Gas Market Review Implementation

Senex Submission

Date:	16 March 2026

Introduction

Senex Energy (**Senex**) is a world-class supplier of reliable and secure natural gas. Our focus on developing and supplying natural gas for the Australian domestic market provides us with unique insights and we are pleased to participate in this consultation process following the Gas Market Review.

Following investment of over A$1 billion in our gas producing regions, Senex has grown to be a significant producer primarily supplying the east coast domestic market with long-term supply contracts to customers including CSR, Visy, Orora, BlueScope Steel as well as energy retailers including AGL and Engie.

We are proud to provide our product to Australia's manufacturing industry, supporting thousands of workers who make essential goods – from bricks to plasterboard to glass bottles.

Our submission below continues to be built on the following clear market principles:

- **If a reservation policy is introduced it must not result in an 'oversupply' to the domestic market as this will lead to lower investment and decreased competition.**
- **The Commonwealth and States should incentivise the voluntary release and transfer of undeveloped high-value acreage and streamline approval processes.**
- **If a reservation policy is introduced it must not contain a "must supply obligation".**

Senex is a member of the Australian Energy Producers and supports its submission on the Gas Market Review Implementation.

Clear price signals are needed for a functioning gas market

We strongly caution and reject intervention that seeks to directly interfere with the fundamental operation of the market and corresponding price signal.

As an onshore domestic supplier, **Senex is deeply concerned about the stated objectives of the Review implementation,** in particular the desire to *"oversupply the domestic gas market*". The proposed reservation for a 'carefully calibrated' oversupply will have **detrimental and consequential outcomes for domestic suppliers like Senex** resulting in less new investment in supply and reduced competition in an already concentrated upstream market.

An east coast market permanently oversupplied from redirected exports (potentially in the order of 100PJ) will likely artificially lower gas prices in the short-term but lead to unintended long term supply implications as continued reinvestment needed for onshore gas will not take place (i.e. will create a supply cliff). This is not in the interests of Australian households and manufacturers.

Senex makes new investment decisions and deploys ongoing capital, for back filling its well stock, based on clear forward price signals. Without a market driven price that supports an economic return on our investment, Senex will be unable to secure investment funding from our shareholders and financiers.

Regulatory intervention that seeks to "break the price signal", and therefore the market, and creates unmanageable regulatory risks makes it impossible to responsibly invest in the Australian gas market - our $1 billion Expansion Project to increase capacity by ~30PJ was paused in December 2022 due to the uncertainty created by the Gas Market Intervention. This interrupted a process to establish long term contracts with domestic customers to support the Project, increased project costs and slowed the delivery of new gas to the domestic market.

In short, the initial "sugar hit" from an oversupplied market resulting from a reservation or other domestic market policies (such as the Stage 2 AEMO expanded market powers) will distort the investment signals needed for future gas development and will put a freeze on much needed new supply.

Unintended consequences

Reforms must take account of the following to minimise unintended consequences that we believe **will** deliver perverse market outcomes that do not align with the Government's stated objectives:

- Be **prospective** and only be used to address **genuine** gas shortfalls and avoid creating an enduring oversupply and therefore distorting the long-term price signal for new investment.

- Must **preserve the sanctity** of existing LNG export and domestic contracts and only apply to "new production" required to fulfill new export contracts

- Must provide the right **market signals and incentives** and deliver domestic supply to support new export commitments

- The Concept of a **"must supply obligation"** cannot be uniformly enforced. This is simply unreasonable to supply into a market without the commensurate demand.

- In setting the percentage of gas to be reserved /supplied to the market by exporters, Ministers must be required to take into account the **impact on long-term investment** and the commercial impacts for domestic producers. The decision and its reasons must be published, and consideration given to an open consultation process with interested and impacted stakeholders.

- The Gas Market Code (the Code) **must be repealed** if a reservation is introduced. This includes the Conditional Ministerial Exemption (CME) framework and any current exemptions granted.

- The Stage 2 Security and Reliability reforms (the Stage 2 Reforms), which further extend the Australian Energy Market Operator's (AEMO) powers to intervene in the market **should not proceed** irrespective of a reservation policy.

Separately, Senex has a proven track record of developing tenure under the Queensland Government's Australian Market Supply Condition **(AMSC)** and made material investments to increase the supply of gas to the domestic market. From our experience, the model is effective. **We find it concerning that this policy is not considered by the Commonwealth as a measured and effective solution other states can easily replicate.**

Competition in upstream markets

The Australian Competition and Consumer Commission (**ACCC**) has continually stated that *upstream gas markets are uncompetitive and remain dominated by the Queensland LNG producers and their associates, who influence over 90 percent of east coast reserves. The lack of effective upstream competition is contributing to the imbalance in bargaining power faced by gas buyers and their difficulties securing gas on acceptable terms.*

We believe this can only be addressed by ensuring a regulatory environment that enables smaller gas producers such as Senex to remain viable and continue to invest and remain a source of alternative supply to the LNG producers. In support of our $1 billion *Atlas Expansion*, Senex initially contracted 151PJ of gas with domestic customers across manufacturers and retailers.

To make a multi-decade investment decision, it is vital that companies like ours can invest securely through the cycle and free of intervention.

The roles of the states

As a Queensland headquartered business **Senex is deeply concerned the state is on track to be most impacted under a reservation policy**. Without clear investment signals there will be **less money spent in our regions of operation, fewer jobs and millions in lost royalties from undrilled Queensland gas** – limiting competition and creating a tighter market over time.

We remain deeply concerned that distortionary market rules are being considered because other states have failed to develop known gas reserves.

'Growing the pie' benefits domestic customer and trading partners

Rather than curtailing future investment and supply, Government should be looking to 'grow the pie' or increase total production across domestic **and** export suppliers – especially at a time when international security concerns and sovereign capacity considerations are paramount.

By "growing the gas pie" Australia can meet domestic demand while enjoying the economic benefits of bilateral international trade that has been the backbone of our national economic development. Australia's gas industry has been integral in establishing important trading relationships with regional partners through the reliable export of natural gas, minerals and agricultural products. In return for our role in contributing to long term energy security of our partners, Australia receives goods that cannot be competitively made here, including but not limited to refined petroleum, motor vehicles and electronics.

This economic complementarity underscores the need for Australia to continue to be a reliable supplier of energy to our key trading partners that have in turn helped Australia secure its standard of living.

Undeveloped gas available to meet demand

Predicted longer term shortfalls will of course have significant economic implications and could result in price challenges for manufacturers, businesses and homes while also putting energy security at risk. These projected shortfalls though are not a result of available resources, but rather a lack of development by existing tenure holders and other structural energy infrastructure.

Recent data suggests that in Queensland there is nearly **~40,000 petajoules (PJ)** of reserves in the ground[1] waiting to be developed and less than half of these reserves (~20,000 PJ) are needed to fill foundation LNG contracts[2]. East coast LNG exporters control the majority of the undeveloped and uncontracted ~20,000 PJ reserves and do not intend on developing the resource in the short term given their supply and timing requirements for these contracts.

The impact of an oversupplied domestic market will be increasingly compounded by a failure of the government to find a viable pathway to streamline and fast track new domestic gas supply. Senex believes government has a role in incentivising the voluntary release and transfer of undeveloped high-value acreage to those who are ready, willing and able to bring it to the domestic market.

Senex's growth plans to supply Australia's east coast with more domestic gas is contingent on acquiring undeveloped reservations and then receiving further approvals under the Federal Environment Protection and Biodiversity Conservation (EPBC) process. However, the enacted EPBC Act amendments indicate a reduction in viable approval pathways for natural gas producers like Senex, resulting in longer and more cost prohibitive processes – the exact opposite of the Commonwealth's intended reform goals.

[1] AEMO – 2025 Gas Statement of Opportunities
[2] ACCC Gas Inquiry June 2025

Under the amended EPBC Act it will likely take more than three years to gain approvals to bring much needed new gas to the domestic market despite the Review Report stating that Government must '*improve the efficiency of approvals processes by reducing some of the regulatory costs associated with new gas projects.*

Conclusion

A domestic market reservation policy has the potential to impact new supply, "crowd out" investment by smaller domestic focused producers and further reduce competition in the highly concentrated upstream gas market. If the Federal Government introduces a reservation policy, to minimise the unintended consequences, Senex has identified elements that must be considered in its design and implementation.

Senex's recent experience in completing its $1 billion investment expansion project in the Surat Basin is a case study in the need for practical reforms to accelerate future development of gas supply and related infrastructure. Streamlining development through environmental approvals, facilitating pipeline and storage capacity and introducing new tenure are all needed reforms essential to addressing shortfalls.

Senex would be pleased to meet with officials in the Department of the Environment, Energy, Climate Change and Water (**DEECCW**) and/or the Department of Industry, Science and Resources (**DISR**) to discuss any issues raised in this response. Please do hesitate to contact General Manager Corporate Affairs - Nick Park at nick.park@senexenergy.com.au.

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