

Department of Industry, Science, Resources (DISR) and
Department of Climate Change, Energy and Environment (DCCEEW)
<https://consult.industry.gov.au/domestic-gas-reservation-scheme-exposure-drafts>

24 September 2026

Dear Ministers,

Re: Domestic Gas Reservation Scheme: exposure drafts

The Australian Aluminium Council (the Council) welcomes the opportunity to make a short submission regarding the Domestic Gas Reservation Scheme (DGRS) exposure draft package (the Package). The Council draws attention to the submissions of both the Energy Users Association of Australia (EUAA) and Manufacturing Australia (MA), where the industry has a large number of mutual members and supports more detailed positions raised in these submissions.

The Council's perspective is informed by its representation of Australia's resilient, competitive and sustainable integrated bauxite mining, alumina refining, aluminium smelting and downstream processing industries. This value chain is strategically important to Australia's economic strength, regional communities, industrial capability and energy transition. As global competition for strategically important minerals and manufactured products intensifies, Australia's integrated aluminium industry is increasingly recognised as a national asset by both domestic and international partners.

Despite Australia's abundant gas reserves and resources with total gas production in Australia being approximately four times annual domestic consumption, there has still been a risk of a structural supply shortfall. Demand has also been eroded through demand destruction and industrial curtailment, due to uneconomic pricing. The construction of the three LNG export facilities in Gladstone as well as moratoria on gas exploration in some states, fundamentally changed the gas market with the east coast increasingly reliant on Queensland gas. The east coast LNG export industry has become linked to international markets, exposing domestic consumers to volatility in international LNG prices. To underpin industry investment, Members need to be able to contract long term domestic gas at internationally competitive prices.

The Council has for many years publicly supported a domestic gas reservation policy and welcomes the establishment of a Domestic Supply Obligation (DSO) as part of a suite of policy settings needed to restore Australia's energy competitiveness and abundance. The Council notes the DSO obligation is now "up to 20%" and with a delayed start date by 6 months.

- The Package uses "DSO" inconsistently to refer to both market-wide obligations and individual exporter obligations. Clause 25 allows reductions for existing contracts, infrastructure constraints and reservation arrangements, potentially reducing obligations far below 20%.
- The Package also continues to allow Ministers broad powers to vary DSO percentages (Clause 23), recognise infrastructure constraints (Clause 25), adjust obligations for entire markets and approve extended periods for compliance (Clauses 26–27) – with Members believing this discretion is too broad, insufficiently defined, and not subject to transparency requirements.
- Members are concerned that Demand Calibration (Clause 24) relies on inputs such as Gas Statement of Opportunities (GSOO) demand forecasts, which may embed price-driven demand suppression and understate prospective industrial growth. High gas prices may reduce current demand or deter otherwise

viable growth projects, lowering forecast demand and the resulting reservation requirement and creating a circular feedback loop that perpetuates high-price, low-demand outcomes.

The Council urges the Government to continue to focus on the needs of domestic customers including industry as it finalises the implementation of the DSO. A return to available gas at an economic price could incentivise fuel switching from coal, enabling emissions reductions in the next decade, at some facilities and help maintain facility economic viability while low-carbon technologies are developed and deployed.

In particular, alignment between the DSO and the WA Domestic Gas Reservation Policy will be important to WA Market Stakeholders. The alumina industry has operated under the WA Policy for almost 15 years, providing important domestic gas security. The Package, as presented, is unclear on how the DSO and WA Domestic Gas Reservation Policy will work together in practice. While the Council does not support duplication between State and Commonwealth policies, implementation needs to ensure that the DSO has the ability to be an effective safety net in support of Australia industry. In doing so, it should supplement the WA policy's project-life market offers requirements with the annual physical supply obligations proposed elsewhere in the Package. In doing so it should reinforce supply obligations to ensure the WA market is subject to capacity obligations comparable to those proposed for the east coast. The Council believes further engagement with WA's gas-intensive industries is required to finalise the Package.

Given the importance of a functioning gas market to the industry, the Council looks forward to continuing to work with the Government on the development of gas policy.

Kind regards,



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About us

The Australian Aluminium Council is the peak industry association representing Australia's integrated bauxite, alumina and aluminium industry. The Council provides a unified voice across the value chain, working with governments, industry and communities to support a resilient, competitive and sustainable sector that underpins Australia's economic strength, industrial capability and energy transition.