Gas Market Review – Draft design framework

Senex Submission

Date: 30 June 2026

About Senex

Senex Energy is a domestic focused gas producer, now providing around 10% of east coast annual demand from our gas fields located near Wandoan and Roma in south-west Queensland.

We are a private company and our owners, POSCO International of Korea and Hancock Energy of Australia have invested over $1 billion to increase our (current) annual production towards 60 petajoules (PJ) per annum. Our customers are Australian industrial household names, producing glass, plasterboard, bricks and electricity for Australians, through long-term gas supply contracts.

Senex does not receive LNG export level prices for our gas. Our expansion projects were possible due to the confidence of a strong and long-term price signal. That meant our owners provided us capital in good faith and on the basis of stable and predictable market rules that would support the recovery of this capital.

Executive summary

The design framework proposes a system of rules and intentional over supply architecture that mean, in Senex' view, there will be no long-term price signal available to domestic focused producers.

This view is supported by verbal advice to Senex from DCCEEW, DISR, and Ministerial offices during the consultation period that we should plan to sell our gas in the future to the LNG export projects instead!

This is clearly not delivering on the intent of the policy and is an obvious and avoidable unintended consequence of the design framework as it stands.

Surely the intent of the policy is not to push domestic gas producers out of the domestic market and instead position us as suppliers of gas to the export projects, who in turn deliver that gas to the domestic market via their domestic supply obligations (DSO)?

In all consultation meetings held by Senex and relevant Commonwealth agencies and Ministerial offices we have made it clear that the removal of a long-term price signal that can underpin a 10 or 20 year investment means it becomes impossible to invest with certainty.

Senex believes that a guiding principle of this policy change should be the incentivisation of gas production to meet domestic demand, as well as ensure LNG trains are full and supporting our valued trade partners with the energy they require. It is possible for Australia to achieve a balanced local market and a thriving export sector – these objectives should not be mutually exclusive.

Australia has massive volumes of undeveloped gas reserves. Policy that encourages the development of these reserves, in particular onshore Victoria and New South Wales where proven reserves remain undeveloped because of policy choices made at State level. A national policy that simply proposes the removal of export bound molecules from LNG trains in Queensland is both lazy and short sighted, nor is it in our country's national interest.

Further, Senex believes that the complete market takeover by the Commonwealth is neither justified or a sound idea, given the relatively small annual gap between committed supplies and additional gas needed to meet domestic demand. In fact, it is this small gap that has highlighted the opportunity for gas producers to invest in exploration and development, and bring new supply to market to satisfy demand in previous years.

On a national basis the headline 20% gas reservation number being used by the Federal Government would deliver almost the entire east coast domestic market. We strongly encourage the Government to provide a more honest assessment of the actual supply gap being solved.

Senex as a company has shown it is possible to invest in acreage that requires every molecule to be sent to the domestic market. This is the result of stable (bi-partisan) state policy in Queensland that meant we could invest with confidence and a long-term price signal with the Australian Market Supply Condition (AMSC), known before investment decisions were made.

This is the type of truly prospective domestic reservation system that should be supported and we propose that all Australian States and Territories adopt this measure, instead of a highly complex and interventionist scheme being proposed. We encourage the Federal Government to consult with Queensland Government representatives on this.

The irreparable damage this 'consultation' process has done to Australia's relationship with our most important trade and investment partners should not be understated. Countries that stood by Australia during the Iran War fuel crisis and continued to send diesel, petrol and jet fuel to our shores have been rewarded by being told they do not matter and their long-term energy requirements are not matters Australia has interest in supporting.

The joint statement on Energy Resource Security entered into by Australia with the Republic of Korea on 30 April 2026 has been undermined by the Government's refusal to alter this draft framework at any stage during 'consultations'.

The intransigence of relevant departments to accept alternative views on this policy mean that it is now challenging to amend this draft framework without 'starting again.'

The framework should be implemented in a way that protects investment certainty, supports new domestic supply and preserves a well-functioning gas market. The current draft framework is fundamentally flawed, and it achieves none of these.

The framework should avoid duplicative regulation, broad discretion or settings that could distort market signals, crowd out domestic-focused producers or reduce incentives for new gas investment.

Key areas of concern

Consultation element	Our position
Scale of the actual supply gap	• A 20% headline number is confusing the public's (and Government) understanding of the problem being solved. The gap between committed domestic supply and existing sales from LNG exporters to the domestic market is not 20%. • We encourage the Government to be clearer and provide the modelling it has used to transparently show how key components of the proposed architecture have been developed. • The framework should be used to encourage additional domestic gas production to fill unmet demand. This is the simplest and most efficient way for a balanced domestic market to be achieved.
Intended modest over supply of the domestic market	• This will result in the current price signal that incentivises investment in new gas acreage being discarded. An opaque system of ministerial intervention means investing with long term certainty will not be possible. • If the volume of gas being proposed to be forced into the domestic market was from an overseas source, it would be classified as dumping. • The must sell obligation on exporters will result in gas below our cost of production being marketed and will cause 'injury' to domestic gas producers. This intent was confirmed in recent senate estimates is highly

	concerning, more so when it is being orchestrated by our own national Government. • While it is physically impossible to oversupply the domestic market, the actual result will be low prices clearing the market. • Senex is already observing customers being unprepared to contract with us for available gas, on the basis they expect large volumes of 'must sell' gas being forced into the market from 1 July 2027.
Importance of long-term price signal for domestic producers	• New investment in gas for the domestic market happens when it is possible to invest with certainty on the basis of capital being paid back over a 10 - 15 year period. • Without a clear price signal these investments will not be possible. • If Ministerial intervention occurs every year or even every five years this means long term certainty is not present. • The architecture of this proposed framework will not deliver the certainty needed for investment decisions that are possible in today's more transparent and functioning market.
Proposed supply of domestic gas to LNG export projects	• A well-functioning gas market should not include active encouragement to existing domestic gas producers to sell to LNG export projects. • It is perverse in the extreme that a domestic gas reservation scheme is being designed to push domestic gas to export projects because the market is being intentionally broken. • The ACCC should be highly concerned about this proposition. The east coast gas market being supplied by export projects is an alarming proposition and poor public policy.
Proven domestic reservation design in Queensland	• Bi-partisan policy in Queensland supports the attachment of AMSC to new domestic gas acreage released for public tender by the State Government. • This provides certainty pre-investment and up-front knowledge that the gas produced from the acreage must be supplied to domestic customers. • This benefits producers and customers alike who can plan for and contract for appropriate terms. • Senex has suggested this for consideration by this review on numerous occasions but can see no evidence of it being studied by the Federal Government. • The relevant details of this policy are available via the Queensland Department of Natural Resources and Mines, Manufacturing and Regional and Rural Development operational policy - Complying with the Australian Market Supply Condition

Senex

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