

Please direct all responses/queries to:
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Committee Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

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

Dear Committee Members

RE: INQUIRY INTO COMPETITION AND CONSUMER (GAS MARKET CODE) REGULATIONS 2023

While the Gas Market Code (the Code) now applies to our marketing activities, we continue to advocate for policies that incentivise investment in new gas supply that can meet the need for dispatchable power essential for power grid stability with the ongoing growth of renewables generation.

As industry and a range of independent authorities have made clear, bringing on new gas supply is the key to putting sustained downward pressure on prices and ensuring supply security for manufacturers, power generators and households.

This was most evident by comments made by the Australian Energy Market Operator, General Manager – Reform Delivery who said:

“What’s clear is the urgent need to build-out renewable energy with diversified firming generation – like batteries, hydro and gas – and transmission investment to provide homes and businesses with low-cost, reliable energy¹.”

Unfortunately, in mid-2022 domestic gas prices in eastern Australia spiked sharply, primarily due to:

- Coal-fired generation outages, which resulted in elevated levels of gas-fired generation;
- A colder than average winter;
- Limited domestic gas storage in the short-term to respond to the demand spike;
- Long-term supply constraints caused by delays to project approvals and the introduction of moratoriums; and
- Other external factors.

While Woodside remains supportive of the Federal Government’s objectives of promoting access to affordable and reliable domestic gas, we believe there are other policies that could

¹ [AEMO | High international commodity pricing, coal outages, and rising gas-fired generation drives record prices for Q2 2022](#)

support the Code to achieve greater supply and put structural, long-term downward pressure on prices, including:

- Prioritisation of domestic gas projects to increase supply (i.e., remove duplicative approvals);
- Developing a national end-to-end energy plan for the energy transition that considers the behaviour and conduct of upstream, midstream, and downstream participants to ensure families and businesses do not pay more than is necessary, and Australian-based business has the confidence to invest locally;
- Allowing gas and coal-fired power stations to participate in the Commonwealth Capacity Investment Scheme;
- Promoting a collaborative approach across the energy sector to drive new thinking and ideas as opposed to segmenting the upstream, midstream and downstream participants; and
- If necessary, use existing enforcement agencies to review market behaviours.

We believe the engagement on the Code was constructive, and ultimately addressed a number of issues raised by the upstream producers which otherwise would have prevented a functioning market.

It is our view that a stable energy transition will be one in which energy is affordable and reliable, as well as with lower carbon.

Yours sincerely



Mark Abbotsford
Executive Vice President Marketing and Trading