

East Coast Gas Reservation Scheme

07 May 2026

On Thursday 7 May 2026, the Minister for Climate Change and Energy Chris Bowen, alongside Resources Minister Madeline King and Industry Minister Tim Ayres announced the details of the proposed East Coast Gas Reservation scheme. This follows almost six months of consultation with industry groups and the gas sector.

The reservation scheme will require gas exporters to reserve the equivalent of 20% of their total gas exports, with a requirement to sell that gas to the domestic market for Australian users. Bowen stated that these changes would ensure downward pressure on prices and provide support for consumers and industry. As Australia continues the renewable energy transition, hitting our lowest gas usage in almost twenty years in the previous quarter, Bowen stated that this policy would provide security for industry and household gas users, and support the renewables sector when needed.

Background

In December 2025, Minister Bowen announced the government would begin work with industry, international partners and communities to design the domestic gas reservation. The design of the scheme was set out in the Gas Market Review, with the goal of securing domestic supply while Australia undergoes the renewable energy transition and put downward pressure on prices for domestic users.

The design was guided by eight key principles:

1. Existing contracts should be respected
2. The reservation scheme should have capacity to be national in scope, working in tandem with federal, state and territory gas market mechanisms.
3. The reservation scheme is intended to commence in 2027.
4. The reservation scheme should increase domestic supply as existing contracts expire, to drive downward pressure on price.
5. Under the preferred export approval model, exporters will need to meet domestic supply obligations first.

6. Producers should have flexibility to meet domestic and export obligations through a variety of arrangements, so long as supply obligations are met.
7. The reservation scheme should encourage long term domestic gas supply contracts to support investment decisions which rely on gas as an input
8. The reservation scheme should provide long term certainty for commercial production and investment

Key Changes

The scheme will require gas exporters supply a proportion of their total production to the Australian market. This proportion is equivalent to 20% of exports, which will put downward pressure on prices and shield the domestic market from global price volatility. This will kick in from 1 July 2027 and will apply to any contracts that were signed after the original announcement in December 2025.

The new Domestic Supply Obligation powers will be jointly administered by the Minister for Resources and the Minister for Energy and Climate Change, in coordination with the Minister for Industry and Innovation. As part of the scheme, Minister King announced today that if LNG exporters want to access the spot market, they would need to demonstrate that they have adequately supplied the domestic market first.

Some existing export controls will be removed when the reservation kicks in next year. This will help streamline the approvals process and ensure there is no unnecessary duplication. The Government will legislate the new domestic supply obligation and commence further targeted consultation on the final design details.

Further Information

See the Minister's joint media release [here](#).

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