

Australia's Future Gas Strategy

On the 9th of May 2024, Federal Resources Minister the Hon. Madeline King MP announced the Australian Government's Future Gas Strategy, setting the scene for the future of gas in our economy and mapping how gas will play a role in Australia's transition towards net-zero.

The strategy's aims are to:

- support decarbonisation of the Australian economy
- safeguard energy security and affordability
- entrench Australia's reputation as an attractive trade and investment destination
- help our trade partners on their own paths to net zero.

Strategy at a Glance

The Future Gas Strategy is the Australian Government's policy on the role of gas in our economy. It consists of six principles.

- Principle 1 – Australia is committed to supporting global emissions reductions to reduce the impacts of climate change and will reach net zero emissions by 2050.
- Principle 2 – Gas must remain affordable for Australian users throughout the transition to net zero.
- Principle 3 – New sources of gas supply are needed to meet demand during the economy wide transition.
- Principle 4 – Reliable gas supply will gradually and inevitably support a shift towards higher-value and non-substitutable gas uses. Households will continue to have a choice over how their energy needs are met.
- Principle 5 – Gas and electricity markets must adapt to remain fit for purpose throughout the energy transformation.
- Principle 6 – Australia is, and will remain, a reliable trading partner for energy, including liquefied natural gas (LNG) and low-emissions gases.

These principles are drawn from the FGS Analytical Report, which looks at the supply, demand, and competition data, and provides the evidence base for the strategy.



Principle 1 – Getting to Net Zero by 2050

Australia is committed to supporting global emissions reductions to reduce the impacts of climate change and will reach net zero emissions by 2050. The government is setting the goal of decarbonising natural gas use in Australia by;

- increased energy efficiency and electrification of processes that currently use natural gas
- replacing natural gas with low-emission gases
- any remaining emissions from natural gas use to be reduced as low as possible, and where not possible, fully offset.

The government is recognising in the strategy that the transition away from gas will not be uniform across the country. Gas is used in households, major industries and small businesses, each of which has a different pattern of use. As well as this each state has different use patterns, and some states are transitioning away from gas faster than others.

In recognising this, the government has identified 2 major actions to combat the patterns of use and helping large and heavy industries transition. These are:

- working with industry and regulators to minimise venting and flaring of methane from operations and consider further emissions reductions measures through the Government's six decarbonisation plans and;
- Promoting the geological storage of CO2 and support our region's transition to net zero by releasing acreage for offshore CCS (carbon capture and storage)

[More information here.](#)

Principle 2 – Keeping Gas Affordable

Cost of living is a government priority in recent economic times. The government in introducing this strategy is also recognising this and trying to balance a transition to net zero and the price of gas in the economy.

The Australian Government will focus on:

- continuing to manage short-term affordability challenges through targeted intervention, such as the Energy Price Relief plan and the Gas Market Code of Conduct
- ensuring First Nations people are partners in, and benefit from, the transition to net zero



- continuing to support long-term domestic energy security through mechanisms such as the Heads of Agreement with East Coast LNG exporters, the Australian Domestic Gas Security Mechanism (ADGSM) and AEMO's market powers
- through the Net Zero Economic Agency (NZEA), ensuring plans are in place to support longer-term transitions in communities affected by declining fossil fuel demand
- reviewing the regulatory regimes to ensure they enable gas markets to evolve to meet our energy needs
- carefully managing changes to minimise unintended negative consequences.

[More information here.](#)

Principle 3 – Gas Exploration to meet Demand

To prevent projected gas shortfalls during the transition, government will work with industry and state and territory governments to encourage more prompt development of existing gas discoveries in gas-producing regions.

The government expects that a gap in the market will appear on the west coast in 2030, and an annual gas supply gap is forecast to emerge by 2028 on Australia's east coast and grow over time.

The Government will also be adopting a technology-neutral approach to exploration data acquisition to minimise seismic surveying where possible.

[More information here.](#)

Principle 4 – Maintaining Supply During Transition

Based on currently available data, the department's analytical report forecasts that:

- gas consumption is forecast to continue beyond 2050 in its critical role for peak loads and firming in power generation
- for the industrial sector, gas use will continue beyond 2050 where electrification, other renewable technologies and low-emissions gases are not available or are too expensive
- households and small businesses will have, for the most part, electrified by 2050, although this will differ across the nation. Low-emissions gases may continue to be used in some locations.



Gas Powered Generation (GPG) will be a big part of Australia's electricity supply in the Government's transition to a net zero economy. It is likely that gas will still play a role in electricity generation up to and beyond 2050. GPG will be used to firm up the supply of electricity as coal-powered generators are retired. It will also be used to manage short, daily periods of peak demand which cannot be met by alternative sources.

[More information here.](#)

Principle 5 – Adapting the Gas and Electricity Markets

Australia's gas market can be broadly divided into three segments:

1. An upstream segment, which comprises companies that explore, produce and process gas from a variety of sources.
2. A midstream segment, which includes gas storage facilities and a pipeline network that transports and distributes gas to homes and businesses. It also includes LNG import terminals.
3. A downstream segment, comprising homes and businesses which use natural gas for heating, cooking, and manufacturing.

This principle focuses on the midstream and upstream segments of the gas market.

For the physical gas market, the government believes the current gas transmission infrastructure may not be suitable for gas needs in the future.

To combat this, the government is looking to adapt the market, re-tasking existing infrastructure and improving Gas storage to help balance supply and demand.

[More information here.](#)

Principle 6 – Remaining a Reliable Training Partner for LNG and Low-Emissions Gases

The government wants to continue the trade and export of gas to trade partners across the world. In all the scenarios considered in this strategy, the government believes Australia's LNG exports decline by 2050, despite this not being an active policy setting. However, the government firmly believes LNG still has a clear role to play in 2050 and beyond.



The government forecasts that by remaining a reliable LNG supplier and responsible climate actor, Australia can build new partnerships in emerging energy industries like hydrogen and clean energy exports.

[More information here.](#)

More information on the Future Gas Strategy can be found [here](#).

The full Future Gas Strategy is available [here](#).

The FGS Analytical report can be found [here](#).

The Minister's media release is available [here](#).

For any in-depth details on the Future Gas Strategy, please reach out to Hawker Britton's Managing Director, Simon Banks, at sbanks@hawkerbritton.com or to Hawker Britton Director John-Paul Blandthorn at jpblandthorn@hawkerbritton.com.