DomGas Alliance

Senator Lisa Darmanin
Chair
Economics Legislation Committee
PO Box 6100 Parliament House
CANBERRA ACT 2600

Via email: economics.sen@aph.gov.au

Domestic Gas Reservation Bill 2026 and related bills

Dear Senator Darmanin,

Thank you for the opportunity to submit to the Senate Economics Legislation Committee on the *Domestic Gas Reservation Bill 2026 and related bills*.

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

Our members use domestic gas to turn Western Australia's natural resources into higher-value products, underpinning key industries and supporting the reliable transition to a lower-emissions economy.

Western Australia's gas market is distinct from the east coast, with most gas used by industry rather than households. Key uses include mining and mineral processing, industrial heat production and electricity generation.

DomGas Alliance members consume around 60% of all domestic gas supplied in Western Australia. Reliable and competitively priced gas is critical to the competitiveness of the state's major export, manufacturing and processing industries.

In 2024-25, domestic gas in WA underpinned $432.2 billion in economic activity and 460,089 jobs, representing 52.1% of Western Australia's total economic activity.

While the WA Domestic Gas Policy has been in force since 2006 to secure a 15% reservation of LNG export volumes and 80-100% of onshore Perth Basin production volumes for the domestic market, a 2024 Parliamentary Inquiry found that actual supply to the WA market has reached only 8% since the policy's introduction.

The Australian Energy Market Operator's 2025 WA Gas Statement of Opportunities (GSOO) forecasts material gas supply shortfalls emerging in 2028 and recurring from 2030 onwards.

This submission focuses on the *Domestic Gas Reservation Bill 2026*, its interaction with the Western Australian gas market and its relationship with Western Australia's existing domestic gas reservation scheme.

The DomGas Alliance supports the legislation's objectives and domestic gas reservation schemes generally.

The Alliance believes the Bills provide an appropriate basis for improving domestic gas security. However, the framework's effectiveness will depend on implementation.

In particular, the Alliance recommends that the implementation and ongoing administration of the scheme:

- Establish a robust and transparent framework for assessing whether the Western Australian gas market is adequately supplied
- Provide opportunities for engagement with WA's major gas users before recommendations are made to the Minister regarding Western Australia's Domestic Supply Obligation (DSO)
- Ensure the evidence underpinning DSO assessments is clearly prescribed and publicly available
- Include a mechanism to review and vary a DSO to ensure settings remain aligned with market conditions.

Implementation of the Framework in Western Australia

The key implementation issue of the national scheme in WA is how the Commonwealth will determine whether the Western Australian gas market is adequately supplied.

While the WA GSOO provides an important foundation, it should not be relied upon in isolation. Any assessment of the WA market must take into account gas deliveries against commitments, local gas users' experiences, the availability and length of contracts, industrial demand growth, producer supply forecasts, and relevant market price signals.

The Alliance recommends that regulations and ongoing administration of the legislation require consultation with WA industrial gas users before the Australian Energy Regulator (AER) advises the Minister on Western Australia's DSO arrangements.

Evidence from WA's major gas users on actual domestic gas deliveries, outstanding reservation commitments, forecast supply adequacy, and gas availability is critical to informing any decision to reduce Western Australia's DSO percentage and to maintaining a well-supplied, competitively priced gas market.

This would safeguard forecast-based decisions by grounding them in actual market conditions and domestic gas users' experiences.

The Alliance further recommends that the AER must clearly and publicly articulate the basis for its assessments, including the evidence underpinning its conclusions, the definition of a well-supplied market, and the criteria used to assess it.

The definition and assessment should be developed in consultation with WA's gas users to ensure it reflects actual market experiences and conditions.

WA gas users should be able to seek reconsideration where credible evidence shows the market is not adequately supplied, or a project is not meeting its existing domestic supply commitments.

The Alliance also recommends that any determination reducing the DSO percentage to zero should be subject to periodic review and reassessment based on current market evidence, changes to WA policy settings and consultation with WA gas users.

If the Minister determines that Western Australia does not require a national reservation obligation there should be a mechanism to review and vary the DSO to ensure settings remain aligned with market conditions.

Regularly reviewing market conditions will help ensure decisions do not remain unchanged where market circumstances change and would support settings that remain responsive to actual supply and demand conditions.

This approach would provide confidence that DSO arrangements continue to reflect contemporary market realities while preserving regulatory certainty and flexibility.

Conclusion

The DomGas Alliance supports the legislation, with the provision that domestic supply obligations for WA under the *Domestic Gas Reservation Bill 2026* be informed by evidence of a market that is well supplied.

Transparent assessments processes, consultation with gas users, and regular review of DSO arrangements would strengthen the operation of the Scheme, provide greater clarity and confidence for industry and investors and ensure the scheme can deliver for WA.

Alliance members are beginning to observe delays in ordinary market activities while the Bills are being considered and urge prompt resolution and passage.

The Alliance welcomes the opportunity to discuss this submission in more detail and thanks the Committee for considering this submission.



HON MIA DAVIES
Spokesperson

28 October 2026

Enc. Pluto case study, ACIL Allen report

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% CO_2. 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.

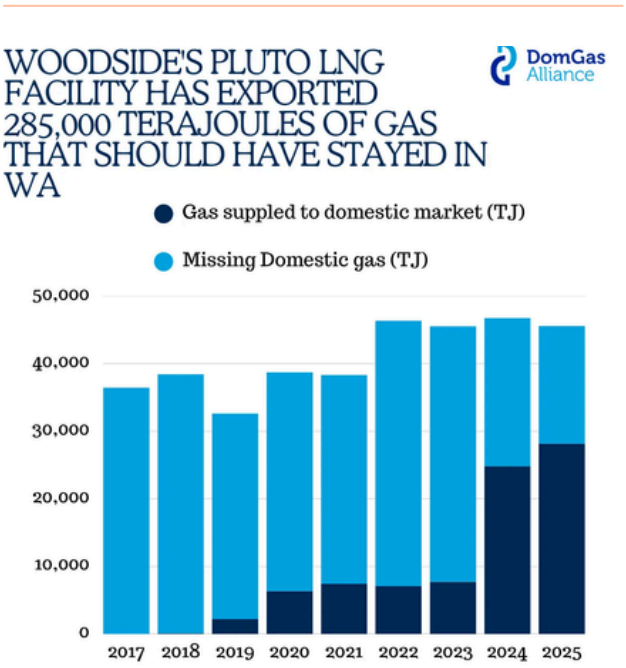
When DSOs can be deferred or interpreted flexibly without transparent reporting or meaningful regulatory consequences, the intended policy outcomes may not be realised.

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.



Source: www.domgas.com.au

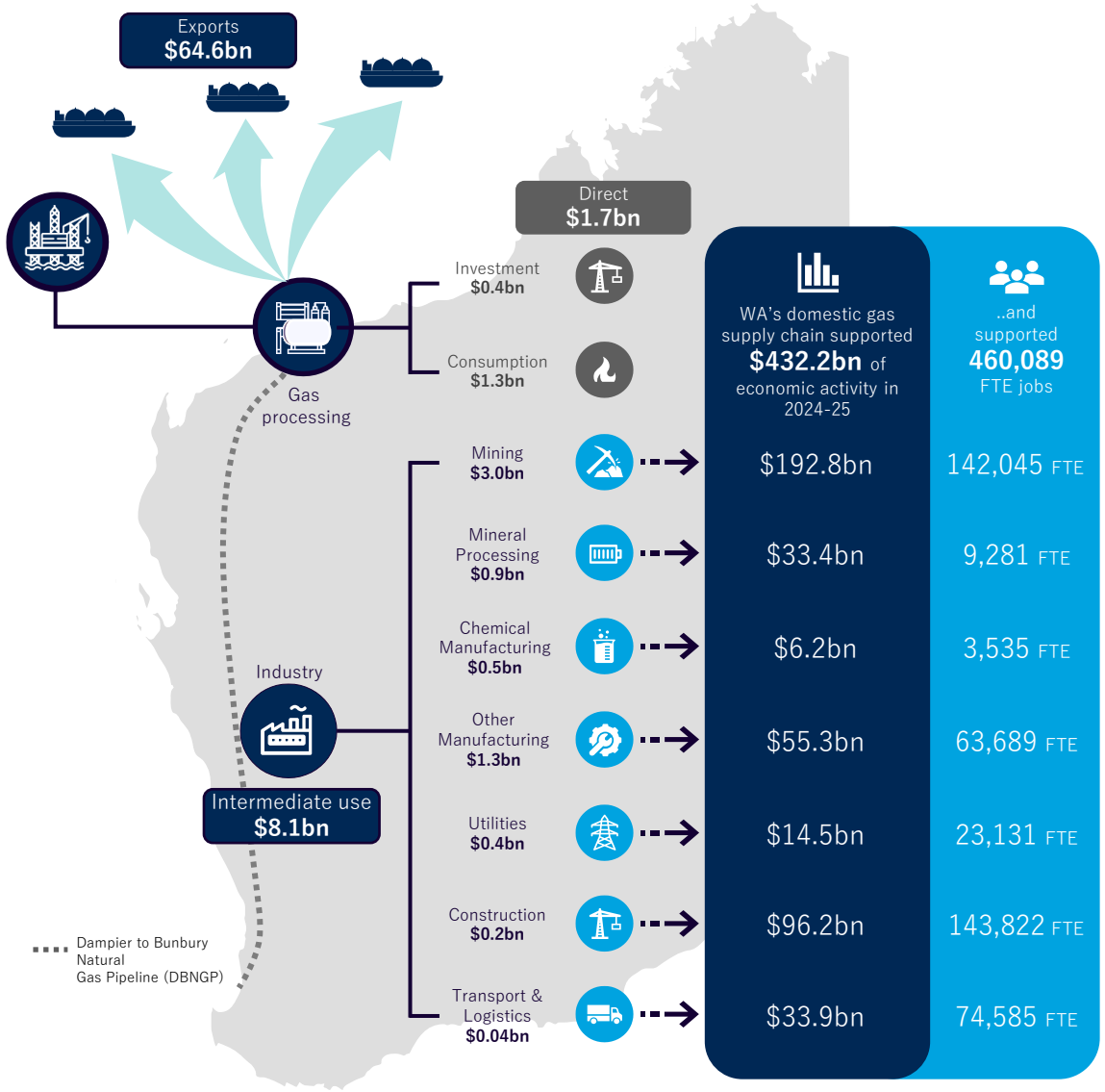
Economic Importance of Domestic Gas to Western Australia, 2024-25

The gas industry is a significant driver of Western Australia's economic growth and development. ACIL Allen estimates that in 2024-25, gas exports alone contributed $64.6 billion to the State's export income. While these direct impacts are significant and visible, the gas industry plays an equally important role in enabling the growth of other industries and the broader domestic economy.

The industry supplies gas to a number of important sectors across the State, which together purchased some $8.1 billion of gas as a critical input into their operations. The largest consumer of domestic gas in 2024-25 was the mining sector ($3.0 billion in purchases), the manufacturing sector ($1.8 billion) which includes chemical manufacturing ($0.5 billion) and other manufacturing ($1.3 billion), and the mineral processing sector ($0.9 billion). Other significant consumers included the utilities ($0.4 billion), construction ($0.2 billion) and transport and logistics ($0.04 billion) sectors. Sectors for which gas represents only a minor input have been excluded from this analysis on account that gas is only a minor input into activity.

Together, these industries supported $432.2 billion of economic activity (accounting for 52.1% of total economic activity in Western Australia in 2024-25) and 460,089 full time equivalent jobs.

Compared to the same analysis conducted by ACIL Allen for the DomGas Alliance for the 2021-22 year, the value of export income has increased by $16.4 billion (+34.1%), while the value of purchases across the same group of sectors has increased by $3.8 billion (+88.7%) in nominal terms. The increase in purchases has largely been driven by the mining sector (+$2.4 billion), with notable increases also observed in purchases from other manufacturing (+$0.74 billion) and mineral processing (+$0.53 billion) sectors.



Source: ACIL Allen IO Tables 2024-25

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Report to: Domestic Gas Alliance

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