



Gas Market Code: reforms explainer

Operationalising domestic gas reservation

Contents

Introduction	2
Purpose	2
Meeting domestic supply obligations under the Gas Market Code	3
1. Demand calibration – Aligning obligations with domestic demand.....	3
2. Seasonal flexibility – Allowing flexibility when demand fluctuates.....	3
3. Additionality – Ensuring obligations deliver real supply.....	4
Fairer, more transparent gas market reforms	5
Market conduct reform – Simpler rules. Better transparency. Fairer negotiations.	5
Transparency and reporting – One place for key gas market information	7
How these reforms operate together	8
Consultation questions	9
Appendix – Worked examples	10
A. Demand calibration and treatment of accrued volumes.....	10
B. Marketing, conduct and seasonal flexibility	13
C. Market conduct rule reform.....	15
D. Transparency and reporting	17

Introduction

The proposed Gas Market Code reforms will support the Domestic Gas Reservation Scheme (DGRS) by providing clearer pathways for producers to meet their domestic supply obligations. The reforms will improve market transparency and create a fairer and more efficient market where Australian gas is made available to Australian buyers.

The reforms strengthen the operation of the DGRS by providing greater clarity and flexibility in how domestic supply obligations can be met, while ensuring gas is brought to market and made available on reasonable terms.

The reforms:

- **Clarify compliance expectations** by providing greater detail on how entities can meet domestic supply obligations, including the role of demand calibration, seasonal flexibility and additional supply.
- **Support efficient supply outcomes** by allowing producers to respond to changing market conditions while maintaining reliable gas availability for domestic customers.
- **Create a more balanced market** by establishing clearer conduct expectations for both buyers and sellers, encouraging good-faith negotiations and ensuring gas is genuinely offered to the domestic market.
- **Improve transparency and price discovery** through enhanced reporting and publication requirements, helping buyers and sellers make better informed commercial decisions.
- **Reduce unnecessary regulatory burden** by replacing overly prescriptive processes with principles-based obligations that support commercial flexibility while maintaining accountability.

Purpose

We are consulting on a draft legislative package to enable the DGRS. This includes an exposure draft and explanatory memorandum of the Domestic Gas Reservation Bill.

This document supplements the ‘Domestic Gas Reservation: legislative package explainer’ to support consultation on the draft legislative package.

You can submit feedback through DISR’s consultation hub until **24 September 2026** at: consult.industry.gov.au/domestic-gas-reservation-scheme-exposure-drafts

Please note that due to legislative drafting and parliamentary timelines, we are unable to provide any extensions beyond this date.

Meeting domestic supply obligations under the Gas Market Code

The proposed Gas Market Code reforms will provide clear, practical pathways for gas exporters to meet their Domestic Supply Obligation (DSO) under the DGRS.

These reforms ensure sufficient gas is available to the domestic market when and where it is needed. They will also support investment, improve market outcomes and maintain flexibility where demand changes over time.

The framework is built around 3 key mechanisms.

1. Demand calibration – Aligning obligations with domestic demand

Demand calibration ensures the total volume of gas reserved for the domestic market reflects Australia's forecast gas needs, while maintaining a modest surplus to ensure ongoing energy security and place downward pressure on prices.

The calibration provides investment certainty to non-license holders by providing transparent forecasts and ensuring reservation obligations do not 'crowd out' domestic-only supply.

How it works

- Domestic supply obligations will be calibrated using a transparent five-year rolling mechanism.
- Obligations will be set to deliver gas equivalent to [110%] of forecast domestic demand, unless varied by ministers.
- Exporters' banking/borrowing balance will be factored into individual DSOs as part of demand calibration.
- The calibration amount will be capped at 20% of export volumes.
- The framework provides greater certainty for producers, investors and domestic buyers.

Refer to worked example A in the Appendix.

2. Seasonal flexibility – Allowing flexibility when demand fluctuates

Gas demand varies throughout the calendar year. Seasonal flexibility allows exporters to adjust the timing of a small portion of their obligation (up to 10%) while preserving the requirement to supply the domestic market.

Gas exporters have the flexibility to adjust within the year to recognise seasonal demand variations. To preserve the obligation to 'sell', any DSO volumes that are not supplied in a regulatory year, up to 10% of the DSO, will accrue and need to be supplied

to the domestic market within the subsequent three years. Any oversupply of DSO volumes, up to 10% of the DSO, will offset undersupplied volumes from the previous 3 regulatory periods (to the extent of the oversupply).

How it works

- Exporters must make genuine attempts to supply 100% of their DSO volumes.
- At least **90% of a DSO must be supplied in the relevant year**.
- Up to **10% may be deferred** for supply within the subsequent 3 regulatory periods, if the gas cannot be sold on domestically competitive terms. Any deferred volume remains part of the obligation and must be supplied in a future year.
- Oversupply of DSO volumes will offset deferred quantities from the previous three regulatory periods.
- Exporters must market available gas transparently and negotiate in good faith before relying on the flexibility provisions.

Refer to worked example B in the Appendix.

3. Additionality – Ensuring obligations deliver real supply

The additionality mechanism ensures gas counted towards a DSO contributes new supply to the domestic market, rather than simply reallocating existing domestic gas. The policy intent is to ensure any gas purchased from the domestic market for export or to meet a license holder's DSO is 'additional' supply.

In addition to meeting their DSO, licence holders should be net contributors to the wholesale domestic gas market (in the sense that gas sold into the market must be equal to or greater than gas withdrawn from the market).¹

In terms of assessing overall contributions to the market, 'additional' gas purchased from a domestic producer will not be considered a net withdrawal from the domestic market. It can count towards an exporter's net contributions or DSO, where it is re-supplied into the domestic market.

How it works

- Licence holders must be net contributors to the domestic gas market.
- Gas can count towards compliance where it represents **additional supply**.
- The Australian Energy Regulator (AER) will establish production baselines to determine what qualifies as additional gas.
- Entities with a baseline, such as license holders or those who intend to sell to a license holder, may seek a review where a baseline does not appropriately reflect their circumstances.

¹ Note, license holders with pre-existing domestic purchase agreements entered into before 22 December 2025, will not need to supply more gas than they purchase under these contracts.

Fairer, more transparent gas market reforms

Making it easier for buyers and sellers to connect, negotiate and secure gas supply

The proposed Gas Market Code reforms will improve how Australia's gas market operates by creating more transparent, efficient and equitable arrangements for both buyers and sellers.

The reforms will increase visibility of available gas, support better price discovery, reduce unnecessary red tape and establish clearer expectations on market conduct.

Together, these changes will help ensure gas is brought to market and made available to Australian customers on fair and competitive terms.

Market conduct reform – Simpler rules. Better transparency. Fairer negotiations.

The current Expression of Interest (EOI) process can be complex, time-consuming and difficult for participants to navigate.

The reforms streamline these arrangements by replacing prescriptive negotiation requirements with a more flexible framework focused on transparency and good-faith engagement.

Table 1 compares current and proposed conduct provisions in the Gas Market Code.

How it works

Greater visibility of available gas

Where a supplier is marketing gas to multiple buyers, they must:

- publish an EOI on their website
- provide the EOI to the Australian Energy Market Operator (AEMO) for publication on the Gas Bulletin Board (GBB).

Each EOI will include:

- indicative gas volumes available
- indicative supply period
- delivery point(s)
- indicative price range.

Suppliers must update EOI information within three business days if it is no longer current.

Good-faith negotiations

Buyers and sellers will be expected to negotiate in good faith, while retaining flexibility to determine commercial terms and contracting timeframes that suit their circumstances.

This removes unnecessary procedural requirements that can delay negotiation and contracting.

Better information after contracts are signed

Contracts resulting from an EOI process will be reported to the AER, supporting market oversight and transparency.

Example

- If you are a gas supplier, you can expect to publish an EOI on your website and report the information to AEMO. You will negotiate in good faith with buyers to seek an agreement. When you reach an agreement with a gas buyer to purchase gas, you will remove the EOI from your website and report to AEMO's GBB. You will report the transaction to the AER for compliance and contract price reporting.
- If you are a gas buyer, you can expect that EOIs will be published on AEMO's GBB. You can contact the supplier to negotiate on contract terms in the EOI as starting point. You will negotiate in good faith with the gas supplier to reach an agreement. If successful, the supplier removes the EOI and submits the transaction to the AER. If unsuccessful, you will see when the EOI is no longer active on the supplier's website and AEMO's GBB.

See further detail in worked example C in the Appendix.

Table 1 - Comparison of current and new conduct provisions (Gas Market Code)

EOI conduct and reporting	Current provisions	New provisions
Pre-trade reporting	Covered suppliers to publish EOIs on their own website and report to the Australian Competition and Consumer Commission (ACCC) for records. Minimum information to specify volume, delivery period and delivery location of gas intended to be supplied, last day the listed EOI and details of any condition precedent to the supply of gas.	Covered suppliers to publish EOIs on their own website and provide to AEMO to publish on a centralised source (Gas Bulletin Board) for market participants. Minimum information to specify volume, delivery period, delivery location of gas intended to be supplied and indicative price range.

Conduct and negotiations	Conduct: • Good faith provisions Negotiations: • Open period at least 20 business days after the EOI is issued. • Initial offers – open for at least 15 business days. • EOI response period from 25 to 35 days later depending on the number of persons expressing interest.	Conduct: • Good faith provisions continue. • License holders to demonstrate active participation to show best endeavours to sell uncontracted DSO volumes. Negotiations: • Export license holders need to demonstrate gas is available on domestically competitive terms. • Prescriptive negotiation requirements are repealed.
Post-trade transparency	Supplier must notify potential buyers whether successful or not.	Report transaction to the AER.

Transparency and reporting – One place for key gas market information

The reforms will strengthen transparency by making the Gas Bulletin Board the central source of information on available gas supply and market pricing.

This will provide buyers, sellers, regulators and government with more timely and reliable information when making commercial and operational decisions.

How it works

The Gas Bulletin Board will become the central location for:

- available gas supply information
- gas supply EOIs
- bilateral gas market price information reported by the AER.

The reforms will:

- reduce duplication across existing reporting regimes
- simplify reporting requirements for market participants
- improve access to timely market information
- support more informed and competitive market outcomes.

The government is also working with regulators to consolidate gas price reporting arrangements and further streamline transparency requirements across the market.

These reforms will support a more open, competitive and well-functioning gas market by:

- improving transparency
- strengthening market conduct expectations
- ensuring buyers and sellers have access to the information they need to negotiate and contract efficiently.

Example

- As a gas buyer, you may voluntarily publish an EOI to buy gas on AEMO's GBB where gas suppliers can see the volume of gas you are seeking to procure. You will also be able to see EOIs to sell gas posted by gas suppliers and can easily compare between EOIs based on the minimum reporting requirements, saving you time and resources for engaging the market.
- As a gas supplier, you were previously required to report to the ACCC to demonstrate your small supplier exemption status once a year, initial and final offers and EOIs that were intended to be issued. You will no longer be required to report on those activities, reducing the regulatory and reporting costs as a subsequent result of repealing the reasonable price provisions from the Code.

How these reforms operate together

These reforms will support a more open, competitive and well-functioning gas market by improving transparency, strengthening market conduct expectations and ensuring buyers and sellers have access to the information they need to negotiate and contract efficiently.

- Ensure gas exporters make sufficient gas available to the domestic market.
- Support lower prices through adequate supply and competition.
- Provide clear and predictable compliance pathways.
- Maintain flexibility while preserving the obligation to supply Australian customers.
- Strengthen confidence in a transparent and well-functioning gas market.

Consultation questions

Consider these questions and topics when giving feedback.

Demand calibration

1. Does the proposed forecast approach deliver the intent of investment certainty for license holders and non-license holders?
2. What evidence base should be employed by the AER to underpin demand calibrations? Can you identify any issues with using the GSOO as the primary source of information for this process?
3. We welcome advice, evidence and price modelling from stakeholders to inform the government's consideration to finalising and setting an oversupply target, indicatively set at 110% of demand.

Seasonal flexibility

1. Does the proposed framework to assess a license-holder's 'best endeavours' to supply the domestic market provide adequate assurance that any unsold DSO volumes are surplus to the domestic market's requirements in a given regulatory year?
2. We welcome views on the use of financial market products that are tied to physical delivery as a means of demonstrating compliance with the DSO. For example, the ASX Gas Futures product.

Additionality

1. How can licence holders best demonstrate that gas supplied domestically is certified as additional?

There are several models that could support the operational delivery of additionality, such as the issuing of 'additionality certificates' or using a methodology or formula that establishes a baseline of additional and non-additional gas.

What model do you recommend government should consider?

Market conduct

1. Are there any unintended consequences that could result from the reformed EOI provisions as currently drafted?

Appendix – Worked examples

A. Demand calibration and treatment of accrued volumes

Date	Decision Point	DSO and Delivery	Net Positions / Notes
Year 0			
1 July 2027	Demand Calibration	AER calibrates DSO for 2028 to: • Exporter A – Reduced from 22 to 20PJs [1a] • Exporter B – Reduced from 22 to 20PJs • Exporter C – Reduced from 22 to 20PJs This reflects an equal DSO share, and a cumulative requirement of 60PJs for the domestic market.	
1 July 2028	Demand Calibration	AER calibrates DSO for 2029: • Exporter A – Reduced from 22 to 20PJs • Exporter B – Reduced from 22 to 20PJs • Exporter C – Reduced from 22 to 20PJs This reflects an equal DSO share, and a cumulative requirement of 60PJs for the domestic market.	Note the calibration for 2029 occurs before compliance is known for 2028. Exporter A needs to provide 20PJs in 2029.
31 December 2028	Compliance	Exporters delivered for 2028 DSO: • Exporter A – 18PJs [1b] • Exporter B – 20PJs • Exporter C – 20PJs	Exporter A owes 2PJs [1c] as [1b] is 2PJ less than [1a] If this to be added to the pre-calibrated DSO in 2031 if not delivered beforehand).
Year 1			

1 July 2029	Demand calibration	AER calibrates DSO for 2030: • Exporter A – Reduced from 22 to 20PJs [2a] • Exporter B – Reduced from 22 to 20PJs • Exporter C – Reduced from 22 to 20PJs This reflects an equal DSO share, and a cumulative requirement of 60PJs for the domestic market.	
31 December 2029	Compliance	Exporters delivered the following volumes for 2029: • Exporter A – 17PJs [2b] • Exporter B – 20PJs • Exporter C – 20PJs	Exporter A owes an additional 3PJs [2c] from 2029 DSO [2a-2b] (to be added to up to 2032 DSO if delivered beforehand).
Year 2			
1 July 2030	Demand calibration	AER calibrates DSO for 2031: • Exporter A – Reduced from 22 to 20PJs [3a] • Exporter B – Reduced from 22 to 20PJs • Exporter C – Reduced from 22 to 20PJs This reflects an adjusted DSO share, and a cumulative requirement of 60PJs for the domestic market.	
31 December 2030	Compliance	Exporters delivered the following volumes for 2030: • Exporter A – 21 PJs [3b] • Exporter B – 20PJs • Exporter C – 20PJs	Exporter A can credit 1PJ [3c] from 2030 DSO [3b]-[3a] (which allows Exporter A to reduce its accrued obligations by 1PJ)
Year 3			
1 July 2031	Demand calibration	AER calibrates DSO for 2032, factoring in Exporter A's net position after 3-years of banking. Pre calibrated DSOs: • Exporter A – 22PJs + [4a]= 23PJs	Note, Exporter A will need to supply a greater portion of the required cumulative calibrated DSOs, as it has the largest obligation after accounting for 'owed' volumes and including the netted oversupplied volume of 1PJ [3c] .

		• Exporter B – 22PJ • Exporter C – 22PJ • Total = 67PJ DSO share: • Exporter A – 23/67 = ~34.3% • Exporter B – 22/67 = ~32.8% • Exporter C – 22/67 = ~32.8% Calibrated DSO • Required cumulative DSO = 60PJ • Exporter A: 34.3%*60 = 20.6PJ • Exporter B: 32.8%*60 = 19.7PJ • Exporter C: 32.8%*60 = 19.7PJ	[4a] = [1c]-[3c] [4a]= 1PJ Exporter A still owes 3PJ [2c] in 2032 due to underperformance in 2029.
31 December 2031	Compliance	Exporters delivered for 2031 DSO: • Exporter A – 20PJ • Exporter B – 20PJ • Exporter C – 20PJ	Exporter A owes net total of 3PJ where: • 2PJ owed [1c] (to be added to 2031 DSO if not delivered from 2030). • 3PJ owed [2c] (to be added to 2032 DSO if not delivered) • Note, Exporter A can chose when the 1PJ oversupplied quantum [3c] can be 'credited' within the subsequent 3 years. In this example, [3c] was credited against [1c].

B. Marketing, conduct and seasonal flexibility

Example 1: Export perspective

Exporter A has a DSO of 100PJ it must sell in 2028.

- Per the DGRS framework, Exporter A must sell at least 90PJ and may acquit the remaining 10PJ flexibly, subject to complying with the transparency and conduct rules within the Gas Market Code
- Exporter A contracts 85PJ ahead of the start of 2028, and must make all its remaining DSO (15PJ) available for purchase.

In mid 2027

- Exporter A must submit a **compliance plan** to the AER, detailing how it intends (noting it may deviate from this plan) to **market the remaining 15PJ** throughout calendar year 2028. For example:
 - Q1 2028: publish an EOI (refer below for EOI requirements) for the delivery of 15PJs in Q2 and Q3.
 - Q2 2028: Assuming that not all volumes were taken up through the EOI process, offer 3PJ on a month ahead basis on the Gas Supply Hub, and consider reissuing an EOI for any unsold volumes from Q1.
 - Q3 2028: offer 2PJ on a month ahead basis on the Gas Supply Hub and consider reissuing an EOI for any unsold volumes from Q2.
 - Q4 2028: focus marketing efforts on supply for 2028 onwards.
 - Note: Throughout 2027, Exporter A will be actively marketing gas for delivery in 2028 onwards to satisfy future DSOs.
- **Market transparency obligations:**
 - This marketing plan should be public for buyers to observe.
 - Per the Code, Exporter A must publish its forecast available uncontracted gas to inform buyer-led gas procurement activities.

Within calendar year 2028

- Exporter A will undertake its marketing activities, in line with the Gas Market Code's **must-sell and conduct requirements**:
 - Q1 2028: 15 PJ are offered via the EOI process 8 out of 15PJ are contracted for delivery in Q2-Q4 2028 in response to the EOI. Leaving 7 PJ unsold.
 - Q2 2028: At the start of Q2, Exporter A offers 3PJs through the GSH, of which, 2.5PJs are taken up for delivery in Q2.
 - Exporter A has contracted a total of 10.5PJs, leaving a total of 4.5PJs unsold.
 - Q3 2028: 4.5 PJs are offered via the GSH. 1PJ was sold, 3.5PJ remain unsold

- Exporter A has contracted a total of 11.5PJs, leaving a total of 3.5PJs unsold.
- Q4 2028: Exporter A Responds to buyer bid for 0.5 PJs on domestically competitive terms for spot supply.
 - At the end of Q4, Exporter A has contracted a total of 12PJ, with 3 PJ remaining unsold having been made available in line with the Code's flexibility requirements.
- **Seasonal flexibility:** Where Exporter A meets the Code's flexibility requirements, it may be 'deemed compliant' for the unsold 3 PJ, as this is below the 10 per cent flexibility threshold, and the seller undertook all reasonable steps. Such volumes will accrue to a future period.

Example 2: Buyer perspective

In mid 2027

- Buyers will be able to observe how all license holders intend to market uncontracted 2028 DSO volumes.
 - Refer Example one.

Within calendar year 2028

- Buyer A, a C&I user is fully contracted for 2028, but considers it needs additional gas supply in Q3 and Q4 of 2028 to service demand growth in manufacturing output.
 - The C&I user will be able to negotiate with Exporter A for supply through the EOI that Exporter A intends to market in Quarter 1.
 - Note, visibility of all exporter uncontracted DSO volumes will assist the C&I user to negotiate with exporters and non-exporters on a multilateral basis.
- Buyer B, a gentailer is fully contracted for 2028, however in late Q1, observes it has unanticipated demand for supply in Q2 2028.
 - The gentailer will be able to bid for uncontracted DSO volumes offered by exporters on the Gas Supply Hub for forward sale.

C. Market conduct rule reform

Case study: Supplier perspective – Expression of Interest – supplier led

As part of looking to meet its DSO, a licence holder (supplier A) may put forward a gas supply EOI for 5- 8 PJ per year for delivery over a 4–5-year period and is to be delivered at either the Wallumbilla High Pressure Trade Point or the Roma to Brisbane Pipeline In-Pipe Trade Point.

Pre trade transparency

Supplier A publishes an EOI on its website which sets out the above information and reports this information to AEMO. The supplier decides to include some additional information, including its intention that the contract is for firm supply and will have a minimum take or pay multiplier of 90 per cent, and includes this on its website and reports this to AEMO's GBB.

This is supported by improvements to market price transparency to inform buyer bids.

Conduct and negotiations

The Supplier A and interested buyers (including Gas buyer B) negotiate in good faith to seek an agreement. Noting the prescriptive negotiation timeframes are no longer a feature of the Code which enable buyers to negotiate contract terms for supplier-led EOIs.

The indicative terms in the EOI are not strict parameters for Gas buyer B to agree, as they are to serve as a benchmark to facilitate and inform the start of the negotiation process.

After one week, Supplier A becomes aware that it will have less gas available in year 3 of the EOI. Within 3 business days, the supplier amends the EOI on its website and provides updated information to AEMO.

Post trade transparency

During week 3, Supplier A reaches an agreement with a Gas Buyer B for purchase of the gas. Supplier A removes the EOI from its website and requests AEMO to remove the EOI from the GBB.

Supplier A reports the transaction to the AER for compliance and contract price reporting.

Case study: Buyer perspective – Expression of Interest – supplier led

Pre trade transparency

Gas buyer B sees that Supplier A has posted an EOI for 5-8 PJ per year on AEMO's GBB along with the terms listed above.

Conduct and negotiations

Gas buyer B could use the 90% Take or Pay listed in the EOI as starting point to negotiate to 100% Take or Pay as part of contract terms.

Both parties negotiate in good faith to seek an agreement, without the prescriptive procedural requirements under the former Gas Code which previously required Supplier A to respond to Gas buyer B's offers within a given period.

Post trade transparency

Scenario A: In the event that Gas buyer B is unsuccessful in procuring gas from this EOI, Gas buyer B will be able to see when the EOI is no longer active' on Supplier A's website and AEMO's GBB. While there is no mandatory requirement for Supplier A to notify Gas buyer B, it is encouraged for supplier A to notify Gas buyer B.

Scenario B: In the event that Gas buyer B's negotiation with Supplier A is successful, Supplier A takes down their EOI listing on their website and AEMO's GBB and submits the transaction to AER.

D. Transparency and reporting

Case study: Available gas transparency

Gas buyer A is seeking to procure 1 PJ of gas for delivery in the next calendar year. Instead of contacting several gas suppliers individually, they may voluntarily publish their EOI to buy gas on AEMO's GBB where gas suppliers can see the volume of gas they are seeking to procure. Simultaneously Gas buyer A will be able to see EOIs to sell gas posted by gas suppliers and can easily compare between EOIs based on the minimum reporting requirements, saving them time and resources for engaging the market.

Case study: Reporting requirements

Covered supplier B was previously required to report to demonstrate their small supplier exemption status once a year, initial and final offers and EOIs that were intended to be issued to the ACCC.

Under the proposed amendments, covered supplier B will no longer be required to report on those activities, reducing their regulatory and reporting costs as a subsequent result of repealing reasonable provisions from the Code.