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Submission in response to the proposed extension of the ADGSM to 2030

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13 July 2022

Australian Government
Department of Industry, Science & Resources (DISR)
Industry House, 10 Binara Street, Canberra ACT 2601.

Re: **Submission in Response to the proposed extension of the ADGSM to 2030**

Thank you for the opportunity to make this submission. I wish to make the following three points:

- 1) The ADGSM should not be extended in its current form because it uses supply as the trigger, while the recent energy crisis involves high gas prices. If triggered, the ADGSM takes too long to become effective and may even be counter-productive since it may expose Australia to expensive Investor – State Dispute Settlement (ISDS) claims on the basis of indirect expropriation. The ADGSM, in its current form, has served its purpose and now it is time to replace it. The ADGSM should be replaced with a domestic gas reservation model similar to the one used in Western Australia. Before its adoption, however, the gas reservation model must carefully be adjusted according to economic realities within the Eastern and Southern gas markets.
- 2) If the ADGSM is allowed to continue in its current form to 2030, there is a high likelihood that it will never be used because using it may amount to indirect expropriation. The gas companies in Australia are foreign owned (95.7% according to a report by the Australia Institute) and operate within Australia with the specific purpose of extracting and exporting gas to overseas markets. Any interference with the ability to export gas may potentially amount to indirect expropriation. Since large volumes of Liquefied Natural Gas (LNG) is already locked in long term gas supply contracts, triggering the ADGSM may be looked upon as interference with the rights of the LNG exporters, thereby exposing Australia to ISDS claims.
- 3) The Australian Government must ensure that LNG exporters and foreign owned gas companies acknowledge their larger Social Licence to Operate (SLO) owed to the people of Australia. The specific SLO obligations should not be limited to resource conservation, social and environmental compulsions only, but should also be extended to the supply of cheap and affordable gas to the people of Australia. It is appalling that Australian gas consumers pay significantly high price for a resource that belongs to them. The extended SLO with regards to price should be enshrined within any successor regime to the ADGSM. Furthermore, the relevant government

agencies and departments should work towards enhancing domestic gas storage capacity in order to facilitate the adoption of a gas reservation model.

It is hoped that the above submission is useful in securing Australia's national interest and energy security. The author is available to assist the DISR or further discuss any aspect of this submission.

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