



## **Australian Government**

Australian Government response to the  
Senate Economics Legislation Committee report:  
Competition and Consumer (Gas Market Code)  
Regulations 2023

February 2024

## Introduction

The Australian Government welcomes the Senate Economics Legislation Committee (the Committee) Report from the Inquiry into Competition and Consumer (Gas Market Code) Regulations 2023 (the Regulations).

The Committee tabled its report on Friday 6 October 2023, making one recommendation. The Government supports the committee's recommendation.

The Coalition Senators' Dissenting Report makes two recommendations, which the Australian Government supports one in principle and notes the other.

The Government's response to the Committee's report reflects its commitment to engage constructively on reforms to the wholesale gas market that will ensure a reliable and affordable supply of gas for Australian customers in the domestic market. The Government is committed to ensuring a reliable energy system, while honouring the long-term contracts key international trading partners have made for Australian gas.

## Response

### Recommendation 1

The Committee recommends that the Regulations stand as promulgated.

### Response

The Government **supports** this recommendation.

The Government's Gas Market Code for the wholesale gas market commenced on 11 July 2023 with a two-month transitional period. It covers negotiations and agreements for the supply of regulated gas between covered suppliers and buyers in the east coast gas market.

The Gas Market Code was established to help shield east coast gas consumers from volatile gas prices and minimise the risk of supply shortfalls forecast by the Australian Energy Market Operator (AEMO) and the Australian Competition and Consumer Commission (ACCC).

Compliance with the Gas Market Code is achieved through the ACCC's regulatory and enforcement powers.

## Coalition Senators' Dissenting Report

### Recommendation 1

That the Australian Government urgently implement policy reforms that increase gas supply to avert the looming supply cliff.

### Response

The Government **supports in principle** this recommendation.

On 27 November 2023, under the Gas Market Code, the Government announced two new enforceable commitments totalling up to 300 PJ of gas supply to 2030 to the east coast domestic gas market, with additional commitments being finalised. These commitments represent a significant contribution to reducing the risk of shortfalls forecast by AEMO and the ACCC.

Gas supply and demand in the medium-term is also a focus for the Future Gas Strategy. Through its development, the Government is working with domestic producers, international trading partners, industry and consumers to promote Australia's energy security and affordability; support decarbonisation, including meeting national climate targets; and maintain Australia's trade relationships as a trusted supplier of Liquefied Natural Gas (LNG).

### Recommendation 2

That the Australian Government redirects its approach to the gas industry, focussing on policies to increase production and industry confidence to secure supply and ease prices, instead of market interference that undermines investment certainty.

### Response

The Government **notes** this recommendation.

The implementation of the Gas Market Code is providing industry with certainty to support investment and production decisions. The Government has secured four new enforceable commitments totalling up to 564 PJ of gas supply to 2033 to the east coast domestic gas market, with additional commitments being finalised.

The Gas Market Code's price anchor of \$12 per GJ seeks to ensure Australian domestic gas prices are driven by Australian market fundamentals. Gas retailers tend to contract for their gas supply one to two years in advance of selling it. The benefits from the Gas Market Code are expected to flow through to downstream markets, including industrial and retail electricity and gas users and improve the competitiveness of retail prices.

The Gas Market Code's review mechanism allows for the Energy Minister and the Resources Minister to jointly initiate a review of the Code's operation to ensure it remains fit for purpose, with the first review to commence no later than 1 July 2025.