



15 August 2025

Gas Review team

Department of Climate Change, Energy, the Environment and Water

Submitted via [Consultation Hub](#)

Dear Gas Review team,

Submission on the Gas Market Review Consultation

Environmental Defenders Office (**EDO**) welcomes the opportunity to make a submission on the Gas Market Review Consultation, comprising the review of the Australian Domestic Gas Security Mechanism (**ADGSM**), Gas Market Code and the Heads of Agreement with east coast liquified natural gas exporters. EDO's response to the Gas Market Review Consultation Paper (Consultation Paper) is mainly framed around the policy theme of supply, security and trade.¹

At the outset, EDO reiterates recommendations made in response to the Future Gas Strategy, particularly in relation to the urgency of the decarbonisation task for Australia's energy and resource sectors:²

- *Recommendation 1: The Future Gas Strategy reflect the IEA's Net Zero by 2050 Roadmap.*
- *Recommendation 2: The Future Gas Strategy support the rapid electrification of all energy demands where possible, and support the decarbonisation of other energy demands with fully renewable energy.*
- *Recommendation 3: The interim use of gas should only be accommodated in the Future Gas Strategy with a clear plan to rapidly reduce its use by 2030, and completely phase out its use, along with all fossil fuels, by no later than 2035.*

EDO remains concerned that the Future Gas Strategy, which does not reflect the above principles, is driving policy development. The final version of the Future Gas Strategy contemplates a role for fossil fuel expansion, production and export beyond 2050.³ This is contrary to scientific consensus, domestic policy goals,⁴ and Australia's international legal obligations as recently confirmed by the International Court of Justice.⁵ New fossil fuel sources, including gas, should not be explored or developed, and policy direction must align with the urgent need to decarbonise to mitigate further impacts of climate change. EDO also notes the upcoming strengthening of Australia's emissions reduction target, and setting of a

¹ [Gas Market Review Consultation Paper \(July 2025\). \(Consultation Paper\)](#)

² [EDO, Submission regarding the Future Gas Strategy consultation paper \(13 November 2023\).](#)

³ [Department of Industry and Resources, Future Gas Strategy \(March 2024\).](#)

⁴ E.g., the commitment to no new extinctions, see the [Threatened Species Plan 2022-2032](#).

⁵ See e.g., [EDO, Prominent international courts agree states must address climate change \(July 2025\).](#)

climate plan to meet both a 2035, and 2050 target. In this context, the Future Gas Strategy should not drive policy reformation insofar as it allows for further development of polluting fossil fuel sources.

The remainder of this submission provides detailed submissions on the following key points:

- 1. *The climate and Australia's international legal duties cannot accommodate new fossil fuel supply, including gas.***
- 2. *Assumptions of demand for gas should be questioned in light of domestic climate action.***
- 3. *Australia must stop exporting climate-wrecking fossil fuels.***

- 1. *The climate and Australia's international legal duties cannot accommodate new fossil fuel supply, including gas.***

Gas is a potent greenhouse gas (**GHG**), with methane being 86 times more potent as a GHG than carbon dioxide over a 20-year period.⁶ With the World Meteorological Organisation confirming both that in 2023 atmospheric concentration of carbon dioxide, methane and nitrous oxide reached the highest levels in last 800,000 years, and that 2024 was the hottest year on Earth in record,⁷ it is unquestionable that a rapid gas phase out must be a key aspect of Australia's contribution to global climate action.

There is no room for further fossil fuel supply - Australia has already fallen behind the timing proposed by the International Energy Agency (**IEA**) in its Net Zero by 2050 Roadmap in a number of key areas, including by continuing to approve new gas fields. Under the IEA's Net Zero by 2050 Roadmap, the last date by which oil and gas fields are to be approved for development was 2021.⁸ Moreover, in recent weeks the International Court of Justice has confirmed that failure to undertake appropriate climate action (including the ongoing provision of government support, subsidies and approvals for fossil fuels) by States may result in legal liability under international customary and treaty law.⁹

Given the scale of emissions reduction already needed and the failure of alternative solutions to come on line, there is only one effective solution to the climate crisis, and that is genuine and rapid emissions reductions. This includes both the domestic reliance on fossil fuel sources generating emissions, but also the reduction in polluting fossil fuels exported overseas, originating in Australia. There is no atmospheric room for further sources of gas; and supporting continual exploration, production and burning of gas is likely in breach of international law.

⁶ Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change, UNFCCC.

⁷ World Meteorological Organization, State of the Global Climate 2024 (2025) Table 2.1 'Global Climate 2024 and Its Impacts'.

⁸ Net Zero by 2050: a Roadmap for the Global Energy Sector. Available at:

https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf.

⁹ See generally, International Court of Justice, Obligations of States in respect of Climate Change - Summary of the Advisory Opinion of 23 July 2025, available at <https://www.icj-cij.org/sites/default/files/case-related/187/187-20250723-sum-01-00-en.pdf>.

As such, EDO **recommends** that objectives of the Review, including the intention to set long-term policy settings, must ensure the decarbonisation of Australia's energy and industrial systems as a priority. Intention to ensure ongoing investment in,¹⁰ and availability and expansion of, gas sources is fundamentally in opposition to the now clarified obligations on Australia regarding fossil fuel investment and infrastructure. The regulatory framework for gas regulation must be updated to be fit for purpose in a rapidly decarbonising world. Incentives and penalties must be geared towards fossil fuel phase out and encouragement of electrification initiatives.

2. Assumptions of demand for gas should be questioned in light of domestic climate action.

As noted above, Australia will soon set a 2035 emissions reduction target and submit to the United Nations a new Nationally Determined Contribution under the Paris Agreement. This should reflect an ambitious goal and be backed by a strong plan to reach it, representing a step-change in Australia's urgent response to climate change.¹¹ We also note the adoption of the Global Methane Pledge by Australia, committing to collectively to reduce global methane emissions across all sectors by at least 30% below 2020 levels by 2030.

In 2024, research by the Climate Change Authority and Climateworks Centre found that relying on state and territory emissions reductions targets already in place would add up to an estimated 66–71 per cent reduction in Australia's emissions from 2005 levels by 2035, which creates a compelling 'floor' for a stronger national target.¹² It also indicates the general direction of travel for fossil fuel demand domestically. States and territories have continued to legislate for stronger climate action, including for example in Victoria, which uses more gas than any other state or territory in Australia, but which has a 'Gas Substitution Roadmap' and has set rules around residential gas use and connection.¹³

Broadly speaking, domestic gas demand for manufacturing, electricity and residential purposes dropped to a 25 year low in the financial year 2023-2024, declining 32% over the preceding ten years.¹⁴ The outlier is of course the gas industry itself, which is the biggest driver of demand in Australia, with the LNG sector using 80% of the gas produced in the country – about 9% in processing and production, and the rest being exported.¹⁵ Questions of demand cannot be addressed without acknowledging the self-perpetuating nature of the industry, and its climate-wrecking impacts, which seeks to expand even as domestic use declines.

EDO agrees with the Consultation Paper in relation to the need to ensure Australian energy security, but given the proportion of gas demand being generated by the industry itself while residential demand drops, EDO **recommends** no new gas supply be enabled, subsidised, or approved. Instead, EDO

¹⁰ Consultation Paper, 3.

¹¹ See, [Climate Council, Stronger target, safer future: Why Australia's 2035 climate target matters \(2025\)](#).

¹² [ClimateWorks Centre, Leading climate policies from Australia's states and territories \(December 2024\)](#).

See also 69%: [Climate Change Authority, Targets, Pathways and Progress \(2024 Issues Paper\)](#).

¹³ [Victoria State Government \(2025\) Victoria's Gas Substitution Roadmap](#).

¹⁴ Institute for Energy, Economics and Financial Analysis ([IEEFA](#)) LNG exports prompt fall in eastern Australia's gas demand (December 2024) available at <https://ieefa.org/resources/lng-exports-prompt-fall-eastern-australias-gas-demand>.

¹⁵ IEEFA, *ibid*.

recommends adoption of policy mechanisms which ensure existing gas production is used to supply Australian energy needs, with a focus on household rather than (**LNG**) industrial demand. With the volume in existing fields combined with the shrinking demand for electricity generation, current gas supply far exceeds domestic demand.¹⁶ It follows that no new gas supply is necessary for Australia's electricity needs.¹⁷

3. Australia must stop exporting climate-wrecking fossil fuels.

Australia is one of the largest exporters of gas globally, in line with countries such as Qatar, with as much as 90% of Western Australia's gas being exported overseas.¹⁸ Concerningly, in 2024, Japan onsold at least 600 petajoules (PJ), and potentially 800PJ, of Australian LNG to overseas markets, more than Eastern Australia's annual domestic gas consumption.¹⁹ Relying on the export market to drive gas demand will only delay decarbonisation efforts both domestically and in the region.

Instead, EDO supports the Fundamental Reform proposition in the Consultation Paper regarding supply, security and trade, which proposes to establish a licencing regime for gas exports.²⁰ In EDO's view, this must provide the basis for a phase out of gas exports, which may be managed through a decline in the licences and approvals given for gas export under that regime. As such, EDO **recommends** the adoption of a gas export permit framework, which will guide the decline of Australian gas exports as the country, and rest of the world, rapidly moves away from fossil fuels. A gas reservation policy may also prove useful, but in any form must ensure energy security for Australian households, and be in line with Australia's renewable energy target and forthcoming sector plans.

Conclusion

Assumptions of gas demand must be queried in light of the ever-increasing pace of climate action, both domestically and globally, as well as newly clarified obligations on all countries to cease fossil fuel exploration, production and export. The response to the Gas Market Review must be framed in this context. Adoption of new policy mechanisms, whether an export licencing regime or domestic gas reservation policy, should be geared towards energy security for Australian households and domestic industries, but avoid perpetuating the life of the harmful fossil fuel sector.

For further information, please contact frances.medlock@edo.org.au.

Yours sincerely,

Environmental Defenders Office

¹⁶ [Solutions for Climate Australia, LEAN and Springmount Advisory, Small and getting smaller: The future of gas for electricity in Australia \(2024\)](#).

¹⁷ Solutions for Climate Australia, *ibid*.

¹⁸ The Australia Institute, Gas – The Facts, available at <https://australiainstitute.org.au/initiative/gas-the-facts/>.

¹⁹ [IEFA: How Japan cashes in on resales of Australian LNG at the expense of Australian gas users](#).

²⁰ Consultation Paper, Table 4.



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