are narrow and do not adequately address circumstances where non-compliance arises through no fault of the exporter and cannot be remedied in an oversupplied market. Further, the process for obtaining relief appears impractical and, in many cases, may not provide a timely outcome to support operational and commercial decision-making, particularly where existing contractual arrangements are bespoke and involve multiple parties. The proposed 'best endeavours' obligation also creates uncertainty regarding the commercial terms on which gas must be offered into the domestic market.

Without the necessary flexibility to respond to changing supply and demand conditions, the DGRS risks reducing the resilience of the domestic market by creating consistently oversupplied spot market conditions which reduce long-term contracting incentives and increase customer exposure to the spot market. Exporters should be able to export gas without the need for additional approvals, if gas has been diligently marketed and genuinely offered on commercial terms, but not taken up. This additional flexibility is required to avoid distorting market outcomes, maintain investment incentives, and contribute to safeguarding the energy security of Australia and the region.

4. Ministerial discretion and regulatory uncertainty

Key elements of the DGRS are dependent on broad Ministerial discretion, including the requirement for decisions by and consultation with multiple Ministers. While some discretion may be appropriate, the current framework provides insufficient legislative certainty to support long-term investment decisions. In the absence of greater legislative certainty, exporters will be required to assess future investments on the basis of a full DSO obligation and overlapping Commonwealth and State requirements, regardless of whether future Ministerial decisions ultimately provide relief. For major projects, investment decisions must be made based on the legislative framework in force at the time rather than assumptions regarding how discretionary powers may be exercised in the future.

The uncertainty created by such broad Ministerial discretion also impacts gas buyers who may find it challenging to commit to multi-year supply arrangements in the absence of a firm view on expected future price outcomes or market conditions. Customers in this position may find themselves pushed into reducing their contracting horizons despite a stated policy objective of the scheme being the promotion of long-term contracting.

Several significant Ministerial decisions, including those relating to varied DSO percentages and other key framework settings, are not subject to review on their merits. Where a right to review is conferred, the practical value of those review rights may be limited given annual compliance timeframes and that a successful review may result only in the matter being referred back to the Minister for reconsideration. This provides limited certainty in an industry characterised by continuous operations, complex commercial arrangements and long-term investment horizons, where material decisions often need to be made within short timeframes.

Greater reliance on objective criteria, rules-based mechanisms and effective review rights would improve transparency, predictability and long-term investment certainty for both producers and gas users.

5. Material compliance and reporting obligations

The DGRS introduces duplication across Commonwealth and State compliance and reporting obligations, which may disproportionately impact WA exporters. It also provides for Commonwealth information gathering and enforcement powers that are too broad. The potential financial consequences of export licence suspension or cancellation, including production curtailment and inability to export LNG, are significant. There is no materiality threshold for non-compliance, which can lead to disproportionate application of penalties. Exporters will need to make decisions based on the words in the legislation, not based on assurances as to whether discretionary powers will be used that may reduce the burden of compliance and reporting obligations.

Additional issues to be addressed

In addition to these material concerns, Woodside has identified several other matters that warrant further consideration as the framework is finalised, including the following:

- Protection for foundation and existing LNG contracts remains qualified rather than absolute, with relief subject to discretionary Ministerial determinations and strict statutory criteria that may be difficult to satisfy. The resultant financial impacts of a failure to protect existing LNG contracts, as well as Australia's standing as a reliable trading partner, could be material.

- The proposed definitions of 'exporter' and 'own gas' and the concept of 'DSO supply' are too narrow and prescriptive and do not adequately accommodate existing contractual frameworks, including portfolio marketing arrangements. In addition, this could disadvantage minority joint venture participants as many small exporters do not currently directly participate in domestic gas marketing and they may not be able to utilise structures permitted by the DGRS. The contractual frameworks for LNG projects are complex and vary from project to project. It is not always the case that the 'exporter' is the same legal entity that produces, exports and sells gas into the domestic market.

- The ability to utilise additional gas to offset DSO obligations remains uncertain. The AER approval framework lacks transparency and further guidance is required on the gas production baselines, AER approval criteria, application processes and the duration of additional gas status.

- The introduction of an uncapped cost recovery levy payable by licence holders may increase the cost of compliance, which may become material with numerous exporters to be regulated and likely frequent discretions to be exercised.

Recommendations as to minimum changes to the Exposure Draft

To address the concerns outlined in this submission, Woodside strongly recommends the following minimum changes to the Exposure Draft legislation:

- Expressly provide that the DGRS does not apply to a domestic gas market, where an existing domestic gas reservation arrangement applies, provided that arrangement meets the objectives of the DGRS. This would preserve the integrity of existing domestic gas reservation arrangements, provide greater regulatory certainty and reduce the risk of overlapping or inconsistent compliance requirements.

- Adoption of a multi-year demand calibration framework, rather than annual calibration, to better align with long-term LNG and gas project investment and contracting horizons.

- A more flexible acquittal framework including recognition of good-faith marketing outcomes, relief for uncontrollable events, and access to extended compliance periods aligned with long-term investment and contracting horizons. Gas that has been diligently marketed and genuinely offered on commercial terms, but not taken up, should be able to be exported without further approval.

- Greater clarity on the accrual of debt quantities and unsold forecast volumes in circumstances where there is insufficient domestic demand.

- Greater reliance on objective criteria and rules-based processes and the introduction of guardrails for Ministerial decisions, including those that are not subject to review on their merits, to improve transparency, predictability and long-term investment certainty.

- Alignment of Commonwealth compliance and reporting requirements with existing WA obligations where the DSO is 0% to minimise duplication and compliance burden on WA exporters.

- Greater transparency and certainty regarding the operation of the additional gas framework, including production baseline methodologies, approval criteria and the duration of additional gas status.

- Stronger protection of existing contractual commitments, including foundation LNG contracts, to avoid unintended interference with pre-existing commercial arrangements and financial consequences on exporters.

- Publication of key Gas Market Code provisions, methodologies and legislative instruments sufficiently in advance of commencement of the regime to enable industry to fully assess, implement and comply with the framework.

- Review of the proposed cost recovery levy and consideration of mechanisms to ensure the levy remains proportionate and aligned with the administrative burden imposed by the DGRS.

- Availability of extended period determinations that can align compliance obligations with long-term project investments and existing domestic gas reservation commitments.

While this submission focuses on improvements to the Exposure Draft legislation, Woodside considers that broader policy settings will also play an important role in achieving the Government's objectives for domestic energy security and affordability. In particular, measures that support timely project approvals, improve investment certainty, facilitate new gas supply and infrastructure development, and reduce barriers to capital investment can work alongside the DGRS to strengthen Australia's domestic gas market. A durable policy framework that encourages new supply and investment will help create jobs, support regional economic development, and ensure Australian households and businesses continue to have access to reliable and affordable energy.

Woodside supports the objective of strengthening domestic energy security and affordability and looks forward to continued engagement with Government as the framework is refined. Australia will require substantial new gas supply to support households, major industry, electricity reliability and economic growth over coming decades. The most effective DGRS will be one that both delivers gas to Australian customers and encourages the investment needed to develop future supply. By providing clear, durable and predictable regulatory settings, the framework can support the objectives of the Future Gas Strategy, strengthen Australia's energy security and ensure Australians continue to benefit from the country's world-class gas resources.

Yours sincerely



Breyden Lonnie
Executive Vice President and Chief Operating Officer Australia

Attachment 2
Commonwealth Domestic Gas Reservation Scheme – Bills presented to parliament

1 Primary issues

The existing Western Australia (WA) Domestic Gas Policy has operated as a long-term framework for securing domestic gas supply alongside investment in new LNG developments. The policy requires that 15% of LNG production is reserved for the domestic market over the life of the project, with LNG exporters required to market gas with a view to maintaining stable and regular supply. The Policy is implemented through domestic gas commitment agreements (DCAs) agreed by the proponent and the State of WA and generally executed prior to, or at a final investment decision (FID), providing certainty of a key part of the investment framework upon which proponents commit billions of dollars of capital. The Western Australian Government undertakes regular reviews of the policy to ensure it remains fit-for-purpose.

The 2025 Western Australia Gas Statement of Opportunities (WA GSOO) forecasts the potential for future supply shortfalls in WA from 2030 onwards 'mainly driving by declining production from existing, committed and anticipated gas fields' (WA GSOO December 2025), reinforcing the importance of maintaining the investment signals needed to bring forward new gas supply. Woodside considers that applying an additional Commonwealth obligation to existing domestic gas reservation arrangements (EDGRAs) that are already meeting the stated policy objectives of the Commonwealth domestic gas reservation scheme (DGRS), risks creating duplication, regulatory uncertainty and market distortions that could weaken those investment signals. Accordingly, EDGRAs that demonstrably achieve the stated policy objectives, including the WA Domestic Gas Policy, should be excluded from the operation of the DGRS.

#	Issue	Description	Impact	Cure Description
1	Explicit recognition of existing domestic gas reservation arrangements (**EDGRAs**) (s23, 26, 27 and 28)	The existing Western Australia (**WA**) Domestic Gas Policy is recognised only in limited circumstances and through the exercise of Ministerial discretions. These Ministerial discretions are used to set a varied DSO percentage (s23), determine an adjustment quantity (ss 26 and	The Domestic Gas Reservation Bill 2026 (**Bill**) fails to provide explicit recognition of existing or future EDGRAs, even where they are already achieving the stated policy outcomes. As a result, the treatment of WA is uncertain, including how existing and future domestic gas commitment agreements (**DCAs**) will interact with Commonwealth obligations and how exporters can comply with both, being fundamentally different frameworks (an annual, supply-based	WA exporters must have certainty that WA LNG projects will be excluded from the application of the DGRS where they are subject to an EDGRA. A mechanism similar to section 9 of the Gas Market Code should be adopted, which limits the application of the Gas Market Code geographically to those gas markets requiring regulatory intervention.

#	Issue	Description	Impact	Cure Description
		27) and determine an extended period determination (s28). The exercise of these discretions may then be subject to variation or revocation from the commencement of the next regulated period (ie calendar year). In the exercise of these discretions, the Minister is not required to mandatorily consider the EDGRA.	Commonwealth obligation versus a life-of-project, joint, reservation-based WA regime). While domestic supply obligation (**DSO**) adjustments and variations may provide some relief for WA exporters, these mechanisms are mostly transitional, discretionary, and subject to amendment and revocation. The lack of objective criteria and rules-based processes upon which these material determinations are based gives rise to a real regulatory risk that EDGRAs will not be respected, leading to a lack of long-term certainty for WA exporters. Notably, even if a s26 or s28 determination is granted and an exporter has a 0% DSO, it must still comply with obligations relating to compliance plans and reporting, notwithstanding its existing and duplicative obligations to the State of WA under a DCA. This will have a range of unintended and material consequences for WA domestic gas only producers and LNG exporters, which will extend beyond reservation and supply obligations. This is described further in row 2 below. There should be no overlap/duplication between existing EDGRA arrangements and the Commonwealth domestic gas reservation scheme (**DGRS**), which contain inconsistent obligations and which could require re-negotiation of multiple project agreements by multiple stakeholders. Particularly where these DCAs and project agreements (some of which are embodied in State legislation), were executed prior to project commencement and formed a key part of the basis upon which petroleum titleholders and the owners of LNG projects committed billions of dollars of capital under a final investment decision (**FID**).	It is proposed that Parts 3 and 4 of the Bill will not apply in domestic gas markets where an EDGRA applies and requires the supply of natural gas into that market. **Refer to proposed drafting in Items 3.2 and 3.3 of Annexure A** to include new subsections 7(8) and 7(9). This will ensure that those domestic gas markets which are already achieving the objectives of the DGRS, and which are subject to an EDGRA that cannot operate concurrently in all respects with the DGRS, are excluded from the operation of Parts 3 and 4 of the Bill. If there is no express exclusion and the DGRS applies in a market with EDGRAs, EDGRAs should be explicitly recognised by a requirement in s23 for the Minister to determine, by legislative instrument, a varied DSO percentage for a domestic gas market subject to an EDGRA. In addition, if a licence holder is subject to an EDGRA, that licence holder's reporting obligations under the EDGRA should satisfy the compliance plan and reporting obligations under the DGRS. This would reduce the regulatory and administrative burden on all stakeholders. **Refer to proposed drafting in item 3.5 of Annexure A**. On revocation, if the Minister has granted an application on the basis of an EDGRA, licence holders should have certainty that it will endure for the period for which it is granted. **Refer to proposed drafting in item 3.9 of Annexure A**

#	Issue	Description	Impact	Cure Description
2	Definition of *EDGRA* (s9, 26 and 28)	***existing domestic gas reservation arrangement*** means a domestic gas reservation arrangement, whether legislated or otherwise, in force on or before 22 December 2025.	The definition of EDGRA is fixed to arrangements that were in force on or before 22 December 2025. Further, s26 and s28 are expressly stated to be transitional mechanisms designed to address constraints that existed before commencement of the DGRS and are not intended to accommodate future arrangements. The WA Domestic Gas Policy is implemented by WA LNG producers entering into state agreements or DCAs with the State of WA. This definition does not adequately accommodate new or amended DCAs entered after 22 December 2025 pursuant to the WA EDGRA. This means that even where a WA LNG producer is subject to future WA reservation commitments under a DCA that achieves precisely the same policy outcomes as an existing DCA under the EDGRA, it would not be able to claim any of the protections or reliefs afforded to EDGRAs, regardless of the substance or scale of the commitment. This has direct consequences for Woodside, as any future Browse LNG Project commitments (a requirement of the State Agreement ratified under the *North West Gas Development (Woodside) Agreement Act 1979* (WA), for the proposed Browse to NWS development) could not form the basis for an adjustment quantity determination (s26) or an extended period determination (s28). It should not be the case that these commitments are excluded from recognition if they are entered into after 22 December 2025. Additionally, the grandfathering of EDGRAs only focuses on the reservation elements of these arrangements. DCAs include a range of other obligations in WA that go beyond gas reservation and supply such as local content, obligations to maintain and access infrastructure, industry	The protections afforded to the EDGRA in the Bill must be extended to DCAs or similar agreements that are entered after 22 December 2025 pursuant to, or to give effect to, an EDGRA. **Refer to proposed drafting in Item 3.1 of Annexure A**. Amend the restriction that applications for adjustment quantity determinations and extended period determinations must be submitted to and determined by the Minister prior to 31 December 2027. **Refer to proposed drafting in Items 3.6, 3.7 and 3.8 of Annexure A**.

#	Issue	Description	Impact	Cure Description
			participation mechanisms and marketing obligations. These obligations are complex, and in some instances, are interrelated as between separate LNG projects. DCAs also contain various remedies for non-compliance. If these obligations continue to operate in parallel with the DGRS, that will have a range of unintended and material consequences for WA producers and exporters subject to DCAs, and for the State of WA, including a potential requirement to re-negotiate multi-party contractual arrangements to address new risks, eg where one licence holder's non-compliance may result in other joint venture participants losing LNG exports due to commercial arrangements not allowing separate nominations, or due to technical (eg turndown) constraints that stop facilities operating at lower levels. It is also currently unclear whether an expansion, backfill development or field extension delivered under an existing DCA falls within an EDGRA or constitutes a new activity outside it.	

(*See over page for Section 2*)

2 Other material issues

Consistent with the approach taken in Woodside's previous submissions, to the extent an exclusion for a domestic gas market with an EDGRA is not included in the Act implementing the DGRS (as recommended in Section 1 above), the balance of this Section 2 outlines the impacts of applying the proposed DGRS to both the WA and east coast gas markets, and Woodside's recommendations to mitigate these.

This is not an exhaustive list of all material impacts nor a resolution of all issues, and has been prepared within the limited time available having regard to the application of the Bill materials to Woodside's business and operations and to the broader LNG and domestic gas markets in Australia.

#	Issue	Description	Impact	Cure Description
1	Objects (s3)	The objects of the DGRS do not refer to the energy security of Australia and the region through adequate supply of gas. The objects of the DGRS now include "lower" natural gas prices. No reference is made to a goal of stability in markets.	The objects underpin and frame what the DGRS seeks to achieve and relevantly guide the exercise of regulatory discretions by the Minister, the Regulator and agencies. The energy security of Australia and the region through adequate supply of gas is recognised as a core principle of the reforms in the document explaining the legislative package, but because it is not listed as an object, there may be provisions of the DGRS which are not read in support of this core principle. The reference to "lower" natural gas prices in s3(b) gives rise to uncertainty as to what is intended and how that object is to be achieved through the legislation. It invites confusion as to when and how the test will be measured and necessarily invites a comparison. A reasonable inference is that addition of "lower" is to make near-term and continual price reduction an explicit goal of the DGRS, which is not consistent with a longer-term balanced gas market.	Insert a new section 3(d) of the DGRS being an object "*to safeguard the energy security of Australia and the region through adequate supply of gas*". Reinstate the reference to "stable" natural gas prices (instead of "stable"), so it reads as follows: *(b) to deliver energy security and stable natural gas prices for Australian businesses and consumers by requiring exporters of liquefied natural gas to contribute to domestic gas markets.* **Refer to proposed drafting in Item 2 of Annexure A.**
2	Commencement Date	Sections 1 and 2 of the Act commence on the date after the Act receives Royal Assent.	A delayed commencement of section 3 to 110 leaves limited time for exporters to apply for export licences and other adjustment determinations and have	The commencement of the Act should be delayed allowing an appropriate amount of time for transitional activities for both

#	Issue	Description	Impact	Cure Description
	(s2)	Sections 3 to 110 of the Act will commence on a day to be fixed by Proclamation that is no later than 1 July 2027.	compliance plans accepted and approved by 1 January 2028. There is a substantive amount of material expected to be the subject of subordinate instruments. The process for those materials to be prepared and/or submitted for consultation remains unclear.	exporters/licence holders and Government/regulators, acknowledging that domestic gas shortfalls are not forecast to arise in the immediate term.
3	Future projects (s46, 48)	Unless an applicant is entitled to a s48 exemption, an export licence can only be applied for where an export facility is physically connected to a domestic gas market (s46). As s48 is only intended as a transitional measure for existing infrastructure constraints, this assumes that an export facility has been constructed or is in an advanced stage of development before an application can be made.	Future project proponents have no long-term investment certainty having regard to the time at which an export licence can be applied for. This creates material uncertainty for future projects (e.g. Browse). If export licence applications and associated determinations can only be sought shortly before first LNG exports when the export facility is connected to a domestic gas market, major projects may be required to take FID without certainty regarding the long-term domestic gas obligations applicable to the project. This creates investment risk and is inconsistent with the approach adopted in WA, where DCAs are generally established prior to, or at, FID and form part of the investment framework on which capital is committed.	Future projects should be permitted to apply for export licences and associated determinations sufficiently in advance of first LNG exports, including prior to FID, where appropriate. **Refer to proposed drafting in Item 3.11 of Annexure A.**
4	Licence holder subject to EDGRA (s26, 28)	The Ministerial discretions for determination of adjustment quantities (s26) and extended period determinations (s28) relating to an EDGRA apply in relation to the 'licence holder'. The 'licence holder' is the person who holds an export licence. An export licence is required to export LNG, with the person requiring the licence	These concepts are too narrow and prescriptive and do not accommodate circumstances where an EDGRA or reservation commitment under a DCA is the obligation of the joint venture participants or producers of gas in respect of the relevant export or production project (eg. the petroleum titleholders), and those entities are not the same as the ultimate licence holder / exporter entity. In circumstances where there is no explicit recognition of the WA Domestic Gas Policy (see Section 1, row 1), it is not sufficiently certain that a	Sections 26 and 28 must be sufficiently clear that an application can be made by a licence holder in respect of an EDGRA/DCA that applies in relation to the licence holder or the relevant export or production project. **Refer to proposed drafting in Items 3.6, 3.7 and 3.8 of Annexure A.**

#	Issue	Description	Impact	Cure Description
		described as an 'exporter' (being the person who holds legal title to the LNG immediately before it is loaded onto a vessel for export (s9)).	licence holder can make an application or is entitled to the grant of a determination under these sections. Any uncertainty as to the ability to make an application under these sections is a material and unacceptable risk for WA LNG exporters.	
5	Definitions of *exporter, own gas* and *DSO supply* (s9, 18, 22)	The *exporter*, being the person required to have an export licence, is the person who holds legal title to the LNG immediately before it is loaded onto a vessel for export (s9). The DSO under s16 is met by a licence holder making a *DSO supply* under s18, which requires, amongst other things: • that other than for existing contracts of a licence holder the quantity of gas supplied under a supply contract is the licence holder's *own gas* or *additional gas*; • *own gas* requires that at all times since the time the gas was produced, the licence holder or a related body corporate has a legal or equitable interest in it; and • the gas is supplied in accordance with a supply contract by the licence holder or another body corporate or related body corporate (where this is defined as an entity	Woodside is encouraged by the changes from the Exposure Draft to the Bill in s22 and the definition of own gas. These changes may allow related bodies corporate to make DSO supplies of own gas on a portfolio basis. This may enable the continuation of historical portfolio marketing practices which provides additional supply flexibility to the benefit of buyers and Woodside as seller. Any further amendments should retain this flexibility. However, the DSO supply requirements in s18 remain too narrow and prescriptive and may still not adequately accommodate existing contractual frameworks, including sale arrangements for minority joint venture participants. It is not always the case that the exporter of LNG will be the same entity that produced the gas, exports LNG and/or sells gas into the domestic market, or that they will be related bodies corporate (or controlled by the licence holder). In many cases, these contractual structures are the foundational basis for which projects take FID. **Related bodies corporate** The requirement for the licence holder to control a related body corporate to meet the s18 DSO supply is unduly restrictive and may not reflect the corporate structuring of existing projects. **Joint venture marketing arrangements**	References in s18 to related bodies corporate to be defined by reference to *related bodies corporate* under the Corporations Act without any need for the licence holder to control the related body corporate. It should be sufficient that they are within the same corporate group. **Refer to proposed drafting in Item 5 of Annexure A**. Include a carveout in s22 such that acquisitions of non-additional gas will not apply to portfolio marketing arrangements between (i) related bodies corporate and *exporters* within the same corporate group or (ii) *exporters* and gas producers (that are not related entities) but are managing portfolio supplies in relation to a single LNG project eg. as between producer, exporter and/or any marketing entity. **Refer to proposed drafting in Item 5.2 of Annexure A**. Include a new definition of 'existing supply contract' in s9, to capture contracts entered into before 22 December 2025, without a requirement for the existing supply contract to have been entered into by the licence holder. **Refer to proposed drafting in Item 5.4 of Annexure A** and the proposed use of that defined term in the **proposed drafting in Item 5.1 of Annexure A**. Within the limited time available, we have not made drafting suggestions to all relevant

#	Issue	Description	Impact	Cure Description
		controlled by the licence holder) for and on behalf of the licence holder. *related body corporate* has the same meaning as in the *Corporations Act 2001*.	In some LNG project structures, the entity that exports LNG cargoes may differ from the entities that produce gas and/or supply domestic gas. LNG cargoes sold on a delivered ex-ship (DES) basis may be exported by one entity, while the gas used to produce LNG is supplied by upstream participants and domestic gas sales are undertaken by separate marketing entities. There is therefore a real risk of misalignment between the tests proposed in the Bill and the way projects are structured and operated in practice. **Agency** The "for and on behalf of" wording in s18(3) suggests that where a body corporate or related body corporate is making DSO supplies on behalf of a licence holder that it is doing so in the capacity as agent. This is unduly restrictive and may not reflect the corporate structuring of existing projects, particularly where title to gas is transferred from the licence holder to an intermediary body corporate (that is not a related body corporate). It should be sufficient that gas is supplied "for" a licence holder, acknowledging that there can be no double counting of DSO supplies under s18(6). ***Own gas* and existing contracts** Section 18(3) disapplies the *own gas* and *additional gas* requirement where the 'supply contract' with the buyer is an 'existing contract of the licence holder'. This is too narrow and prescriptive and does not capture existing marketing arrangements where the licence holder sells the gas to a body corporate or related body corporate (ie. the supplying entity that makes the DSO supply to the buyer) and it is the supplying entity that is the party to the existing contract with the buyer.	sections of the Bill, and recommend that a detailed review of the drafting in s18-22 and the flexibility requirements in the Gas Market Code is undertaken to ensure there are no inconsistencies in the relevant definitions and terminology used that have an unintended effect on the operation of those sections or the operation of existing LNG projects. The intention is that these edits would allow long established portfolio marketing practices to continue without substantial modification and to meet the requirements of s18 and the flexibility requirements in the Gas Market Code. Gas that is delivered within Australia and sold to domestic customers as trucked LNG (or imported) should be deemed to be a supply by the relevant licence holder. **Refer to proposed drafting in Item 5.1 of Annexure A**.

#	Issue	Description	Impact	Cure Description
6	Additional gas (ss 9, 22) (s 53WA of Sch 1 of the Competition and Consumer Act) (ss 57E to 57P of the Gas Market Code)	Section 22 provides that if a licence holder acquires a quantity of gas in a domestic gas market that is not *additional gas* and is used to produce LNG that is exported, the licence holder's total minimum quantity for the regulated period in which the LNG is exported, is taken to be increased by an amount equal to that quantity (ie increasing the licence holder's DSO). An outworking of s18, 19, 22 and the concepts of *additional gas* and *own gas* is that exporters cannot purchase (or swap), and on-supply, natural gas produced from a domestic source that is not a related body corporate to meet their DSO, including where that domestic gas will not be used to produce LNG for export, unless the gas is additional gas. *Additional gas* is defined as natural gas that is additional gas in accordance with provisions prescribed by a gas market code for the purposes of, or prescribed by legislative instrument, under s53WA of the *Competition and Consumer Act 2010* (**CCA**). Sections 57E to 57P of the Gas Market Code then provide:	The policy objective inherent in the additional gas concept is to stimulate the delivery of gas into a market that would not otherwise be available and to increase domestic gas supply over time. The measures that regulate additional gas should facilitate that objective. If the policy settings are not right, there is a risk of artificially suppressing domestic gas prices or creating circumstance where producers may be required to sell gas at prices below the cost of production. This could: • negatively impact the economics of existing production, particularly for domestic only producers who, if they are unable to sell gas at a price that is above the cost of production (see other points in this table), or to sell gas to licence holders for domestic re-sale to make DSO supplies, may elect to turn down production or delay sales until they have certainty that it will be treated as additional gas; and • bring forward end of field life for currently producing assets; and • which, in turn, risks bringing forward forecast shortfalls into periods which are previously expected to be adequately supplied. The opportunity to develop approximately 200 PJ of additional Bass Strait resources via four development wells solely by Woodside (as part of its assumption of operatorship of the Bass Strait assets earlier this year), relies on stable price signals and the ability to secure long-term foundation agreements. In an environment of sustained policy-driven oversupply and uncertainty around additional gas, it will be difficult for these conditions to be met,	The Bill should be amended now to provide greater certainty to licence holders that genuinely new gas supply – including new developments and expansions of existing projects – will be recognised as additional gas, with a clear and durable baseline method to be established before significant investment decisions are required and sufficient flexibility for that additional gas to be recognised for the regulated periods in which it is able to be produced. We have not attempted to draft for these issues, given we do not have all of the required information. Whilst it is acknowledged that technical details may need to be included in legislation determinations, rules or guidelines, there should be clear and objective criteria in the act to define when an entity is entitled to additional gas and/or the basis upon which AER decisions will be made. AER should consult formally with industry on the baseline method. Additionally, the legislation should provide a pathway to incentivise non-licence holders to continue to produce natural gas where that gas may not meet the additional gas test. This may include permitted sales (or swaps) of domestic gas to licence holders to meet DSO supplies in a manner which achieves the overarching policy objectives of the Bill of increased (and ongoing) production and supply.

#	Issue	Description	Impact	Cure Description
		• natural gas produced in a domestic gas market in a regulated period in excess of a 'gas production baseline' for that market and for that period is additional gas (s57K); • a gas producer must apply to AER for a gas production baseline (s57F); • a gas production baseline is determined by AER in accordance with a legislative instrument published by AER (s57F(9), (s10)); and • a gas producer may also apply to AER for approval of a quantity of gas as additional gas for a domestic gas market and for a regulated period, covering 2 or more quantities of natural gas (s57L(1)). Section 53WA of the CCA provides that the Energy Minister may, by legislative instrument, determine that quantities of natural gas are additional gas for a domestic gas market in the circumstances specified in the instrument.	which could materially reduce the likelihood that this new domestic supply proceeds. **Additional gas through determination of gas production baseline** Material uncertainty exists as to whether the determination mechanic undermines the policy objective and how and when certain volumes (of gas) are characterised. A gas production baseline in a market over a period will be determined by the AER for each licence holder that applies for a determination. Exactly how this will be done will not be clear until a legislative determination is published by AER. Determinations by AER will be made in respect of one or more regulated periods, which are presumably 'specific' regulated periods, however this is also not clear. The gas production baseline concept is therefore uncertain, as is its application. This does not provide the appropriate level of certainty for businesses to make investment decisions relating to additional gas. **Additional gas approved by AER** The AER approval process lacks sufficient transparency or objective criteria as to when an entity is entitled to additional gas or the basis upon which a determination will be made. This may result in inconsistent and inequitable treatment of producers making investments in new supply. An approval will be granted for a specified quantity, market and regulated period. The quantity may be by reference to current or future production, location or a contract for natural gas (s57L(6)). Whilst this appears to be of broader application than the gas production baseline mechanism and	

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			potentially allows flexibility across domestic gas markets, the application must be made in respect of specific regulated period(s). This does not appropriately cater for the reality of investment decisions and the conduct of exploratory, appraisal and development phase operations, which may take several years and that businesses require long-term certainty before entering commercial arrangements to give effect to additional gas. The explorer at the time of commitment (or the licence holder investing capital in the commitment) should be certain that its equity share of gas can be credited as additional gas, irrespective of how much gas results and is delivered in any future period(s). This level of assurance is not achieved through the current Bill. A requirement for domestic only producers to make applications to the AER will inadvertently bring domestic only producers within the operation of the scheme that is otherwise intended to regulate exporters, creating additional administrative complexity. The process for the Energy Minister to make legislative determinations relating to additional gas similarly leaves further detail regarding the operation of the Bill to subordinate instruments. **LNG import** The draft does not clearly address the treatment of domestic or Trucked LNG (eg Pluto), or imported LNG that is regasified and sold into the domestic gas market. If imported LNG cannot be recognised as qualifying domestic supply, the scheme may fail to incentivise (or may disincentivise) LNG import terminal investments that could support east coast gas security.	

#	Issue	Description	Impact	Cure Description
7	Insufficient flexibility and risk of forced supply (s20, 21)	The DSO operates as a "must supply" obligation of up to 20% of LNG exports, subject only to DSO recalibration or adjustment determinations. Whilst a licence holder may meet the DSO by supplying at least 90% of the minimum total quantity during a relevant period (or extended period, if applicable), it must meet the flexibility requirements to make up the supply of deferred quantities within three regulated periods (s21). A deferred quantity is limited to the lesser of the quantity subject to the flexibility requirements and 10% of the minimum total quantity. If a deferred quantity is not offset by credit quantities within the required regulated periods, it becomes a debt quantity (s31).	**Flexibility requirements** Woodside is encouraged by the changes from the Exposure Draft to the Bill which cap deferred quantities to the lesser of the quantity subject to the flexibility requirements and 10% of the minimum total quantity. However, the framework still provides limited flexibility for LNG exporters to manage volumes not required by the domestic market or that cannot be supplied where the market is still designed to be 10% over supplied. The overarching concern remains that the 'must supply' obligation will mandate the delivery of substantial volumes of gas into the domestic gas market irrespective of demand conditions. In an otherwise balanced market, this would create conditions of structural oversupply, distorting price signals and increasing the risk that producers are compelled to sell gas below the cost of production to comply. Relief mechanisms for force majeure, reserve planning assumptions not being met, demand shortfalls and other uncontrollable events are narrow and difficult for an exporter to access. This includes where the failure to supply is caused by buyers or events affecting buyers. The flexibility requirements do not adequately address circumstances where non-compliance arises through no fault of the exporter and cannot be remedied in an over-supplied market. Further, the process for obtaining relief appears impractical and, in many instances, may not provide a timely outcome to support operational and commercial decision-making, particularly where existing contractual arrangements are bespoke/ involve multiple parties. The "best endeavours" flexibility requirement lacks certainty and may require acceptance of uneconomic	The flexibility mechanism and 'must supply' framework should be replaced with a more flexible acquittal framework that (noting we have not, in the time available, attempted to draft this in Annexure A): • Requires licence holders to market DSO volumes on commercially reasonable terms, demonstrated through diligent and good-faith marketing. • Allows licence holders that have complied with the marketing obligations to export gas that has been diligently marketed and genuinely offered to the domestic market on commercial terms but not taken up, without the need for additional approvals. • Requires the licence holder to reserve gas not taken up by the domestic market in a given year for supply in future years over the life of the project. • Extends compliance periods to be aligned with long-term project investment and contracting horizons. • Provides additional flexibility where non-compliance arises from circumstances beyond the exporter's control or fault that result in non-supply. • The recalibration mechanism should expressly take account of debt and deferred quantities expected to be supplied into a market in a regulated period (see row 8 below). Whilst it is acknowledged that technical details may need to be included in legislation determinations, rules or guidelines, there should be clear and objective criteria in the Bill or Gas

#	Issue	Description	Impact	Cure Description
			offers or lead to other buyer behaviours that risk distorting market outcomes. This approach differs from the WA Domestic Gas Policy, which focuses on making gas available to the domestic market through diligent and good faith marketing, while allowing prices and contractual terms to be determined through commercial negotiation. **Deferred and debt quantities** A three-year period may be insufficient to make up deferred quantities, particularly where the market is already oversupplied. If a licence holder is forced to supply more domestic gas into the WA Dampier to Bunbury Natural Gas Pipeline (**DBNGP**), this may change their Pipeline Impact Agreement (**PIA**) commitments, or the need for a PIA, which requires an 18-month lead-in under current WA rules. In any event, this seems inappropriate in cases where there is no market, as the basis for the calculation assumes over supply. If accurately forecast, the 10% over supply will never be sold. **Subordinate instruments** The DSO supply requirements in s18 and the flexibility requirements in the Gas Market Code may be subject to further subordinate instruments, including in relation to EOI requirements and when quantities of gas are offered on competitive terms. This does not provide the appropriate level of certainty for businesses to comply with the 'must supply' obligation. This is particularly the case for WA licence holders who are not currently subject to the EOI and gas marketing obligations in the Gas Market Code and may become subject to certain of those requirements by virtue of proposed section 57A(2)(c) and (d) of the Gas Market Code.	Market Code to define when flexibility requirements will apply. There appears to be an error in s57A(4) of the Gas Market Code relating to the flexibility requirement for non-supply of contracted gas due to exceptional circumstances. The section requires the gas to be own gas or additional gas, whereas s18 of the Bill only requires DSO supplies to be own gas or additional gas where the supply contract is an existing contract. **Refer to proposed drafting in Item 5.3 of Annexure A**.

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8	Calibration process (s24, 25) (s59 Gas Market Code)	Prior to the commencement of each regulated period, AER will annually determine the *target aggregate supply of natural gas* and demand calibrated quantity for each licence holder. The *target aggregate supply of natural gas* is the Regulator's forecast of aggregate domestic demand plus the 10% over-supply requirement (or such lesser percentage as reasonably determined by the Minister), less the Regulator's forecast of non-licence holder supply. AER will also publish forecast estimates of target aggregate supply for the next 4 regulated periods.	The ability to calibrate the DSO to market conditions is a positive development in the Bill, however: • The proposed framework lacks an adequate mechanism for addressing instances of sustained over-forecasting of demand. • The method by which AER will make its calibration is currently unclear, with such method to be determined by future legislative determination (including factors determined by the Energy Minister). Industry is therefore unable to fully assess the impact of the calibration process during the consultation period. • AER must have regard to the WA GSOOs published by AEMO. The WA GSOO is an outlook and capability assessment based on current settings rather than a fixed forecast of future supply and demand. • The 10% buffer combined with the obligation to supply may mandate supply against no genuine market demand. Combined with limited availability of the flexibility mechanism (see row 7 above), this will materially impact a licence holder's ability to meet the DSO, where the consequences of failing to do so are severe eg. civil penalties, suspension or cancellation of export licences. • Annual recalibration is inconsistent with the certainty required for longer-term LNG production and planning, contracting and investment decisions. AER's published forward looking estimates, while useful, do not provide the requisite level of certainty upon which planning and investment decisions must be made, further exacerbating the risk to domestic supply.	The Gas Market Code should set out clear and objective criteria that the AER must consider in its calibration method to provide industry with greater certainty that future legislative determinations by AER and/or the Energy Minister will be consistent with known and understood criteria. The methods should be required to account for deferred quantities, debt quantities or accumulated excess supply in its calibration and any applicable EDGRA. AER's calibration should be undertaken on a multi-year / rolling basis instead of prior to the commencement of each regulated period eg. each calibration to apply for a minimum of five regulated periods with a rolling update each year in respect of the last regulated period. AER should be required to consult the relevant State or Territory department, must have regard to any forecast or assessment it provides in respect of its relevant domestic gas market, and must publish with its determination a statement of the forecasts relied on and reasons for any material divergence. The 10% oversupply percentage could be retained if it is applied to the gap between forecast aggregate domestic demand and domestic production (excluding production by licence holders), and if the oversupply framework operates in conjunction with the removal of the 'must supply' obligation (see row 7 above). However, if the drafting is amended to apply a fixed percentage to forecast aggregate demand, the percentage should be no higher than 5%, with the Minister retaining discretion to reduce the percentage.

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			• Typically, an exporter may receive an allocation of cargoes in October, for the subsequent LNG contract year which runs between April of the next year and March of the following year. The planning process may occur as early as August prior to the receipt of allocation of cargoes in October. Changes to this allocation may require the consent of other exporters, other joint venture participants, other lifters and buyers. If their consent is not provided, the exporter may be in default under the relevant asset or customer agreements and subject to significant contractual shortfall damages. The combined effect of the above will work to increase the risk of structural oversupply and distorting market outcomes. If the DGRS does not allow the export of volumes of gas that can be demonstrated to exceed domestic requirements, this persistent oversupply will weaken investment signals, crowd out domestic-only producers and undermine investment in new domestic gas supply. This would undermine a policy intended to strengthen, rather than weaken, domestic energy security.	In the time available, we have not attempted to draft these suggestions in Annexure A.
9	Foundation and existing contracts etc (s26)	Existing contracts entered before 22 December 2025 may qualify for adjustment quantities. An adjustment quantity determination may only be granted where the criteria in s27(1) are met (in addition to the s26(4) criteria): • if the quantity was not determined, the exporter	The protection of existing LNG contracts is qualified rather than absolute with relief subject to discretionary Ministerial determinations and strict criteria (eg in s26(4) and s27(1)) that may be difficult to satisfy. The resultant financial impacts of a failure to protect existing LNG contracts could be material. The definition of existing contract of a licence holder means a contract entered into by the licence holder on or before 22 December 2025. The definition is too narrow to protect existing sale contracts that supported FID decisions on LNG	The protection of existing LNG contracts should be absolute. Sections 26 and 27 should be amended. **Refer to proposed drafting in Item 3.6 and 3.7 of Annexure A.** The DGRS should allow for licence holders to retain operational flexibility of existing contracts on their terms, for example: • The definition of *existing contract* to be amended to allow for agency and portfolio sale arrangements, and to include express reference to (i) any amendments to an

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		would be likely to breach a term of the contract (and the Minister must take into account the licence holder's ability to fulfil export contracts using LNG produced from the licence holder's own gas or sourced from international markets); and • the licence holder is unable to reasonably produce or acquire additional quantities or arrange for a supplying entity to make supplies for and on behalf of the licence holder (and the Minister must take into account the forecast quantity of the licence holder's own gas and its ability to make DSO supplies of natural gas).	projects in the industry. Many producers' marketing arrangements and commitments to regional strategic customers will be directly impacted, as their contracts will likely not be able to be 'grandfathered' under the proposed definitions (for example, because the seller is a different legal entity to the licence holder). Customers impacted will include State-owned energy utilities across Japan, Korea, Taiwan, China, Indonesia and Malaysia. This risks increasing perceptions of sovereign risk in Australia by cutting across the commercial arrangements underpinning existing investments and customer arrangements. This may undermine investor confidence in the stability of Australia's investment framework and send negative signals to international investors and trading partners.	existing contract prior to 22 December 2025 and (ii) any assignment or novation of an existing contract to a licence holder. **Refer to proposed drafting in Item 4.1 of Annexure A**. • An *existing contract* will not lose its grandfathering protection if (i) amended after 22 December 2025, where such amendment does not increase the volumes of LNG to be supplied under the *existing contract* (for example a scheduled price review, which often results in an amendment to an LNG SPA), (ii) the exercise of an extension or similar right arising under the existing contract after 22 December 2025 (particularly if the right is exercisable by the buyer). **Refer to proposed drafting in Item 4.1 of Annexure A**.
10	Infrastructure constraints (s26)	An application for an export licence requires the relevant export facility to be physically connected to a domestic gas market or have the benefit of an exemption under s48 to be licensed. Upon an export licence being granted with the benefit of a s48 exemption, any infrastructure constraints affecting a licence holder's ability to meet the DSO	Conditions may be imposed on the grant of a s48 exemption, including to require the applicant or another body corporate on its behalf to supply gas or make arrangements with another person to reduce that persons demand for natural gas or the applicant reducing its demand for natural gas (s48(3)). The ability to impose conditions is broad in its application and could require an applicant to take uncommercial measures to improve its ability to supply gas even where the infrastructure constraint may be outside its reasonable control or may be a result of a legacy matter from the development of the project prior to the commencement of the DGRS.	Imposition of conditions under s48(3) should not require the licence holder to act to its commercial detriment, including incurring significant or uneconomic investments. Amend the restriction that applications for adjustment quantity determinations and extended period determinations must be submitted or determined prior to 31 December 2027. **Refer to proposed drafting in Items 3.6, 3.7 and 3.8 of Annexure A**. The DGRS should provide a pathway for relief where infrastructure constraints currently exist or become known and licence holders should have

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		requires an application for an adjustment determination under s26.	An adjustment determination under s26 may only be granted if the Minister is satisfied that the infrastructure constraint existed before the commencement of the Act and the Minister is satisfied that it would be uneconomic for the licence holder to make DSO supplies (s27(4)). The policy rationale for the transitional nature of the infrastructure constraints protection is unclear. An infrastructure constraint may arise after commencement of the DGRS, for example, where a licence holder relies on third party tolling arrangements or due to unexpected events or unplanned maintenance. If an adjustment determination is not available, the licence holder's only protection is through the flexibility mechanism, which may not be appropriate having regard to the nature of the infrastructure constraint.	the capacity to seek an adjustment quantity in both the initial export licence application and in respect of any subsequent regulated period.
11	Ministerial discretion and merits review (s103)	Extensive Ministerial discretion exists throughout the Bill and the key elements of the DGRS are dependent on such discretions. A set number of the Ministerial decisions listed in s103 are capable of being referred to the Administrative Review Tribunal (**ART**) for merits review. An improperly made decision is referred back to the Minister for the decision to be made anew, having regard to any attendant recommendation made by the ART.	**Discretion** It is acknowledged that some discretion may be necessary in the operation of the DGRS, however as currently proposed, the DGRS lacks the legislative certainty required for long-term investment decisions. Investment decisions for major projects are based on the legislative framework in force at the time rather than assumptions regarding how discretionary powers may be exercised in the future. **Merits review** The following decisions are not subject to merits review as these are not expressly referred to in s103. This includes: • Determining a varied DSO percentage for a domestic gas market - s23(1)	Woodside supports greater reliance on objective criteria, rules-based mechanisms and review rights to improve transparency, predictability and long-term investment certainty. There are several potential amendments which could be considered to condition the Minister's discretion: • Restoring the ordinary position and Amending s103(5) to allow the ART to consider and then vary a decision (**Refer to proposed drafting in item 6 of Annexure A**). • The decisions in s99 to be structured as a list of "excluded decisions", rather than an inclusive list of decisions eligible for review, to account for the inherent uncertainty of future events, and to preserve a default right

#	Issue	Description	Impact	Cure Description
			• Determining the target aggregate supply of natural gas – s24(1) • Determining a reduced target aggregate supply buffer percentage (below 10% down to 0%) - s24(6). Additionally, the list of reviewable decisions in s103, in most cases, is conditioned by the requirement that the Minister making the decision be "satisfied", meaning the scope to review or correct error is too narrow.	to merits review, subject to exclusions. If the Bill retains an exhaustive list of decisions subject to merits review, then all material decisions should be included in the list at s103(1). • To avoid ambiguity, utilising a consistent objective threshold throughout, including between s26 to s28 (noting we have not, in the time available, attempted to draft this in Annexure A). For decisions under s23 (varied DSO percentage), s24 (target aggregate supply), s26 (DSO adjustment determination), s28 (extended period determination) and s30 (variations or revocation of those determinations), the following should apply to Ministerial decisions (noting we have not, in the time available, attempted to draft for all of these points in Annexure A): • Specify clear, objective and transparent criteria that the Minister must satisfy when exercising decision making powers. • Require all Ministerial decisions to be reasonable, proportionate and consistent with the objectives of the DGRS. Require published statements of reasons. • Clearly identify the matters that the Minister is required to take into account when making a decision and ensure that all other Ministers and AER are subject to the same statutory criteria as the primary decision maker. • Introduce statutory timeframes within which Ministerial decisions must be made to provide greater certainty and reduce regulatory delays.

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12	Civil penalties and compliance (s55, 85, 99)	The Minister may suspend or cancel an export licence where a licence holder has failed to comply with Part 3 obligations, failed to pay the cost recovery levy, or made a false or misleading application. Civil penalties apply for breach of key obligations, including exporting without or while holding a suspended licence (s14(1)), failing to meet the DSO (s16(1)) and anti-avoidance (s101(1)). Penalties imposed can be up to the greater of 50,000 penalty units ($18.2 million at $364 per unit), 3x benefit derived, or 10% of annual turnover (capped at 2.5 million penalty units). Executive officers may be personally liable where they were knowingly reckless and failed to take reasonable steps to prevent a contravention, with penalties up to 10,000 penalty units ($3.64 million at $364 per unit).	The Bill introduces duplication across Commonwealth and State compliance and reporting obligations, which may disproportionately impact WA exporters. The potential financial penalties are material as are the potential financial consequences of export licence suspension or cancellation, which may lead to production curtailment and inability to export LNG. Noting that the curtailment of LNG production also likely leads to the curtailment of domestic gas production as a consequence. Whilst paragraphs 453 and 454 of the Explanatory Memorandum state that the higher penalties are intended to apply to conduct that directly undermines the objects of the Bill and to ensure that non-compliance is not viewed as a cost of doing business, there is no materiality threshold for non-compliance and therefore no certainty for licence holders that enforcement measures will be appropriate in the circumstances. Additionally, there is a real risk that under existing joint venture and project agreement structures, the suspension of an individual licence holder's export licence may have unintended consequences on other licence holders who are in joint venture with the suspended/cancelled licence holder. If the other licence holders are complying with their regulatory obligations under the DGRS, then it is not reasonable that they should be prevented from meeting their obligations under contracts (eg. LNG SPAs where LNG is sold on a joint basis) solely due to the fault of another exporter whose export licence has been suspended or cancelled.	Section 85 to be amended to qualify that penalties or other compliance measures such as suspension or cancellation must be proportionate to the severity of the breach, distinguish deliberate and systematic non-compliance from inadvertent or minor breaches, allow reasonable cure periods for licence holders to rectify any inadvertent or unavoidable breaches, and recognise timely and voluntary engagement with the regulator to maintain compliance and seek assurances. The grounds for suspension or cancellation in s54(4) to be amended to contain a carve-out for temporary shutdowns caused by maintenance, force majeure, or market or other conditions outside the licence holder's control. In the time available, we have not attempted to draft these suggestions in Annexure A.

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13	Change of control (s57 to 60)	Ministerial consent is required where any person acquires 20% or more of voting rights or issued securities in a licence holder. Failure to obtain consent within 90 days triggers automatic licence suspension and then cancellation at the end of the relevant regulated period (there is also exposure to civil penalties). The Minister must not consent if it has reason to believe the licence holder is likely to contravene its DSO obligations or is not a fit and proper person to hold an export licence.	The policy position for requiring Ministerial consent to changes of control is unclear. The Minister already has broad powers to ensure compliance with the obligations in the DGRS by licence holders and exporters. The consequences of failing to comply are severe eg. civil penalties, suspension and cancellation. Various State and Commonwealth regulators, including petroleum regulators, already have the ability to approve changes of control. There is no minimum time by which a decision must be made by the Minister which creates unacceptable levels of uncertainty to the implementation of M&A transactions. The "likely to contravene" and "fit and proper person" tests are highly subjective and subject to Ministerial discretion. There are no carve-outs for change of control transactions at the listed company level. This exposes licence holders to unacceptable levels of risk where they do not have the ability to prevent a change of control transaction from occurring (particularly having regard to the 20% control threshold). As noted in row 12 above, under existing joint venture and project agreement structures, licence holders that are in compliance may be impacted by conduct affecting other licence holders, and should therefore not be exposed to change of control risk affecting other licence holders.	Change of control consent to be deleted or altered to only require notification to the Minister of a change of control. In the time available, we have not attempted to draft these suggestions in Annexure A. Notification of changes of control will provide the Minister/regulator with sufficient awareness of licence holder changes. The Minister/regulator can then monitor compliance of the incoming controller, in circumstances where there are numerous means in the Bill through which compliance can be assessed, including audits, requests for information and evidence gathering and the imposition of material compliance penalties.

#	Issue	Description	Impact	Cure Description
14	Transfer of export licence (s53)	An export licence cannot be transferred to another person.	Any entity purchasing an LNG export project would need to apply for a new export licence, with the seller also having to apply to surrender their existing licence. The exercise of these Ministerial discretions is likely to hinder merger and acquisition activities that are typical to gas development projects over their lifetimes. This could affect not only continued investment activities but the global competitiveness of Australia's LNG industry. The right this gives to the Minister is not necessary to meet the objectives of protecting domestic gas supplies, and duplicates existing powers that the Federal Government already has on foreign investment and changes of petroleum titleholders.	Amend the Bill to allow export licences to be transferrable on application to the Minister, with clear and objective criteria that the Minister must satisfy when exercising its decision-making powers. In the time available, we have not attempted to draft these suggestions in Annexure A.
15	Levy (s106)	Section 106 of the Bill provides that a fee that is payable under a provision of the Bill must not be such as to amount to taxation.	An equivalent provision to s106 of the Bill has not been included in the Domestic Gas Reservation Levy Bill 2026.	The Domestic Gas Reservation Levy Bill 2026 should be amended for consistency with s106 of the Bill to remove any risk that levy-raising powers may be misused in the future.
16	Working out quantities and energy contents (s36)	The energy content factor for LNG is fixed as 25.3 gigajoules per kilolitre.	LNG and domestic gas are typically contracted, measured and invoiced on an energy basis. EDGRA in WA are also based on the energy value of LNG production. The use of a fixed volumetric conversion factor creates a disconnect between the DGRS and established commercial and regulatory frameworks, and may result in DSO obligations being calculated by reference to deemed rather than actual energy quantities.	Quantities should be expressed on an energy basis using actual measured energy content rather than a fixed volumetric conversion factor.

#	Issue	Description	Impact	Cure Description
17	Gas Market Code: Gas EOI definition and deemed exemption (s 46)	The definition of *gas EOI* is overly broad and may capture ordinary bilateral market testing and commercial discussions. Uncertainty also exists regarding the operation of the deemed exemption where EOIs are issued to two or less persons, including how the threshold applies across time, gas tranches, supply periods, related entities and broker-led marketing testing.	Restricts producers' ability to efficiently test market demand and negotiate sales. Creates uncertainty regarding Code compliance and may discourage legitimate market engagement, reducing the ability to bring additional gas supply to market.	Narrow the definition of *gas EOI* so it captures only wider EOI processes, e.g. providing that the total number of gas EOI targets should be 5 or more within a 2-week period and in respect of the same tranche of gas and supply periods. Clarify the operation of the s46 deemed exemption, including application to related entities and separate gas tranches. Exclude the use of brokers to test the market from the definition of the *gas EOI* or provide a specific deemed exemption.
18	Gas Market Code: Master Supply Agreement exemption (s49)	The Gas Market Code does not define *gas master supply agreement*, creating uncertainty as to whether *transaction notices* issued under gas master supply agreements benefit from the s49 deemed exemption.	This may undermine a commonly used contracting framework. The transaction notices are where key terms such as volume, supply period and price are agreed, and this flexibility allows buyers and sellers to respond rapidly to sudden demand changes and supply shortfalls.	Define *gas master supply agreement* and expressly confirm that *transaction notices* entered into under such agreements are covered by the s49 deemed exemption.
19	Gas Market Code: Transactions of less than 12 Months (s45)	The Gas Market Code provides a deemed exemption from the process provisions for gas supply of less than 12 months. It is unclear how the exemption applies where supply periods are less than 12 months or where agreements have a longer contractual term but only limited periods of actual supply (such as seasonal winter supply arrangements).	This creates uncertainty regarding the availability of the exemption and may discourage efficient short-term and seasonal gas transactions that are important for market flexibility and security of supply.	Amend the deemed exemption to apply to supply periods of 12 months or less and clarify that the relevant period is the actual supply duration rather than the overall contractual term.

#	Issue	Description	Impact	Cure Description
20	Gas Market Code: Repeal of Conditional Ministerial Exemptions (CMEs)	The Domestic Gas Reservation (Consequential Amendments) Bill 2026 repeals CME provisions without expressly addressing the treatment of existing CMEs.	This creates uncertainty for producers currently relying on existing exemptions.	Include an express transitional provision clarifying that all existing CMEs are revoked and cancelled on commencement of the Gas Market Code amendments.

(*See over page for Annexure A*)

Annexure A

1 Drafting suggestions

Woodside has considered and set out below some potential drafting suggestions for Government to consider.

The object of our drafting suggestions is to seek to address some of the material impacts on domestic and LNG markets that might arise out of the Domestic Gas Reservation Bill 2026 (Bill), including those described in the detailed submissions made by Woodside.

These drafting suggestions have been prepared within the limited time available to review and comment on the Bill and associated materials. The drafting suggestions are not exhaustive and do not seek to resolve all issues identified in the detailed submission or contained in the Bill.

A number of these suggestions are derived from Woodside's LNG projects and marketing experience, which in many respects, are distinctive from domestic gas production and supply.

Woodside respects and acknowledges the role of the legislative drafters in preparing the Bill. Woodside requests that the Government consider the material impacts described in the materials submitted by Woodside, and seeks to resolve these issues in the Bill and associated materials having regard to the drafting suggestions set out below.

Woodside would be happy to work further with the Government on Woodside's material issues and potential drafting suggestions.

2 Objects

3 Objects of this Act

The objects of this Act are:

(a) to ensure Australian reserves of natural gas are available for Australian businesses and consumers by establishing a liquefied natural gas export approval scheme; and

(b) to deliver energy security and ~~lower~~ stable natural gas prices for Australian businesses and consumers by requiring exporters of liquefied natural gas to contribute to domestic gas markets; and [***Drafting Note****- The replacement of "stable natural gas prices" with "lower natural gas prices" is confusing, it is not clear when and how the test is measured, which may give rise to a range of unexpected or adverse consequences, particularly in Ministerial decision making*]

(c) to provide an effective and predictable regulatory framework for exporters of liquefied natural gas~~.~~; and

(d) to safeguard the energy security of Australia and the region through the adequate supply of gas. [***Drafting Note****- This is listed as a core*

principle underpinning the reforms in the Government documents explaining the legislative package. It should be an object of the Act.]

3 Explicit recognition of EDGRA

3.1 Amend the definition of existing domestic gas reservation arrangement in section 9:

Existing domestic gas reservation arrangement

(a) ~~means~~ a domestic gas reservation arrangement, whether legislated, imposed by a law or government policy of a State or Territory or otherwise, in force on or before 22 December 2025~~.~~ (as amended from time to time); and

(b) any state agreement, domestic gas commitment agreement or other agreement or arrangement entered into, imposed in accordance with, or for the purposes of giving effect to, at any time, an existing domestic gas reservation arrangement under paragraph (a). [***Drafting Note****- Amendments to (a) and (b) would allow for the continued operation of EDGRA, including for new investments and project expansions.*]

3.2 Insert a new subsection into section 7:

Application to domestic gas market subject to existing domestic gas reservation arrangement

(8) Parts 3 and 4 of this Act apply in relation to all parts of Australia, other than any part of Australia in relation to which the requirement in subsection (9) of this section is met.

(9) For the purposes of subsection (8), the requirement in this subsection is met in relation to a part of Australia if:

(a) there is a domestic gas market in a part of Australia; and

(b) an existing domestic gas reservation arrangement applies in relation to that domestic gas market which requires licence holders or other persons subject to the existing domestic gas reservation arrangement to supply natural gas to persons in that domestic gas market. [***Drafting Note****- Amendment would allow for the continued operations of EDGRA. To the extent the Cth regime applies in a market with EDGRAs, EDGRAs to be explicitly recognised as part of decisions made under sections 23, 26 to 28 (and 30 and 31), refer to proposed drafting below*]

3.3 Amend section 8

8 Concurrent operation of State and Territory laws

Subject to section 7, a domestic gas reservation law is not intended to exclude or limit the operation of a law of a State or Territory that is capable of

operating concurrently with that domestic gas reservation law. [***Drafting Note-*** *Amendment to allow for the operation of s7(8) above*]

3.4 Amend the simplified outline to section 15

15 Simplified outline of this Part

Domestic supply obligation

A licence holder that exports liquefied natural gas from a domestic gas market during a regulated period has a domestic supply obligation, which is an obligation to supply a quantity of natural gas (or if prescribed, renewable gas) to persons in that market during that period for consumption.

Subject to this obligation, a licence holder is not restricted in the total amount of liquefied natural gas they are permitted to export.

Minimum total quantity to be supplied

The minimum total quantity to be supplied is equivalent to 20% (or if a lower percentage is determined for a market, that percentage) of the liquefied natural gas exported by the licence holder from the market during the period.

The minimum total quantity may be ~~lower~~ less than 20% due to recognising existing contracts, existing infrastructure constraints or existing reservation arrangements.

The minimum total quantity may also be ~~lower~~less than 20% due to a demand calibration process undertaken by the Regulator.

The minimum total quantity may be increased if the licence holder acquires a quantity of natural gas that is not additional gas and that is used to produce liquefied natural gas that is exported, or the licence holder has a debt quantity.

Flexibly meeting the domestic supply obligation

A licence holder may flexibly meet the domestic supply obligation by supplying at least 90% of the licence holder's minimum total quantity for a market for a regulated period, provided they meet requirements for the remaining portion (known as a deferred quantity). A licence holder must offset a deferred quantity through increased supplies during the next 3 regulated periods.

Extended period determination

The Minister may, if the Energy Minister is satisfied the decision should be made and the Industry Minister has been consulted, make an extended period determination allowing a licence holder to meet their domestic supply obligation in a domestic gas market over 2 or more regulated periods.

A percentage less than 20% may also be prescribed for calculating the domestic supply obligation for the licence holder for the extended period. In determining such a

percentage, regard must be had to any varied DSO percentage that applies to the market generally.

Compliance plan

A licence holder must have a compliance plan that sets out forecasts of the licence holder's natural gas production, exports of liquefied natural gas, and supplies of natural gas to Australian consumers, as well as how the licence holder intends to meet the domestic supply obligation, for the regulated period.

Other obligations

A licence holder must comply with other obligations, including to give the Regulator an annual report, to give the Regulator assistance if requested in relation to the performance of its functions and to maintain financial assurance.

3.5 Amend section 23

23 Minister may determine varied DSO percentage

[***Drafting Note-*** *If there is no express exclusion of a domestic gas market subject to an EDGRA under s7, EDGRAs operating within a market should be explicitly recognised by the Minister being required to make a s23 determination. The determination remains a discretion of the Minister, subject to the operation of s.23.*]

Varied DSO percentage

(1) The Minister may (and must if the circumstances in subsection (2) apply), by legislative instrument, determine a percentage (a ***varied DSO percentage***) to be the DSO percentage for a domestic gas market for one or more regulated periods.

(2) The circumstances for the purposes of subsection (1) are that the domestic gas market is subject to an existing domestic gas reservation arrangement and section 7(8) does not apply to exclude the application of Parts 3 and 4 of the Act to that domestic gas market.

(3~~2~~) A varied DSO percentage must be less than 20% and greater than or equal to 0%.

(4~~3~~) The Minister may only make a determination under subsection (1) if (other than where the circumstances in subsection (2) apply):

(a) the Minister is satisfied that the demand and supply conditions for natural gas in the market are such that it is appropriate to make the determination; and

(b) the ~~Energy Minister is satisfied that the determination should be made; and~~

~~(c)~~ ~~the~~ Minister has consulted the Industry Minister and Energy Minister about whether to make the determination; and

~~(d) if there is an existing domestic gas reservation arrangement in a State or Territory that applies in relation to participants in the market the Minister has consulted the government of the State or Territory about the effect of the arrangement on the supply of natural gas in the market; and~~

(ec) the Minister has taken into account the advice provided by the Regulator in accordance with section 31; and

(fd) the determination is made on or before the 30 June preceding the first regulated period to be covered by the determination.

(45) In determining whether the Minister is satisfied of the matter in paragraph (34)(a) in relation to a domestic gas market, the Minister may have regard to one or more of the following:

~~(a) any existing domestic gas reservation arrangement in a State or Territory that applies in relation to participants in the market;~~

(ab) the likely impacts on the supply of natural gas in the market if the determination were made;

(bc) any other matter the Minister considers relevant.

(6) Where the Minister must make a determination under subsection (1) (where the circumstances in subsection (2) apply):

(a) the Minister must consult with the government of the State or Territory about the effect of the arrangement on the supply of natural gas into the market and the Minister must take into account:

(i) the advice provided by the relevant State or Territory government; and

(ii) the supplies of natural gas to persons in the market pursuant to the existing domestic gas reservation arrangement;

(b) the Minister must take into account the advice provided by the Regulator in accordance with section 31; and

(c) the determination must be made on or before the 30 June preceding the first regulated period to be covered by the determination.

(75) Paragraphs (43)(b) and~~to~~ (ce) and (6)(a) and (b) do not limit section 17 of the *Legislation Act 2003* (rule-makers should consult before making legislative instruments).

Effect of DSO percentage of 0%

(86) If the Minister determines that the DSO percentage for a domestic gas market for a regulated period is 0%, then the following provisions do not apply in relation to a licence holder in relation to that market for that period:

(a) this Division, other than this section;

(b) a provision of Division 3 of this Part;

(c) section 44 (notification of change in circumstances).

Effect of DSO percentage more than 0% but less than 20%

(9) If the Minister determines that the DSO percentage for a domestic gas market for a regulated period is more than 0% but less than 20%, then the provisions of Division 3 of this Part do not apply in relation to a licence holder in relation to that market for that period. [***Drafting Note**- If a licence holder is subject to an EDGRA, that licence holder's reporting obligations under the EDGRA should satisfy the compliance plan and reporting obligations under the DGRS. This would reduce the regulatory and administrative burden on all stakeholders*]

Variation or revocation of determination

(~~7~~10) If the Minister varies or revokes a determination made under subsection (1) in accordance with subsection 33(3) of the *Acts Interpretation Act 1901*:

(a) paragraph (~~43~~)(~~fd~~) or (6)(c) (as applicable) does not apply to the variation or revocation; and

(b) the variation or revocation takes effect on the first day of the next following regulated period after the day the variation or revocation is made.

(~~8~~11) To avoid doubt, any variation or revocation of a determination under subsection (1) does not affect a varied DSO percentage for the current regulated period or any previous regulated period.

3.6 Amend section 26

26 Recognition of existing contracts etc.

Determination of adjustment quantities

(1) The Minister may, and must promptly upon receipt of an application from a licence holder (and in any event by no later than 31 October 2027), in writing, determine ~~that~~ if a quantity of natural gas is an adjustment quantity for a licence holder for a domestic gas market for a regulated period or an extended period if the Minister is satisfied it is appropriate to do so because of: [***Drafting Note**- A licence holder should be entitled to bring an application requiring a decision under this section and have certainty that the application will be determined sufficiently in advance of the 1 January 2028 commencement date*]

(a) an existing contract ~~of the licence holder~~ for the supply, by way of export, of liquefied natural gas from the market; or

(b) existing domestic gas reservation arrangements that apply in relation to the licence holder ~~and~~or any relevant export facilities or production facilities that require supplies of natural gas to persons in the market~~;~~ (and section 7(8) does not apply to exclude the operation of Parts 3 and 4 of the Act to that domestic gas market); or [***Drafting Note**- We have include drafting to accommodate an EDGRA where the obligations are of the joint venture participants or producers of gas in respect of the relevant export or production project, eg in Western Australia*]

(c) one or more infrastructure constraints that limit the licence holder's ability to make DSO supplies to persons in the market.

Note 1: There are limits on the making of a determination under this subsection: see section 27.
Note 2: Section 28 allows the Minister to make an extended period determination.

(2) The determination is a ***DSO adjustment determination***.

Note: An adjustment quantity for a regulated period reduces the licence holder's minimum total quantity of natural gas for that period: see section 17.
An adjustment quantity for an extended period reduces the licence holder's total quantity of natural gas for that period: see subsection 29(2).

Scope of DSO adjustment determination

(3) Without limiting subsection (1), a DSO adjustment determination may specify one or more of the following:

(a) more than one adjustment quantity for a single regulated period or extended period;

(b) different adjustment quantities for different regulated periods;

(c) the same adjustment quantities for 2 or more regulated periods.

Determinations made on application of licence holder

(4) The Minister may make a DSO adjustment determination for a licence holder for a domestic gas market for a regulated period or extended period if:

(a) the licence holder has made an application in the approved form (if any) for the determination and the application is made before 31 December 2027; and

(b) the application is lodged with the Regulator; and

(c) the application is accompanied by the fee (if any) prescribed by the rules for the purposes of this paragraph; and

(d) the determination is made on or before 31 December 2027; and

~~(e) the Energy Minister is satisfied that the determination should be made; and~~

(~~f~~e) the Minister has consulted the Industry Minister and the Energy Minister about whether to make the determination; and

(f) where the domestic gas market in relation to the licence holder or any relevant export facilities or production facilities subject to an existing gas reservation arrangement and section 7(8) does not apply to exclude the operation of Parts 3 and 4 of the Act to that domestic gas market, the Minister has:

(i) consulted with the relevant State or Territory government and has taken into account the advice provided by the relevant State or Territory government; and

(ii) taken into account any existing domestic gas reservation arrangements that apply in relation to the domestic gas market and require supplies of natural gas to persons in the domestic gas market; and [***Drafting Note****- Where the application relates*

to an EDGRA, the Minister should be required to take into account these matters in making a decision]

(g) the Minister has taken into account the advice provided by the Regulator in accordance with section 31.

Note 1: For when an application is in the approved form, see section 61.
Note 2: Further information or documents may be required in relation to the application: see section 62.

(5) The Minister may, and must promptly upon receipt of an application from a licence holder (and in any event by no later than 31 October before the end of the first period), in writing, also make a DSO adjustment determination for a licence holder for a domestic gas market for a regulated period or extended period if:

(a) after 31 December 2027, there are one or more infrastructure constraints that limit the licence holder's ability to make DSO supplies to persons in the market or existing domestic gas reservation arrangements that apply in relation to the licence holder or any relevant export facilities or production facilities that require supplies of natural gas to persons in the market, ~~for the purposes of section 17 a percentage referred to in that section for a domestic gas market becomes greater than 0%~~ for a regulated period (the ***first period***) ~~in circumstances where that percentage referred to in that section for that market for the previous regulated period was 0%~~; and [***Drafting Note-*** *The policy rationale for this limitation is unclear. An infrastructure constraint or EDGRA may arise after 31 December 2027, for example, where a licence holder relies on third party tolling arrangements or due to unexpected events or unplanned maintenance or a domestic gas commitment agreement is entered into as required by an EDGRA. If an adjustment determination is not available, the licence holder's only protection is through the flexibility mechanism, which may not be appropriate having regard to the nature of the infrastructure constraint or EDGRAs. The Minister can determine those applications in the same way, at the relevant time, in accordance with and having regard to the requirements of sections 26 and 27*]

(b) the licence holder has made an application in the approved form (if any) for the determination and the application is made before the end of the first period; and

(c) the application is lodged with the Regulator; and

(d) the application is accompanied by the fee (if any) prescribed by the rules for the purposes of this paragraph; and

(e) the determination is made before the end of the first period; and

~~(f) the Energy Minister is satisfied that the determination should be made; and~~

(f~~g~~) the Minister has consulted the Industry Minister and the Energy Minister about whether to make the determination; and

(~~gh~~) the Minister has taken into account the advice provided by the Regulator in accordance with section 31.

Note 1: For when an application is in the approved form, see section 61.
Note 2: Further information or documents may be required in relation to the application: see section 62.

Notification to licence holder

(6) The Minister must cause the following to be given to the licence holder concerned within 1 business day after the day the Minister makes a DSO adjustment determination:

(a) a copy of the determination;

(b) a statement of reasons for the determination.

Publication

(7) The Minister must cause the following to be published on the Department's website within 1 business day after the day the Minister makes a DSO adjustment determination:

(a) a copy of the determination;

(b) a statement of reasons for the determination.

DSO adjustment determination is not a legislative instrument

(8) A DSO adjustment determination is not a legislative instrument.

Effect of certain varied DSO adjustment determination

(9) If the Minister determines that the DSO percentage for a licence holder for a regulated period is 0% in respect of a DSO adjustment determination under paragraph (1)(b), then the following provisions do not apply in relation to a licence holder for that period:

(a) this Division, other than this section;

(b) a provision of Division 3 of this Part 3;

(c) section 44 (notification of change in circumstances). [***Drafting Note-*** *Consistent with the approach taken in s23, if a licence holder is subject to an EDGRA and has a 0% DSO, then compliance plan and reporting obligations under the DGRS should not apply*]

(10) If the Minister determines that the DSO percentage for a licence holder for a regulated period is more than 0% but less than 20% in respect of a DSO adjustment determination under paragraph (1)(b), then the provisions of Division 3 of this Part do not apply in relation to a licence holder for that period. [***Drafting Note-*** *If a licence holder is subject to an EDGRA, that licence holder's reporting obligations under the EDGRA should satisfy the compliance plan and reporting obligations under the DGRS. This would reduce the regulatory and administrative burden on all stakeholders*]

3.7 Amend section 27

27 Limits on making DSO adjustment determinations

Existing contracts

(1) ~~The Minister may only make~~When making a DSO adjustment determination ~~for a licence holder for a domestic gas market for a regulated period or extended period for the reason set out in~~under paragraph 26(1)(a~~) if),~~ the Minister ~~is satisfied that~~must take into account whether:

(a) if the quantity was not determined, the licence holder would be likely to breach a term of a contract referred to in that paragraph; and

(b) the licence holder is ~~unable~~able to reasonably do either of the following on reasonable terms for the purpose of making DSO supplies in the market:

(i) produce or acquire quantities of natural gas;

(ii) arrange for a supplying entity, as referred to in subparagraph 18(3)(a)(i) or (ii), to make supplies of natural gas for and on behalf of the licence holder.

(2) The Minister must, in considering whether the Minister is satisfied:

(a) as mentioned in paragraph (1)(a)—take into account the licence holder's ability to fulfil contracts for the export of liquefied natural gas using liquefied natural gas:

(i) produced using the licence holder's own gas; or

(ii) sourced from international markets; and

(b) as mentioned in paragraph (1)(b)—take into account:

(i) the forecast quantity of the licence holder's own gas for the regulated period or extended period referred to in subsection (1); and

(ii) the licence holder's ability to make DSO supplies of natural gas.

Existing ~~domestic gas reservation arrangements~~infrastructure constraints

(3) The Minister may only make a DSO adjustment determination for a licence holder for a domestic gas market for a regulated period or extended period for the reason set out in paragraph 26(1)(c)~~(b) if the Minister is satisfied that the demand and supply conditions for natural gas in the market are such that it is appropriate to make the determination.~~

~~*Existing infrastructure constraints*~~

~~(4)~~ ~~The Minister may only make a DSO adjustment determination for a licence holder for a domestic gas market for a regulated period or extended period for the reason set out in paragraph 26(1)(c)~~ if:

(a) the Minister is satisfied that the one or more infrastructure constraints existed immediately before the commencement of this section in respect

of an application under paragraph 26(1) or before the commencement of the first period under paragraph 26(5); and

(b) the Minister is satisfied that the effect of the one or more infrastructure constraints is that it would be uneconomic for the licence holder to make DSO supplies in the market during the regulated period or extended period; and

(c) the Minister has taken into account any DSO adjustment determination the Minister has made for the licence holder for the market for the regulated period or extended period for the reason set out in paragraph 26(1)(a) or (b).

~~(5) The Minister must not make a DSO adjustment determination for a licence holder for a domestic gas market for a regulated period or extended period for the reason set out in paragraph 26(1)(a) or (b) if the Minister has already made a DSO adjustment determination for the licence holder for the market for the regulated period or extended period for the reason set out in paragraph 26(1)(c).~~ *[**Drafting Note-** Licence holders will be unable to predict the outcome of every scenario that may arise and that may entitle a licence holder to make a DSO adjustment determination. The policy rationale for this limitation is unclear. If applications are made in respect of more than one limb in section 26(1) or (5), the Minister can determine those applications in the same way, in accordance with and having regard to the requirements of sections 26 and 27*]

3.8 Amend section 28

28 Extended period determinations

Minister may make extended period determination

(1) The Minister may, and must promptly upon receipt of an application from a licence holder (and in any event by no later than 31 October 2027), in writing, determine ~~that~~ if section 29 applies in relation to a licence holder and a domestic gas market for the duration of a specified period (the ***extended period***) covering 2 or more regulated periods.

(2) The determination is an ***extended period determination***.

Determination may specify lower DSO percentage

(3) The determination may specify a percentage that is less than 20% and greater than or equal to 0% as the percentage that applies for the licence holder and the domestic gas market for the extended period under subsection 29(2).

(4) In deciding whether to specify such a percentage in the determination, the Minister must take into account any varied DSO percentage that applies to the domestic gas market.

Limits on making of determination

(5) The Minister may only make an extended period determination covering a licence holder, a domestic gas market and an extended period if:

(a) the licence holder has made an application in the approved form (if any) for the determination; and

(b) the application is lodged with the Regulator; and

(c) the application is accompanied by the fee (if any) prescribed by the rules for the purposes of this paragraph; and

(d) the Minister ~~is satisfied it is appropriate~~ has taken into account the supplies to ~~make the determination, having regard~~be made or likely to~~:~~

~~(i)~~ be made under any existing domestic gas reservation arrangements that apply in relation to the licence holder or any relevant export facilities or production facilities and that require supplies of natural gas to persons in the market~~;~~ (and

~~(ii)~~ section 7(8) does not apply to exclude the ~~demand~~operation of Parts 3 and ~~supply conditions for natural~~4 of the Act to that domestic gas ~~in the~~ market~~;~~); and

~~(e) the Energy Minister is satisfied that the determination should be made; and~~

(e) the Minister has consulted with the relevant State or Territory government and has taken into account the advice provided by the relevant State or Territory government; and

(f) the Minister has consulted the Industry Minister and Energy Minister about whether to make the determination; and

(g) the Minister has taken into account the advice provided by the Regulator in accordance with section 31~~; and~~.~~(h) the determination is made on or before 31 December 2027, unless paragraph (i) applies; and~~

~~(i) if for the purposes of section 17 a percentage referred to in that section for a domestic gas market becomes greater than 0% for a regulated period (the ***first period***) in circumstances where that percentage referred to in that section for that market for the previous regulated period was 0% the determination relates to that market and is made before the end of the first period.~~

*[**Drafting Note-** If a licence holder is subject to an EDGRA after 31 December 2027 (refer to proposed amendments to the definition of existing domestic gas reservation arrangement in s9) there should be no time limitation on its ability to apply for an extended period determination application. As noted above, the Minister can then determine each of those applications at the relevant time.]*

Note 1: For when an application is in the approved form, see section 61.
Note 2: Further information or documents may be required in relation to the application: see section 62.

Period of extended period determination

(6) An extended period determination ceases to be in force on the last day of the latest regulated period covered by the determination, unless revoked earlier.

Notification to licence holder

(7) The Minister must cause the following to be given to the licence holder concerned within 1 business day after the day the Minister makes an extended period determination:

(a) a copy of the determination;

(b) a statement of reasons for the determination.

Publication

(8) The Minister must cause the following to be published on the Department's website within 1 business day after the day the Minister makes an extended period determination:

(a) a copy of the determination;

(b) a statement of reasons for the determination.

Extended period determination is not a legislative instrument

(9) An extended period determination is not a legislative instrument.

Effect of certain extended period determination

(10) If the Minister determines that the DSO percentage for a licence holder for an extended period is 0% in respect of an extended adjustment determination, then the following provisions do not apply in relation to a licence holder for that extended period:

(a) this Division, other than this section;

(b) a provision of Division 3 of this Part 3;

(c) section 44 (notification of change in circumstances). [***Drafting Note**- Consistent with the approach taken in s23, if a licence holder is subject to an EDGRA and has a 0% DSO, then compliance plan and reporting obligations under the DGRS should not apply*]

(11) If the Minister determines that the DSO percentage for a licence holder for an extended period is more than 0% but less than 20% in respect of an extended adjustment determination, then the provisions of Division 3 of this Part do not apply in relation to a licence holder for that extended period. [***Drafting Note**- If a licence holder is subject to an EDGRA, that licence holder's reporting obligations under the EDGRA should satisfy the compliance plan and reporting obligations under the DGRS. This would reduce the regulatory and administrative burden on all stakeholders*]

3.9 Amend section 30

30 Variation or revocation of determinations

(1) The Minister may, in writing, vary or revoke a DSO adjustment determination or an extended period determination if the Minister reasonably believes that:

(a) the Minister made the determination on the basis of information provided by the licence holder that was, at the time the Minister made the determination~~is~~:

(i) false in a material particular; or

(ii) materially misleading; or

(iii) materially incomplete; or

(b) in respect of a determination under paragraph 26(1)(a), the Minister's satisfaction of the matters referred to in paragraph 27(1)(a) or (b)~~, or paragraph 28(5)(d)~~, was formed on the basis of particular circumstances, and those circumstances have materially changed since the Minister made the determination. [***Drafting Note-*** *If the Minister has granted an application on the basis of an EDGRA, licence holders should have certainty that it will endure for the period for which it is granted.*]

(2) The Minister may only vary or revoke a determination under subsection (1) if:

(a) the ~~Energy Minister is satisfied that the variation or revocation should be made; and~~

~~(b)~~ ~~the~~ Minister has consulted the Industry Minister and the Energy Minister about whether to make the variation or revocation; and

(b) the Minister has consulted the licence holder; and

(c) the Minister has taken into account the advice provided by the Regulator in accordance with section 31; and

(d) the Minister has taken into account the matters that the Minister was required to take into account when making the original determination.

Rules about variation

(3) Any variation of an adjustment quantity specified in a DSO adjustment determination (except if the determination is made for an extended period) must be made before the beginning of the regulated period to which the adjustment quantity relates.

(4) Without limiting subsection (1), a variation of an extended period determination under that subsection may specify a different period as the extended period, which may be a shorter or longer period.

Rules about revocation

(5) If paragraph (1)(a) applies, the Minister must not revoke the determination more than 6 years after the time the Minister became aware of the matters in that paragraph.

(6) To avoid doubt, any revocation of a DSO adjustment determination does not affect an adjustment quantity for the current regulated period or any previous regulated period.

Notification to licence holder

(7) The Minister must cause the following to be given to the licence holder concerned within 1 business day after the day the Minister varies or revokes a DSO adjustment determination or an extended period determination:

(a) a copy of the variation or revocation;

(b) a statement of reasons for the variation or revocation.

Publication

(8) The Minister must cause the following to be published on the Department's website within 1 business day after the day the Minister varies or revokes a DSO adjustment determination or an extended period determination:

(a) a copy of the variation or revocation;

(b) a statement of reasons for the variation or revocation.

3.10 Amend section 31

31 Regulator required to provide advice

(1) The Regulator must give the Minister written advice before the Minister makes a decision under this Division, whether on the Regulator's own initiative or at the Minister's request.

(2) The Regulator must, if the Minister requests the advice:

(a) comply with the request; and

(b) provide the advice by the day (if any) specified in the request~~.~~; and

(c) in preparing its written advice, take into account the matters that the Minister is required to take into account before making the decision concerned under this Division.

(3) The Regulator must consult with AEMO before providing advice under this section.

(4) The Minister must cause a copy of the Regulator's advice to be published on the Department's website. [***Drafting Note-*** *This was included in the Exposure Draft released on 10 September, not clear why it has been deleted*]

3.11 Amend sections 48

48 Ministerial exemption for export facilities

(1) The Minister may, in writing, grant an applicant for an export licence under subsection 46(1) an exemption in relation to an export facility if:

(a) ~~immediately before the commencement of this section,~~ a body corporate was carrying on a business of exporting liquefied natural gas from the

export facility in Australian territory~~; and~~ or proposes to establish an export facility in Australian territory; and

(b) that export facility does not have a physical connection to a physical network of interconnected pipelines that are the means by which natural gas is acquired and supplied in a domestic gas market, or where the applicant proposes to establish or connect to an export facility, the proposed facility will not have a physical connection to a physical network of interconnected pipelines that are the means by which natural gas is acquired and supplied in a domestic gas market. [***Drafting Note-*** *Amendment to allow for projects to meet the requirements of s47(2)(d) and apply for an export licence prior to an FID decision, including for projects proposing to toll gas through existing export facilities to produce and export LNG.*]

Note: A licence holder that has an exemption in relation to an export facility satisfies section 43 for that facility: see paragraph 43(1)(b).

(2) The exemption may specify that it is subject to conditions.

(3) Without limiting subsection (2), the conditions may relate to any of the following:

(a) the applicant, or another body corporate on behalf of the applicant, supplying quantities of natural gas or renewable gas in a domestic gas market;

(b) the applicant reducing the applicant's demand for natural gas;

(c) the applicant, or another body corporate on behalf of the applicant, making arrangements with another person to reduce that other person's demand for natural gas.

(4) The Minister must not grant an exemption under subsection (1) unless:

(a) the Energy Minister is satisfied that the Minister should grant the exemption; and

(b) the Minister has consulted with the Industry Minister on the grant of the exemption.

Civil penalty

(5) A body corporate contravenes this subsection if:

(a) the body corporate is given an exemption under subsection (1); and

(b) the exemption is subject to conditions; and

(c) the body corporate fails to comply with those conditions.

Note: If a body corporate contravenes this subsection, an executive officer of the body corporate may also be liable to a civil penalty: see section 99.

(6) A body corporate is liable to a civil penalty if the body corporate contravenes subsection (5).

(7) The pecuniary penalty for a contravention of subsection (5) is an amount not more than the greatest of the following:

(a) 50,000 penalty units;

(b) if the court can determine the benefit derived and detriment avoided because of the contravention—that amount multiplied by 3;

(c) either:

(i) 10% of the annual turnover of the body corporate for the 12-month period ending at the end of the month in which the body corporate contravened, or began to contravene, subsection (5); or

(ii) if the amount worked out under subparagraph (i) is greater than an amount equal to 2.5 million penalty units—2.5 million penalty units.

Exemption is not a legislative instrument

(8) An exemption under subsection (1) is not a legislative instrument.

4 Protection of legacy LNG contracts

4.1 Amend the definition of existing contract in section 9:

existing contract of a licence holder means a contract~~: entered into by the licence holder on or before 22 December 2025 and in force on that day, but does not include any such contract as renewed or extended after that day (regardless of whether the right to renew or extend the contract existed when the contract was entered into).~~

(a) entered into by the licence holder, on behalf of a licence holder, or by a related body corporate of the licence holder, on or before 22 December 2025 and in force on that day;

(b) entered into by another person on or before 22 December 2025 and assigned or novated to the licence holder,

and includes:

(c) any amendments, variations or restatements entered prior to 22 December 2025, and any amendments, variations or restatements entered after 22 December 2025 that do not alter an obligation to supply a quantity of liquefied natural gas; and

(d) the exercise of any extension right, right to renew, right of first refusal or similar right arising under the existing contract after 22 December 2025.

[***Drafting Note****- To allow for amendments and exercise of existing contractual rights.*]

5 DSO supplies

5.1 Amend section 18

18 Meaning of *DSO supply*

When a licence holder makes a DSO supply

(1) A licence holder makes a ***DSO supply*** of a quantity of natural gas in a domestic gas market during a regulated period if the circumstances set out in subsection (2), (3) or (4) apply in relation to the quantity and the period.

Note: A licence holder may be deemed to have made a DSO supply in other circumstances: see section 19.

Supply by licence holder

(2) The circumstances are: [***Drafting Note-*** *Amendments made to allow for established portfolio marketing practices*]

(a) the licence holder has a contract, agreement or other legally binding arrangement or series of contracts, agreements or other legally binding arrangements (***supply contract***) with ~~another~~one or more persons under which a body corporate (the ***buyer***) is to supply natural gas, where the supply contract is an existing supply contract ~~of the licence holder~~ or meets the requirement in subsection (5); and

(b) if the supply contract is not an existing supply contract ~~of the licence holder~~ the quantity referred to in subsection (1) is the licence holder's own gas or additional gas; and [***Drafting Note-*** *The disapplication of the own gas and additional gas requirement should not be limited to existing contracts of the licence holder. This is too narrow and does not reflect that existing contracts may be between a supplying entity and the buyer, rather than the licence holder and a buyer. Refer also to suggested new definition of existing supply contract in paragraph 5.4 below*]

(c) the licence holder, or another body corporate ~~acting for and on behalf of the licence holder~~, supplies that quantity in the market to the buyer during the period in accordance with the supply contract; and [***Drafting Note-*** *Provided limbs (a) and (b) are met this limb (c) should not be restricted by concepts like agency, for example, the licence holder may procure that another body corporate supplies the gas*]

(d) ~~the requirements (if any) prescribed by the rules for the purposes of this paragraph are met in relation to that quantity and the period.~~ a quantity of natural gas is deemed to include an equivalent quantity of liquefied natural gas that is supplied to a buyer in an Australian territory in the same domestic gas market as the licence holder's relevant export facility or, in respect of imported liquefied natural gas, in the same domestic gas market as the relevant import facility. [***Drafting Note-*** *Drafting for Trucked LNG or imported LNG. Trucked LNG at the Pluto LNG terminal is a key operational pathway for supplying gas to remote mining facilities in the north west of WA, creating flexibility to meet*

localised domestic demand outside the main Dampier to Bunbury Natural Gas Pipeline.]

Supply by other body corporate on behalf of licence holder

(3) The circumstances are: [***Drafting Note-*** *Refer to equivalent comments above at (2)*]

(a) either:

(i) the licence holder has a contract, agreement or other legally binding arrangement or series of contracts, agreements or other legally binding arrangements with a body corporate (the ***supplying entity***) under which the supplying entity agrees to make one or more supplies of natural gas for ~~and on behalf of~~ the licence holder ~~for the purpose of the licence holder satisfying subsection (1)~~; or

(ii) the licence holder ~~controls (within the meaning of the *Corporations Act 2001*)~~or a related body corporate (the ***supplying entity***) ~~and~~ arranges for the supplying entity to make one or more supplies of natural gas for ~~and on behalf of~~ the licence holder ~~for the purpose of the licence holder satisfying subsection (1)~~; and

(b) the supplying entity has a contract, agreement or other legally binding arrangement or series of contracts, agreements or other legally binding arrangements (***supply contract***) with ~~another~~ one or more persons under which a body corporate (the ***buyer***) ~~for the~~is to supply ~~of~~ natural gas, where the supply contract is an existing supply contract ~~of the licence holder~~ or meets the requirement in subsection (5); and

(c) if the supply contract is not an existing supply contract ~~of the licence holder~~ the quantity referred to in subsection (1) is the licence holder's own gas or additional gas; and

(d) the supplying entity, or another body corporate acting ~~on behalf of~~for the supplying entity, supplies that quantity in the market to the buyer during the period in accordance with the supply contract~~; and~~.

~~(e) the requirements (if any) prescribed by the rules for the purposes of this paragraph are met in relation to that quantity and the period.~~

Rules may prescribe other kinds of DSO supply

(4) The circumstances are the circumstances prescribed by the rules for the purposes of this subsection.

Supply contract must include conditions on further supply

(5) For the purposes of paragraph (2)(a) or (3)(b), the requirement is that the supply contract is entered into on or after the day this section commences and includes conditions requiring that~~:~~

~~(a)~~ the natural gas referred to in that paragraph is to be consumed by persons in the market, other than as feedgas~~; and~~. [***Drafting Note-*** *Paragraph (b) cannot be controlled by the first entity entering into the supply contract. On balance,*

licence holders will already be incentivised to ensure that DSO supplies occur in accordance with this s18, without imposing additional compliance burdens on licence holders]

~~(b) any contract, agreement or other legally binding arrangement for further supply of the gas must include a condition that the gas is to be consumed by persons in the market, other than as feedgas.~~

No double counting of DSO supplies

(6) If a supplying entity, or another body corporate ~~on behalf of~~for a supplying entity, supplies the quantity referred to in subsection (1) in accordance with paragraph (3)(d) for ~~and on behalf of~~ a licence holder, that supply cannot be counted as a DSO supply for any other licence holder (including the supplying entity or other body corporate).

5.2 Amend section 22

22 Acquisitions of non-additional gas

(1) Subsection (2) applies if:

(a) a licence holder acquires a quantity (the ***acquired quantity***) of natural gas in a domestic gas market during a regulated period or extended period that:

(i) is not additional gas (other than pursuant to an existing contract the licence holder has for acquiring natural gas); and

(ii) is used to produce liquefied natural gas that is exported from that market in the regulated period or extended period or a later regulated period or extended period; and

(b) the licence holder is the exporter.

(2) The following applies (as applicable):

(a) the licence holder's minimum total quantity of natural gas for the market for the regulated period in which the liquefied natural gas is exported (as affected by subsection 25(4)) is taken to be increased by an amount equal to the acquired quantity;

(b) the quantity the licence holder is required to supply in accordance with subsection 29(2) for the market for the extended period in which the liquefied natural gas is exported is taken to be increased by an amount equal to the acquired quantity~~.~~ **(Increased Quantity)**.

(3) For the purposes of calculating the licence holder's Increased Quantity under subsection (2), portfolio marketing arrangements between (i) related bodies corporate and licence holders within the same corporate group or (ii) licence holders and gas producers (that are not related bodies corporate) but are managing portfolio supplies in relation to a production facility or an export facility as between gas producer, licence holder and/or any supplying entity (as defined in section 18), will not be counted. [***Drafting Note***- *Proposed carveout to s22 such that acquisitions of non-additional gas will not apply to portfolio marketing arrangements between (i) related bodies corporate and exporters*

within the same corporate group or (ii) exporters and gas producers (that are not related entities) but are managing portfolio supplies in relation to a single LNG project eg. as between producer, exporter and/or any marketing entity.]

*[**Drafting Note-** Additionally, the legislation should provide a pathway to incentivise non-licence holders to continue to produce natural gas where that gas, if purchased be a licence holder, may not meet the additional gas or own gas test. This may include permitted sales (or swaps) of domestic gas to licence holders to meet DSO supplies in a manner which achieves the overarching policy objectives of the Bill of increased (and ongoing) production and supply and that gas is not used LNG production and export.]*

5.3 Amend section 57A(4) of the Gas Market Code

Non-supply of contracted gas due to exceptional circumstances

(4) The circumstances are that:

(a) if the supply contract is not an existing supply contract the quantity of natural gas is a quantity of the licence holder's own gas or additional gas; and

(b) at a time during the period, the licence holder, or another body corporate acting ~~on behalf of~~for the licence holder, had an agreement to supply the quantity to another body corporate (the ***buyer***); and

(c) the buyer is not a related body corporate of the licence holder; and

(d) the licence holder or other body corporate (as applicable) was prevented from supplying the quantity to the buyer by the time specified in an instrument under this section for the purposes of this paragraph, due to circumstances that were:

(i) not reasonably foreseeable; and

(ii) outside of the control of the licence holder or other body corporate. *[**Drafting Note-** There appears to be an error in s57A(4) of the Gas Market Code relating to the flexibility requirement for non-supply of contracted gas due to exceptional circumstances. The section requires the gas to be own gas or additional gas, whereas s18 of the Act only requires DSO supplies to be own gas or additional gas where the supply contract is entered after the date of commencement of s18.]*

5.4 New definition of existing supply contract

Include a new definition in section 9:

existing supply contract means a contract entered into on or before 22 December 2025 and in force on that day, including

(a) any amendments, variations or restatements entered prior to 22 December 2025, and any amendments, variations or restatements entered after 22 December 2025 that do not alter an obligation to supply a quantity of natural gas; and

(b) the exercise of any extension right, right to renew, right of first refusal or similar right arising under the existing contract after 22 December 2025.

6 Ministerial discretion / merits review

103 Administrative Review Tribunal

(1) An application may be made to the Administrative Review Tribunal for review of any of the following decisions (a ***relevant decision***):

(a) a decision of the Regulator under subsection 25(1) to determine a quantity of natural gas for a licence holder for a domestic gas market for a regulated period;

(b) a decision of the Minister under subsection 26(1) to determine that a quantity of natural gas is an adjustment quantity for a licence holder for a domestic gas market for a regulated period or an extended period;

(c) a decision of the Minister under subsection 28(1) to make an extended period determination;

(d) a decision of the Minister under subsection 30(1) to vary or revoke a DSO adjustment determination or an extended period determination;

(e) a decision of the Minister under subsection 47(1) to grant an export licence with a certain expiry day;

(f) a decision of the Minister under subsection 47(1) to refuse to grant an export licence;

(g) a decision of the Minister under subsection 48(1) to grant an applicant for an export licence under subsection 46(1) an exemption in relation to an export facility;

(h) a decision of the Minister under subsection 52(3) to renew an export licence with a varied expiry day;

(i) a decision of the Minister under subsection 52(3) to refuse to renew an export licence;

(j) a decision of the Minister under subsection 54(3) to refuse to consent to the surrender of an export licence;

(k) a decision of the Minister under subsection 55(1) to suspend or cancel an export licence;

(l) a decision of the Minister under subsection 56(3) to refuse to revoke the suspension of an export licence;

(m) a decision of the Minister under subsection 58(3) to refuse to consent to a change in control of a licence holder.

Applicant for review

(2) An application may be made only by:

(a) for a decision covered by paragraph (1)(a), (b), (c), (d), (h), (i), (j), (k), (l) or (m)—the licence holder; or

(b) for a decision covered by paragraph (1)(e), (f) or (g)—the applicant for the export licence.

Modifications of Administrative Review Tribunal Act 2024

(3) Subsection (2) has effect despite section 17 of the *Administrative Review Tribunal Act 2024*.

(4) Paragraph 21(2)(c), subsection 21(3) and paragraph 22(1)(c) of the *Administrative Review Tribunal Act 2024* do not apply in relation to the review by the Administrative Review Tribunal of a relevant decision.

(5) Despite section 105 of the *Administrative Review Tribunal Act 2024*, the Administrative Review Tribunal must make a decision:

(a) affirming the relevant decision; or

(b) varying the relevant decision; or

(c) setting aside the relevant decision and remitting the matter to the Minister or Regulator, as the case requires, for reconsideration in accordance with any orders or recommendations of the Administrative Review Tribunal.

(6) However, section 107 of the *Administrative Review Tribunal Act 2024* applies as if the Tribunal's decision on the review were made under section 105 of that Act.