



Submission:
National Domestic Gas
Reservation Scheme -
Exposure Draft



DomGas Alliance

The DomGas Alliance is a member-driven industry body representing large gas users in Western Australia, with members including Alcoa of Australia, Coogee, Wesfarmers Chemicals, Energy and Fertilisers, Yara Pilbara, Tronox and Cockburn Cement.

Formed in 2006 in response to a serious shortage of gas supply for new developments in Western Australia, DomGas Alliance seeks to ensure a reliable, affordable, and diverse supply of natural gas for industry in Western Australia. Unlike the eastern Australian market, Western Australia's domestic gas market is dominated by industry using it for feedstock in mining and minerals processing, industrial heat production, and for electricity generation.

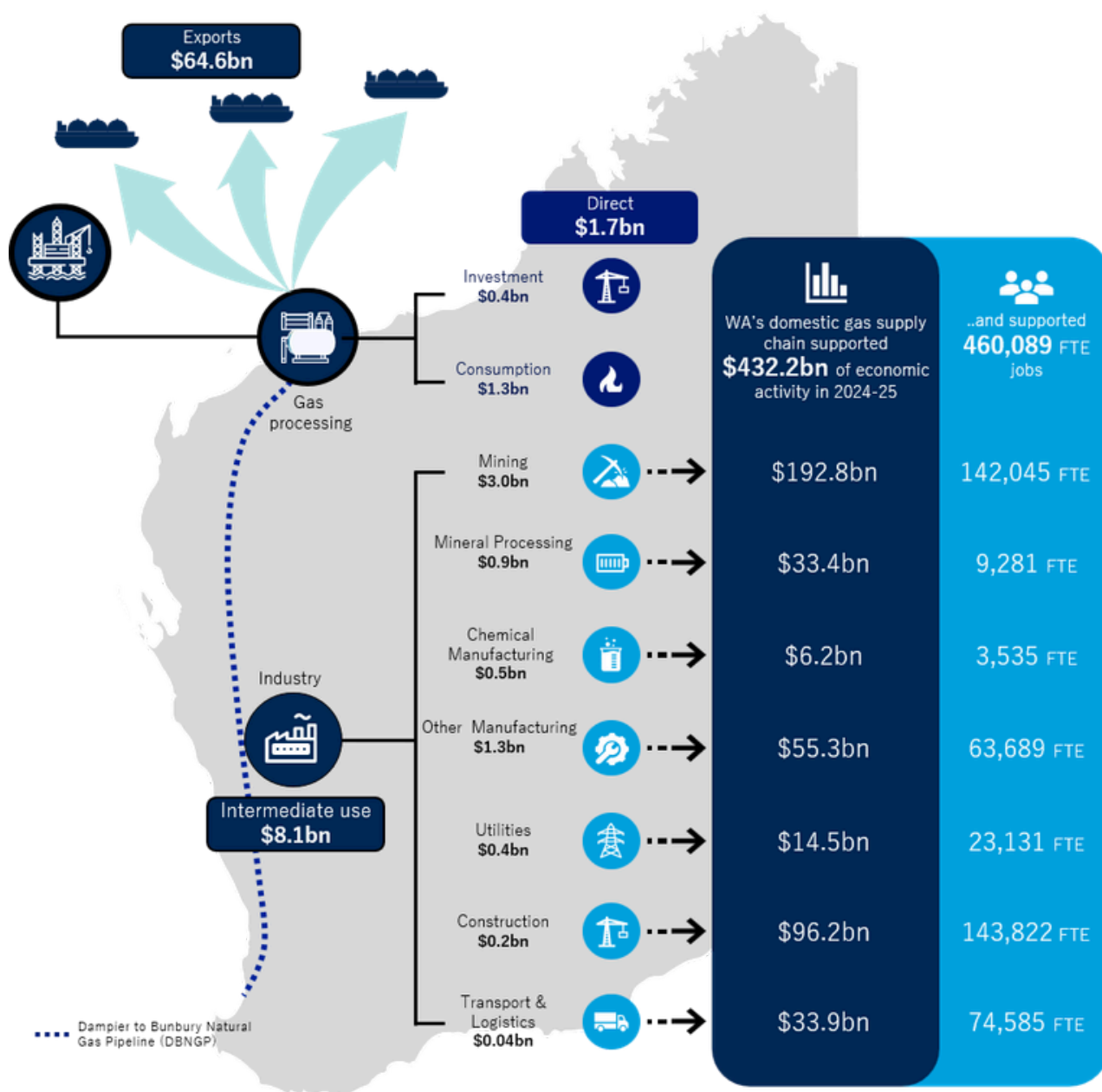
Collectively, DomGas Alliance members consume approximately 60 percent of all domestic gas supplied to the Western Australian market. Access to reliable and affordable gas is therefore fundamental to the competitiveness of Western Australia's major export industries, manufacturers and mineral processors - all significant contributors to our State and national economy.

Domgas Alliance works closely with State and Federal Governments, and other industry stakeholders, to promote initiatives and debate to ensure sustainable domestic gas supplies in Western Australia.

24 September 2026

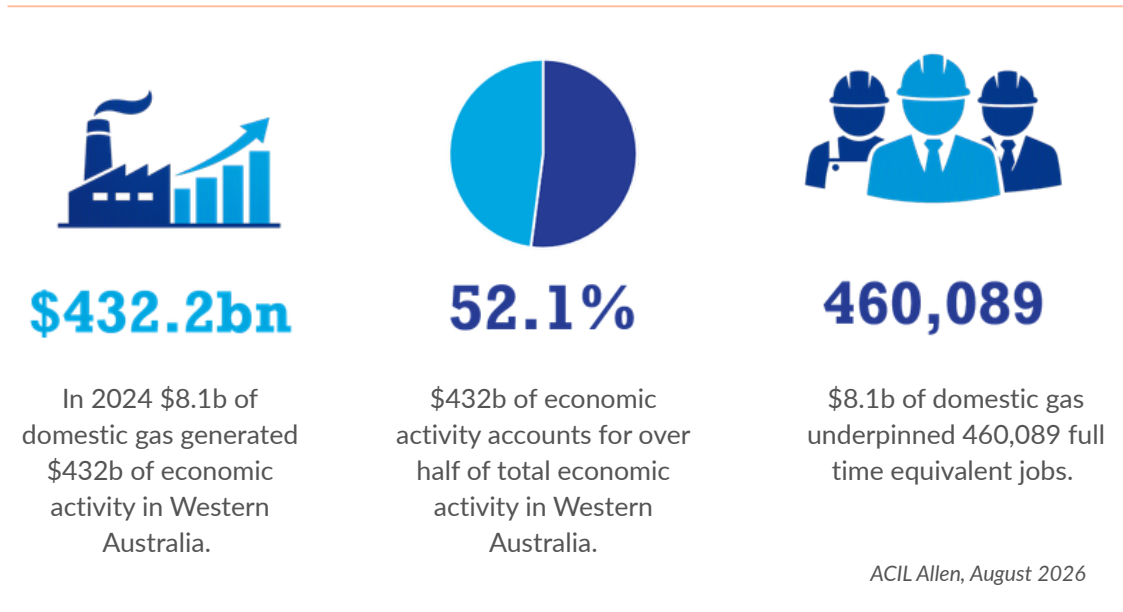
Gas in Western Australia

Analysis commissioned by the DomGas Alliance demonstrates the scale of the economic activity connected to domestic gas use. In 2024–25, approximately \$8.1 billion of domestic gas supported industries accounting for \$432.2 billion of economic activity and 460,089 full-time equivalent jobs. Those industries represented 52.1 per cent of total economic activity in Western Australia.



ACIL Allen, August 2026

The significance of domestic gas extends well beyond the value of the gas itself. It supports industries that convert Western Australia's natural resources into higher-value products, including alumina, fertiliser, ammonia, chemicals, cement and mineral products, as well as activity across mining, construction, utilities and transport and logistics.



DomGas Alliance members use domestic gas to turn Western Australia's natural resources into higher-value products.

Cockburn Cement is a major producer of cement and the only lime producer in Western Australia for alumina, gold and mineral sands processing industries.

Alcoa's bauxite mines and alumina refineries produced approximately 45 percent of Australia's alumina in 2024 - used to make aluminium metal and in non-metallurgical purposes like water purification.

Tronox is the world's largest producer of titanium dioxide, a white pigment used to add brightness and durability to everyday items like paint, plastics, paper, and even food packaging.

Coogee is one of Australia's largest manufacturers of chlor-alkali products, which are sold into the chemical, mineral processing, mining, water treatment, galvanizing and swimming pool markets.

WesCEF's eight businesses manufacture and supply essential products that support critical industries including agriculture, mining, energy and construction including fertilisers that nourish crops to energy that powers homes and businesses.

Yara's Pilbara plant ranks among the world's largest ammonia production facilities, helping feed the world and support Australia's mining sector.

1.0 Executive Summary

This submission focuses on the operation of the proposed national scheme in Western Australia where the market is structurally different from the east coast and where existing State arrangements have developed through project-specific commitments.

DomGas Alliance supports domestic gas policy that protects Australian users while maintaining investment in new supply. The proposed architecture in the Exposure Draft offers material improvements for WA users of domestic gas. A physical supply obligation, annual compliance, accrual of unmet volumes and Australian Energy Regulator oversight provide a clearer basis for accountability.

DomGas Alliance believes that the Commonwealth scheme should not create separate lower settings in WA or assume that existing State arrangements remove the need for a Commonwealth obligation. Existing contracts and State commitments must be recognised in the transition, but recognition should not become a mechanism for preserving under-performance.

The Exposure Draft appears to provide the mechanisms required to support these outcomes. Our submission therefore focuses on the key factors the Commonwealth should consider in determining whether and when those mechanisms are activated.

The central implementation question is how the Commonwealth will determine that the WA market is adequately supplied. The Gas Statement of Opportunities (WA GSOO) is an important starting point, but it cannot be the only evidence. A credible assessment must also examine actual delivery against commitments, buyer experience, availability and tenor of contracts, foreseeable industrial growth, producer supply forecasts and relevant price signals.

WA industrial users should have a formal role in the supplementary Domestic Supply Obligation (DSO) determination process, which we understand could be on a market basis and/or individual project basis. WA users should be able to provide evidence before a decision is made, see the basis for the decision and trigger reconsideration where credible evidence shows that the market is not adequately supplied or a project is not delivering existing WA market obligations. This is not a request for a buyer veto but a safeguard against a forecast-based decision becoming detached from market experience.

Fundamentally, the AER should be required to explain its assessments and identify the supporting evidence.

2.0 Applying the national scheme in WA

The exposure draft contemplates a DSO calibrated to domestic demand within a 20 percent upper bound. It also recognises physical domestic markets, pre-existing contracts, State reservation arrangements and infrastructure constraints. DomGas Alliance supports those features. It gives the AER responsibility for monitoring and enforcement - the Alliance would require more information as to how this would practically work in Western Australia.

DomGas Alliance members attending the 14 September webinar understand that:

- All WA LNG exporters captured by the scheme must apply for DGRS licences.
- The Commonwealth Ministers for Energy and Resources may use discretion to set a DSO of between 0 and 20 percent, having regard to general WA market conditions and an applicant's compliance with existing obligations.
- Commonwealth Ministers may also set a market-wide DSO for the WA market.

In this way, the DGRS could provide a safety net for the WA market, should elements of the WA Domestic Gas Policy (such as the obligation to offer rather than supply, and the ability to meet commitments over project life) constrain its effectiveness in the future.

Existing commitments should be taken into account in assessing contracts, infrastructure and transition. They should not be treated as a blanket exemption from annual national monitoring. Any flexibility for legacy projects should be time-limited, transparent and conditional on credible delivery. Where a project falls materially behind its obligation, unmet volumes should accrue and the Commonwealth enforcement framework should apply.

Under Western Australia's domestic gas policy, domestic supply obligations were negotiated with producers at different times and contain different obligations, reporting requirements and enforcement provisions. Some commitments have been deferred or under-delivered. The Pluto example is instructive (see Appendix 1) - by the end of 2024, approximately 40 petajoules had been delivered against a life-of-project commitment of 390 petajoules. The lesson is therefore that the measure of policy success is not whether an obligation exists, but whether the framework produces reliable and affordable supply when users need it.

3.0 The adequacy test for WA

The WA GSOO should be a central input to an adequacy decision because it is public, recurring and open to scrutiny - but it should not be treated as a complete measure of the WA market. Forecast supply can exist without being available to domestic users, and a short-term balance can conceal longer-term contracting difficulty or emerging industrial demand.

The following matters should be considered:

- The Commonwealth should publish the test it will apply before the first WA determination. It should include actual delivery against existing domestic commitments, including timing and outstanding volumes; buyer experience and the availability of contracts; foreseeable industrial growth and capacity expansion; producer delivery forecasts; and relevant price indicators. The test should assess whether supply is reliable and contractable, not merely whether aggregate volumes appear sufficient.
- Price signals should be used as evidence of market tightness, not as a price target. Relevant inputs may include reputable WA gas market reports, the Energy Matrix spot market and the WA Government domestic gas market price. Producer-level performance should be visible. Commercial confidentiality should be respected, but the regulator should have enough information to understand the market position rather than relying only on public commitments and reserve estimates.
- The WA Government's existing annual WA Domestic Gas Statement and producer delivery forecasts would need improvement to form part of an adequacy test, and should be published early enough to inform the following year's decision.
- The AER should be required to explain its assessment and identify the evidence that supports it.

4.0 The role of gas users

The proposed framework requires the Minister to take AER advice into account and undertake appropriate consultation.

It should go further by prescribing how WA industrial users will contribute evidence to an adequacy decision, including:

- Before any decision that varies the WA Domestic Supply Obligation, the Commonwealth should publish a draft determination and allow a defined consultation period. Buyers should be able to submit requested volumes, supplier requests for proposals, contract offers, failed negotiations and evidence that available supply cannot support ongoing operations or investment. The process should allow users to identify a developing shortage before the next annual GSOO.
- The regulator should obtain matching information from suppliers, including uncontracted and available gas over a multi-year horizon. The assessment should be undertaken by a body with sufficient gas-market capability and independence. The AER may be the appropriate regulator, but a WA-specific process or independent review capability may be needed to ensure that local market evidence is properly tested.
- A formal complaints and review process should operate between annual decisions. A representative group of users should be able to present credible evidence that an adequacy finding is wrong or has become outdated. That evidence should require a documented response and, where warranted, a reconsideration of the applicable obligation. This is a review safeguard, not a buyer veto.

5.0 Transparency & enforcement

If the WA obligation is varied, users must be able to understand why. The Commonwealth should publish the demand forecast and time horizon, assumed available supply, actual supply against each existing commitment, treatment of pre-existing contracts and infrastructure constraints, stakeholder evidence considered, AER advice or a meaningful summary of it, and the reasons for the final decision.

Commercial confidentiality should be managed through redaction and aggregation, not used to withhold the direction of the evidence. The public record should make it possible to see whether a project is delivering, whether outstanding volumes are accumulating and whether the market is becoming tighter. Reporting must be timely enough to inform multi-year contracting decisions.

The AER should have clear responsibility for monitoring, investigation, audit and enforcement of WA licence conditions. Where a regulated entity does not meet its applicable obligation and cannot demonstrate a credible path to delivery, unmet volumes should accrue and be supplied in later periods. Persistent non-compliance should have meaningful licence consequences and flexibility mechanisms must not allow chronic under-delivery to be deferred indefinitely.

If the Commonwealth were to consider a DSO of 0 percent at the market level DomGas Alliance suggests developing a set of minimum indicator criteria (in addition to consulting market participants) including: demonstrable delivery of existing commitments; stronger compliance and enforcement; improved producer-level transparency; implementation of relevant WA Parliamentary Inquiry recommendations; and an operational shortage-response mechanism that can be triggered between annual decisions.

The scheme should support a healthy WA market. DSO calibration should not unintentionally make new onshore projects commercially unviable or discourage capacity expansion. This is not an argument for a price target or weaker domestic obligations. It is a requirement that the framework support additional supply and long-term industrial investment.

6.0 Recognition of future WA projects

The definition of an 'existing domestic gas reservation arrangement' in the draft legislation requires clarification. As presently drafted, there is uncertainty as to whether domestic gas agreements entered into under the WA Domestic Gas Policy for future WA projects would be recognised once the Commonwealth scheme is in operation.

7.0 Conclusion

At its core, domestic gas reservation policy recognises that Australia's finite, non-renewable gas resources should deliver an enduring benefit to Australians. Reserving a fair share for the domestic market helps ensure those resources support not only export earnings, but also the businesses that value-add here at home, generate significant economic activity, produce essential goods and sustain local jobs.

The proposed DGRS offers a substantial opportunity to improve domestic gas security in Western Australia. The DomGas Alliance considers its strongest features to be the move from an offer-based approach to a physical supply obligation, national licensing, annual compliance and an independent regulator with monitoring and enforcement powers.

For Western Australia, the result will depend on the detail of implementation, particularly the criteria used to determine the adequacy of existing supply and market conduct, and the extent to which market participants beyond the applying producers are able to participate in the process. The value of the proposed framework for Western Australia would be substantially diminished if Ministerial discretion resulted in a continuation of the status quo in practice.

DomGas Alliance has made several suggestions for consideration in the policy and regulation phase. We are ready to work with the Commonwealth Government, the AER, producers and other users to develop the enabling rules and reporting arrangements needed to ensure the DGRS delivers on its purpose in practice.

Appendix One: Pluto Case Study

Established in 2006, the Pluto domestic gas arrangements require Woodside to supply the equivalent of 15 per cent of LNG production as domestic gas - approximately 115 terajoules per day (TJ/day) - representing a total commitment of 390 petajoules (PJ) over the project's life. As of the end 2024, Pluto had delivered only 40 PJ¹, representing just over one tenth of its commitment.

Barriers to fulfil obligation

The primary barrier to compliance is inadequate infrastructure. When the 2006 arrangements were negotiated, Woodside and the State Government did not explicitly mandate that sufficient domestic gas processing capacity be built upfront. Consequently, Woodside has never constructed the necessary infrastructure to supply the committed volumes. This represents a fundamental gap between the policy's intent and its practical application.

Woodside argues that building additional processing capacity is commercially unviable. Pluto gas contains approximately 8% nitrogen and 2% CO₂. Processing this gas to meet domestic specifications would require expensive nitrogen rejection technology. Woodside maintains that such investment cannot be justified at domestic gas prices. However, the same nitrogen removal process is economically feasible for LNG export due to higher international prices.

Commercial viability clause

The 2006 Pluto Domgas Arrangements include a provision allowing either the State Government or Woodside to invoke a 'commercial viability test' in relation to its domestic gas obligations. This test is not publicly available, and the ambiguity has effectively enabled Woodside to defer infrastructure investment indefinitely.

Without a defined test, there is no objective mechanism to determine whether the commitment should be fulfilled or modified.

Recent developments

In 2023 the Economic and Industry Standing Committee (EISC) of the WA Parliament commenced an inquiry into WA's Domestic Gas Policy. In responding to the EISC's Interim Report on domestic gas security which was handed down in 2024, Woodside announced it would double the domestic gas proportion from Pluto (from 15% to 30% of relevant LNG exports) for the period April 2024 through December 2025 adding around 35 TJ/day to domestic supply over this period. Woodside also agreed to bring forward the timing of equity gas commitments from 2025 to 2024 (noting that volumes remained the same).

However, these improvements were temporary and incomplete solutions. They relied on gas swaps with the North West Shelf joint venture rather than addressing Pluto's fundamental infrastructure constraints. Further, in early 2026 Woodside announced it would supply an additional 29 PJ through to 2029, estimated at around 15 TJ/day. Even after factoring in these developments, Woodside still falls well short of meeting the intent of the WA Domestic Gas Policy.

Implications for WA's energy security

AEMO's 2025 WA Gas Statement of Opportunities forecasts material gas shortages in 2028, and from 2030 onwards.

Every TJ/day shortfall represents a gap that must be filled through alternative sources, or more alarmingly, through demand destruction.

Against this backdrop, Pluto's underperformance is deeply problematic for Western Australian businesses and households. Gas reserved under WA's Domestic Gas Policy currently supplies approximately half of WA's domestic needs.

Conclusion

The Pluto case study demonstrates why the design of the national framework is critical. It illustrates that reservation policy is only as effective as its compliance and enforcement mechanisms.

When DSOs can be deferred or interpreted flexibly without transparent reporting or meaningful regulatory consequences, the intended policy outcomes may not be realised.

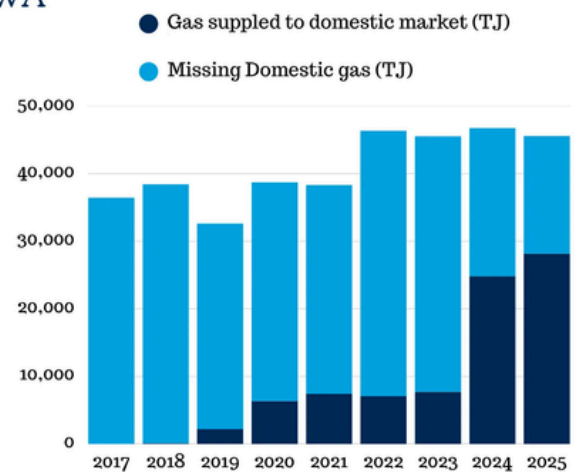
The DomGas Alliance continues to advocate that the Western Australian Government work with Woodside to resolve the project's outstanding domestic gas delivery deficit.

Western Australians, as the owners of the State's gas resources, should receive the full benefit of the reservation commitment through reliable domestic gas supply that supports local industry, jobs and economic prosperity.

The experience of Pluto reinforces the importance of ensuring the national framework contains clear, enforceable mechanisms that deliver domestic gas obligations in practice, rather than relying solely on policy intent or contractual arrangements.

Visit www.domgas.com.au for further DomGas Alliance analysis of the Pluto DMO.

WOODSIDE'S PLUTO LNG FACILITY HAS EXPORTED 285,000 TERAJOULES OF GAS THAT SHOULD HAVE STAYED IN WA



Source: www.domgas.com.au

Appendix Two: Acronyms & Abbreviations

Acronym	Definition
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
DCCEEW	Department of Climate Change, Energy, the Environment and Water
DEED	Department of Energy and Economic Diversification
DISR	Department of Industry, Science & Resources
DGS	WA Domestic Gas Statement
DSO	Domestic Supply Obligation
ERA	Economic Regulation Authority
GSOO	Gas Statement of Opportunities
LNG	Liquified Natural Gas
PJ	Petajoule

DomGasAlliance



Contact

Hon Mia Davies, Spokesperson

Email

mia.davies@domgas.com.au

Web

www.domgas.com.au