



AUSTRALIAN LNG RESERVATION POLICY

Australia's proposed LNG reservation policy¹ mandates east coast LNG exporters to set aside 15-25 percent of their output for the domestic market from 2027 to curb prices and secure local supply, applying to new contracts and aiming to ensure affordable gas for industries and households, with details finalized through consultations in 2026.²³⁴ The policy, part of broader gas market reforms, seeks to balance export revenue with local energy security, potentially replacing ineffective price caps and streamlining market rules, though industry response is mixed, with some welcoming clarity while others worry about investment.

Key Aspects of the Proposal

- Mandatory Reservation: A compulsory percentage (15-25 percent) of gas production must be kept for Australian users.
- Scope: Affects three major east coast LNG export plants and applies to new contracts signed from late 2025 onwards, with the scheme starting in 2027.
- Goals: Provide more affordable gas for Australian businesses (heavy industry, manufacturing) and households, addressing forecast supply gaps and price volatility.
- Implementation: Details to be developed with industry, involving public consultation, and potentially replacing the ineffective A\$12/GJ price cap with new market rules.
- Mechanism: Could involve a charge on exports, refunded once domestic obligations are met, ensuring gas is sold domestically rather than just offered.

A domestic gas reservation scheme could be guided by the following parameters and principles:

1. Existing contracts would be respected – both domestic and international contracts.
2. Capacity to be national in scope, working in tandem with federal, state and territory gas market mechanisms.
3. Aim to commence in 2027.
4. Consultation on design to ensure additional domestic supply as existing contracts expire, and to drive downward pressure on price.
5. If the domestic gas reservation model requires export approvals, exporters will need to meet domestic supply obligations before exports are approved.

¹ Gas Market Review Report December 2025, Australian Government, <https://www.dcceew.gov.au/sites/default/files/documents/gas-market-review-report.pdf>

² E Australia LNG plants face 25pc gas reservation scheme, Argus, December 22, 2025, <https://www.argusmedia.com/en/news-and-insights/latest-market-news/2768542-e-australia-lng-plants-face-25pc-gas-reservation-scheme>

³ Government confirms plans for gas reservation on east coast, ABC News, December 21, 2025, <https://www.abc.net.au/news/2025-12-22/government-confirms-gas-reservation-plans/106170082>

⁴ Australia forces LNG exporters to keep a minimum amount for home market, Reuters, December 21, 2025, <https://boereport.com/2025/12/21/australia-forces-lng-exporters-to-keep-a-minimum-amount-for-home-market/?ref=lngglobal.com>

6. Producers would have flexibility to meet domestic and export obligations through a variety of standard commercial/market-based arrangements, including contracting with exporters or domestic producers so long as supply obligations are met.
7. Encourage long term domestic gas supply contracts to support investment decisions which rely on gas as an input, including C&I users and supporting gas infrastructure providers.
8. Provide long term certainty for commercial production and investment, including by clearly setting domestic supply requirements well in advance of establishment and minimize impact on Australia's LNG trade partners and their energy security.