

Wholesale gas reserves price assumption report

Insights into the gas reserves price
assumptions reported to the AER

April 2024

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1 Executive summary

This is the first report by the Australian Energy Regulator (**AER**) on price assumptions used by gas field owners to prepare gas field reserve estimates. The AER is required to publish this report under Part 17 of the National Gas Rules (**NGR**), following introduction of the *National Gas Amendment (Market Transparency) Rule 2022*.

Requirements are now in place for gas field owners to report gas reserves and resources information to the Australian Energy Market Operator (**AEMO**) and the AER. In reporting to the AER, gas field owners are required to annually submit the price assumptions they have used to prepare gas reserve volume estimates. The AER is required to report on gas field owner price assumptions, at least annually, and to protect commercially sensitive information by aggregating and anonymising the published data.

This report highlights the AER's role in ensuring the completeness and accuracy of reporting to AEMO (gas volume information) and the AER (gas prices). It also highlights the expected transparency benefits ensuing from the regular publication of reserve estimates information by AEMO and the AER.

In *Chapter 4* of this report the analysis finds that the median contracted reserve price in 2024 was \$10.47/GJ and edged slightly higher over the medium term to \$10.85/GJ in 2028.¹ The median uncontracted reserve price assumptions were higher at \$12/GJ between 2024 and 2028, with a much larger spread of prices.²

In calculating price assumptions for uncontracted reserves, a number of gas field owners referenced the influence of the mandatory Gas Code of Conduct and the \$12/GJ price cap in the Emergency Price Order that applied in 2023.³

This publication summarises feedback from 14 separate stakeholder meetings. We encourage on-going feedback from interested parties, noting that from March 2024 the AER can report using the first full year of reserves and resources data receipted from gas field owners. With the on-going consolidation of this data, we will continue to enhance our future reports, aiming to provide meaningful gas supply information for East Coast Gas Market participants and observers.

¹ The contracted reserve price analysis is discussed in more detail in *Chapter 4*, p. 9.

² The uncontracted reserve price analysis is discussed in more detail in *Chapter 4*, p. 10.

³ On 23 December 2022, the [Competition and Consumer \(Gas Market Emergency Price\) Order 2022](#) came into effect for 12 months introducing a price cap on gas of \$12/GJ that applied to gas producers and affiliates of gas producers that have not been granted an exemption. Trades on the Short Term Trading Markets (STTMs) or Declared Wholesale Gas Market (DWGM) and near-term (next 3 day) trades and offers on the Gas Supply Hub Exchange were also exempted. The mandatory [Gas Code of Conduct](#) commenced on 11 July 2023 for contracts of 12 months and longer with a \$12/GJ reasonable price provision. A 2-month transitional period ended on 11 September 2023 that allowed companies to adapt to new conduct provisions, record keeping and reporting obligations.

2 Context to reserves and resources reporting

The *National Gas Amendment (Market Transparency) Rule 2022* was made on 23 June 2022,⁴ and through a staged commencement, gave effect to a package of gas transparency measures endorsed by Australian Energy Ministers.⁵ These reforms introduced requirements for gas field owners to report reserves and resources data to AEMO and the AER. Field owners were required to register with AEMO as a Bulletin Board reporting entity by 1 December 2022, and to commence reporting from 15 March 2023.⁶

Overall reform vision

The reserves and resource reporting is designed to overcome opaqueness in the field operator segment of the supply chain and to remove information gaps which lead to market participants and government policy makers not having a good view of the supply outlook.⁷ The importance of timely, transparent and complete reporting in this sector was highlighted in the Energy Council's 2014 Australian Gas Market Vision:

“An important contributor to informed decision making about the future value of gas is transparent information on reserves, resources, production, forecasts and well drilling rates. The COAG Energy Council expects that timely and improved reporting of this type of information to the market will help inform the market.”⁸

The AER understands AEMO will rely over time on this new reporting in the production of its *Gas Statement of Opportunities* under Part 15D of the NGR, further highlighting the need for this information to be robust to support the vision.

Reporting requirements for gas field owners

Since 15 March 2023, gas field owners have been required to annually submit reserves and resources information to AEMO within 40 business days of the reporting date (*the reserves reporting year*) nominated by themselves at registration.

Gas field owners are required to prepare information in accordance with the Petroleum Resources Management System (**PRMS**) developed by the Society of Petroleum Engineers and submit their reserves and resources information to AEMO for all gas fields where there is 1P, 2P or 3P reserves, or 2C resources (Box 1).⁹ This includes the reporting of changes in reserve volumes, ensuing from a 10 percent change up or down in the price assumptions underpinning the estimates. It also includes commentary on the barriers to commercial recovery of contingent resources. AEMO publishes this information on the Gas Bulletin Board.

Gas field owners are also required to submit their reserve price assumptions to the AER at field level. Price assumptions must be reported for both contracted and uncontracted reserves and must be

⁴ [National Gas Amendment \(Market Transparency\) Rule 2022](#), 23 June 2022.

⁵ [Measures to Improve Transparency in the Gas Market - Decision](#), COAG Energy Council, 24 March 2020.

⁶ AER, [Gas market transparency measures - Revised dates for implementation - December 2022](#), Australian Energy Regulator, 7 December 2023.

⁷ [Measures to Improve Transparency in the Gas Market - regulation impact statement for decision](#), COAG Energy Council, p.54, 24 March 2020.

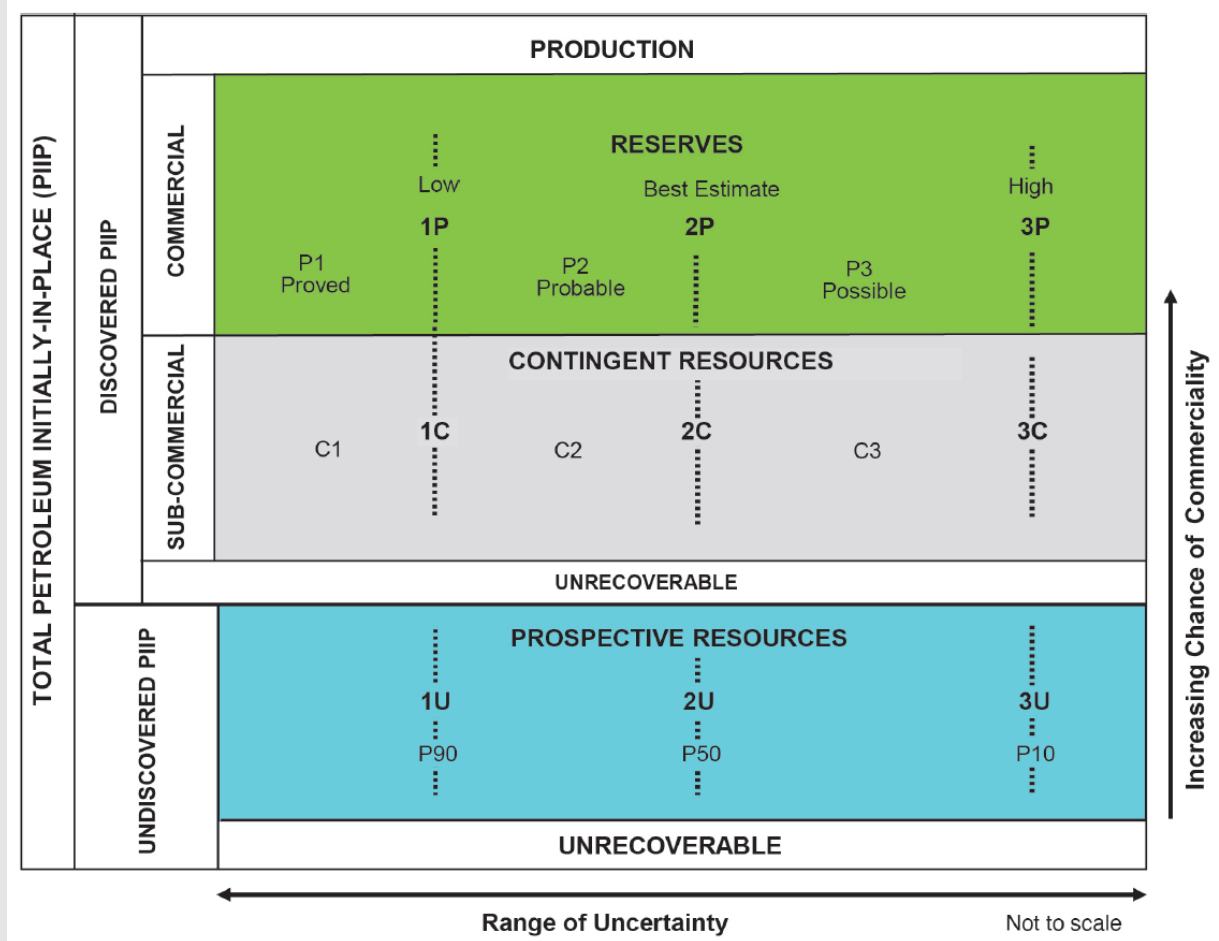
⁸ <https://www.energy.gov.au/energy-and-climate-change-ministerial-council/working-groups/gas-working-group/gas>

⁹ [SPE, Petroleum Reserves and Resources Definitions](#), Society of Petroleum Engineers, accessed 15 March 2024.

verified by an independent qualified gas industry professional. The AER must publish this information on its website.

The rationale for the AER’s publishing role was that transparency of gas price assumptions imposes discipline on producers to adopt reasonable assumptions when estimating their reserves and resources, which should provide market participants and policymakers with more confidence in the reserves and resources estimates.¹⁰

Box 1: The PRMS reserves and resources classification system explained



Source: The Society of Petroleum Engineers, Petroleum Resources Management System revised June 2018

These terms serve as classifications within the petroleum industry, providing a basis for assessing the availability of natural gas and the economic viability of its extraction. Reserves represent commercially recoverable quantities of gas and resources encompass all potential sources of gas, including those with varying levels of commercial certainty. Numbers across the ‘Range of Uncertainty’ represent the probability that the quantities recovered will at least equal the estimate e.g.: 1P (90%), 2P (50%) and 3P (10%).

¹⁰ ACCC [Framework for the consistent reporting of natural gas reserves and resources](#), Australian Competition and Consumer Commission, p.49, 13 June 2019

The AER has a compliance and reporting role

The AER plays an essential role in overseeing the integrity of the reserves and resources reporting framework:

- We monitor gas field owner compliance with reserves and resources reporting requirements. This includes ensuring timely and accurate reporting and providing guidance to the industry on how to report.
- We are required to report on gas reserve price assumptions whilst protecting commercial confidentiality by aggregating and anonymising the data in our reports.
- Under the NGR, we can direct gas field owners to conduct independent audits of the reserves and resources information that they provide to AEMO. This power helps to ensure that reserves and resources information is accurate and that the reserve price assumptions provided to the AER correctly underpin the gas reserve volumes reported to the Gas Bulletin Board.
- Under the NGR, we receipt and assess statements from independent *qualified gas industry professionals*, verifying that gas reserve price assumptions, submitted to the AER by gas field owners, fall within an acceptable range of gas price forecasts. These statements help to ensure that:
 - realistic price assumptions are being used to prepare gas reserve estimates; and
 - AER reporting on gas reserve price assumptions has integrity and provides reliable information for gas market participants, including gas buyers.

The AER's first reserves and resource pricing report

In producing this report, the AER is fulfilling its statutory obligation to publish information on gas reserve price assumptions. This Report has been guided by the following objectives:

- Improve the quality of price information in the East Coast Gas Market by enhancing understanding of the upstream supply outlook, premised on what field owners are contracted to sell gas for and price expectations for uncontracted gas at the well-head.
- Inform competition outcomes for both buyers and sellers of wholesale gas commodity, and for the consideration of policy makers.
- Complement other AER reporting on wholesale gas market outcomes.
- Complement reserves and resources information published by AEMO on the Gas Bulletin Board.¹¹
- Inform future AER reporting on reserve price assumptions through on-going analysis and stakeholder feedback.

¹¹ AEMO, [Reserves Resources Reporting and Facility Developments](#), Australian Energy Market Operator, accessed 15 March 2024.

3 Participants provided valuable insights during our consultation

Between December 2023 and March 2024, we engaged individually with 14 gas field owners and gas buyers on the prospective content of this first price assumptions report. We sought feedback on what information market participants would find useful.

In **Appendix A** we have summarised our stakeholder consultation. Participants provided limited direct comment on whether the reporting of price assumptions gave them greater assurance of the size of 2P volumes reported to AEMO. Rather, they focussed on the price information's usefulness as an indicator of future prices. This is understandable, as a full set of volume information and price information has yet to be reported by AEMO and the AER. We plan to re-engage with industry once a full suite of volume and price information has been made publicly available. For now, the key observations from the consultation process are as follows:

- Most participants already source gas supply price information from various sources and had divergent views on the usefulness of further reporting, noting that the AER is required under the National Gas Rules to aggregate data at a high level for its gas reserve price assumption reports.
- Participants that are well-resourced may use the AER's price assumptions report as an additional source of information but are more likely to rely on their existing resources. Participants with limited resources anticipate using the AER's reporting to inform their commercial decision-making, with smaller gas buyers displaying clear interest in the report as a resource for informing contracting decisions.
- Field owners support strong data aggregation to protect confidentiality, whereas buyers support more disaggregated price assumption reporting, including reporting price assumptions by locality.
- Participants generally see merit in an AER price assumptions report that focuses on short and medium-term price outlooks, with some participants noting that price volatility and market interventions have eroded trust in long-term price projections.
- Participants are generally indifferent to the frequency of AER price assumptions reports. There is some interest in 6-monthly reporting to capture changing market dynamics.

As we develop our future gas reserve price assumptions reports, we will continue to engage with participants to ensure our publications provide meaningful insights. We will also engage with government stakeholders to ensure that our on-going reporting provides insights on market outcomes and informs regulatory and policy-making processes.

4 Analysis of contracted and uncontracted gas reserve price assumptions

Our analysis focused on all gas price assumptions underpinning reserves estimates reported during 2023.¹² Field owners reported their contracted and uncontracted price assumptions, at field level, across gas basins on the East Coast (**Error! Reference source not found.**).

Figure 1: Gas basins reported against by field owners



¹² All gas price assumptions reported against a nominated annual reporting date between 15 March 2023 and 31 December 2023 was included in the analysis.

Our analysis aims to provide insights into prices underpinning reserve estimates while maintaining confidentiality

Our analysis aimed to:

- Address key stakeholder feedback in the way gas reserve price assumptions are reported with a particular focus on ensuring aggregation and confidentiality in reporting.
- Provide meaningful insights into the distribution of gas reserve price assumptions for both contracted and uncontracted reserves.
- Provide qualitative information related to the different gas reserve price assumption methodologies used by field owners.
- Provide insights and recommendations for future reporting.

Field owners were required to report their contracted and uncontracted gas reserve price assumptions in real terms based on the first-year price assumption data provided at the field level using our reporting template.^{13,14}

Table 1 lists the number of field owners and the number of fields within each basin for which we received both contracted and uncontracted gas reserve price assumptions.

Table 1: Field owner reporting by basin

Basin	Number of field owners reporting ¹⁵	Number of fields with contracted gas reserve price assumptions	Number of fields with uncontracted gas reserve price assumptions
Amadeus	1	3	3
Bass	2	4	3
Bowen	8	59	52
Cooper/Eromanga	4	433	432
Gippsland	4	73	72
Gunnedah	1	0	1
Otway	3	11	9
Surat	6	79	42
Total	29	662	614

Source: AER analysis using gas reserve price assumptions data.

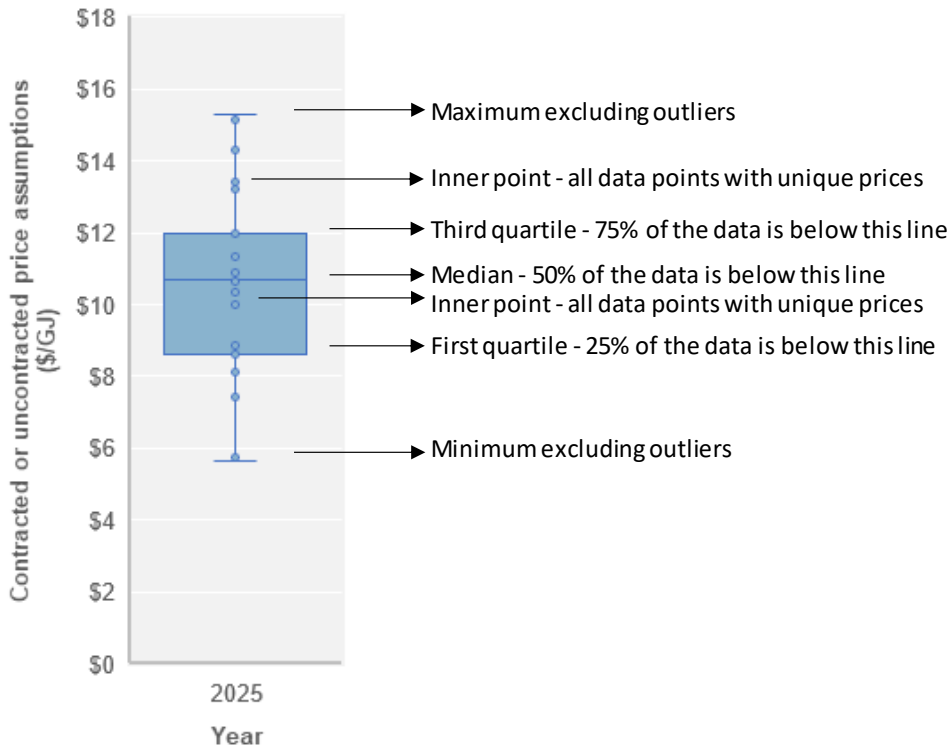
¹³ For example, if a field owner reported price assumptions between 2024 and 2034, they were required to express all future year prices in 2024 real terms.

¹⁴ When submitting price assumptions information to the AER field owners were asked to use the AER's [reporting template](#).

¹⁵ This list of field owners only includes the field owners that have reported price assumptions data to the AER and does not reflect all owners that might have an interest in the different gas fields.

We used box plots to analyse the distribution of the contracted and uncontracted gas reserve price assumptions reported by field owners (Figure 2).

Figure 2: Box plot graph explained



Note: This is an example on how to interpret the box plot graph.

The following methodology was used to aggregate and anonymise the gas reserve price assumptions data for inclusion in box plot graph analysis:

- We included in the box plot analysis each set of unique gas reserve price assumptions data reported for individual fields or group of fields within each basin by each field owner.¹⁶
- We aimed for at least 20 unique sample points per reporting year for that year to be included in the box plot analysis.¹⁷
- All reporting received within a reporting year was grouped by calendar year.¹⁸

Median price near \$10/GJ for contracted gas reserves

Approximately 75% of the contracted gas reserve price assumptions reported from 2024 to 2028 were below \$12/GJ (Figure 3). Some of these price assumptions reflect long-dated historical contract arrangements, including contracts to sell gas both domestically and for LNG export purposes. The

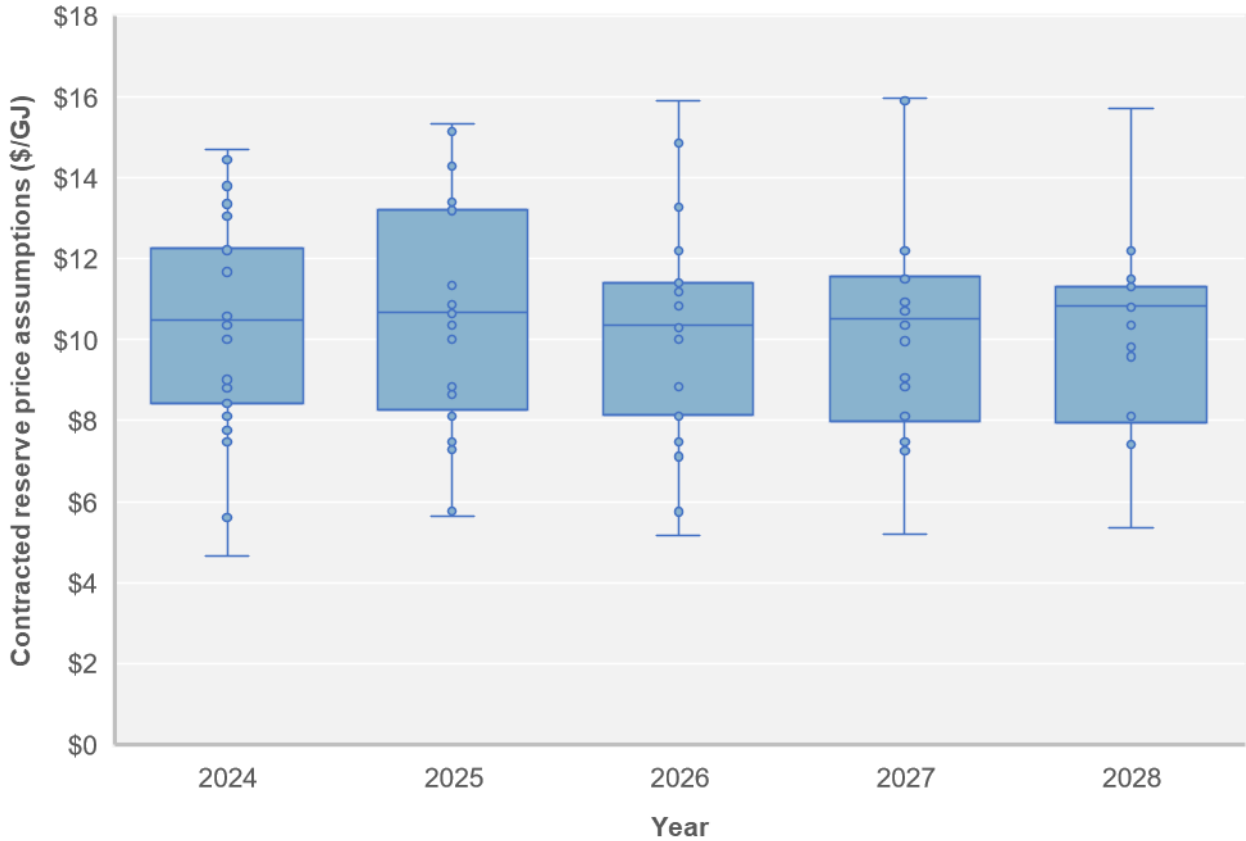
¹⁶ For example, if a field owner reports in the same basin three different sets of price assumptions for different fields there will be three sets of price assumptions data included in the box plot analysis. On the other hand, if a field owner reported the same price assumptions data in two different basins there will be two sets of price assumptions data included in the box plot analysis.

¹⁷ For both contracted and uncontracted price assumptions reported we only had sufficient sample data to report prices for 2024 to 2028.

¹⁸ For example, if reporting was received for a financial year ending 30 June 2023 it was included in the analysis as part of calendar year 2023 reporting.

estimated median price for contracted reserves in 2024 was \$10.47/GJ, with the median range over the 5-year reporting period fluctuating between a low in 2026 of \$10.37/GJ and a high in 2028 of \$10.85/GJ. This is lower compared to the volume weighted average price reported for short-term gas supply contracts in our Q4 2023 wholesale markets quarterly report of between \$13.71/GJ in Q1 2024 and \$15.24/GJ in Q3 2024.¹⁹

Figure 3: Contracted gas reserve price assumptions distribution



Note: Contracted prices reflecting make-up gas arrangements have been excluded from the analysis. Inner points are displayed between the minimum and maximum and represent all the unique prices reported.²⁰

Source: AER analysis using gas reserve price assumptions data.

For the years 2024 and 2025, the data points between the first and third quartiles varied from \$8.27/GJ to \$13.20/GJ. This band narrows slightly from 2026 to 2028, with a spread of \$7.96/GJ to \$11.55/GJ, pointing to a more compact distribution of contracted prices in the later years. The average year-on-year difference between the maximum and minimum contracted gas reserve prices, is close to \$10/GJ.²¹ This spread in contracted gas reserve prices aligns with the \$4.21/GJ to \$13.59/GJ spread between 2022 and 2026, observed previously by the ACCC.²²

¹⁹ AER, [Wholesale markets quarterly Q4 2023](#), Australian Energy Regulator, 20 July 2023.

²⁰ For example, if 5 data points at \$12/GJ were included in the analysis the boxplot will only show one inner point at \$12/GJ.

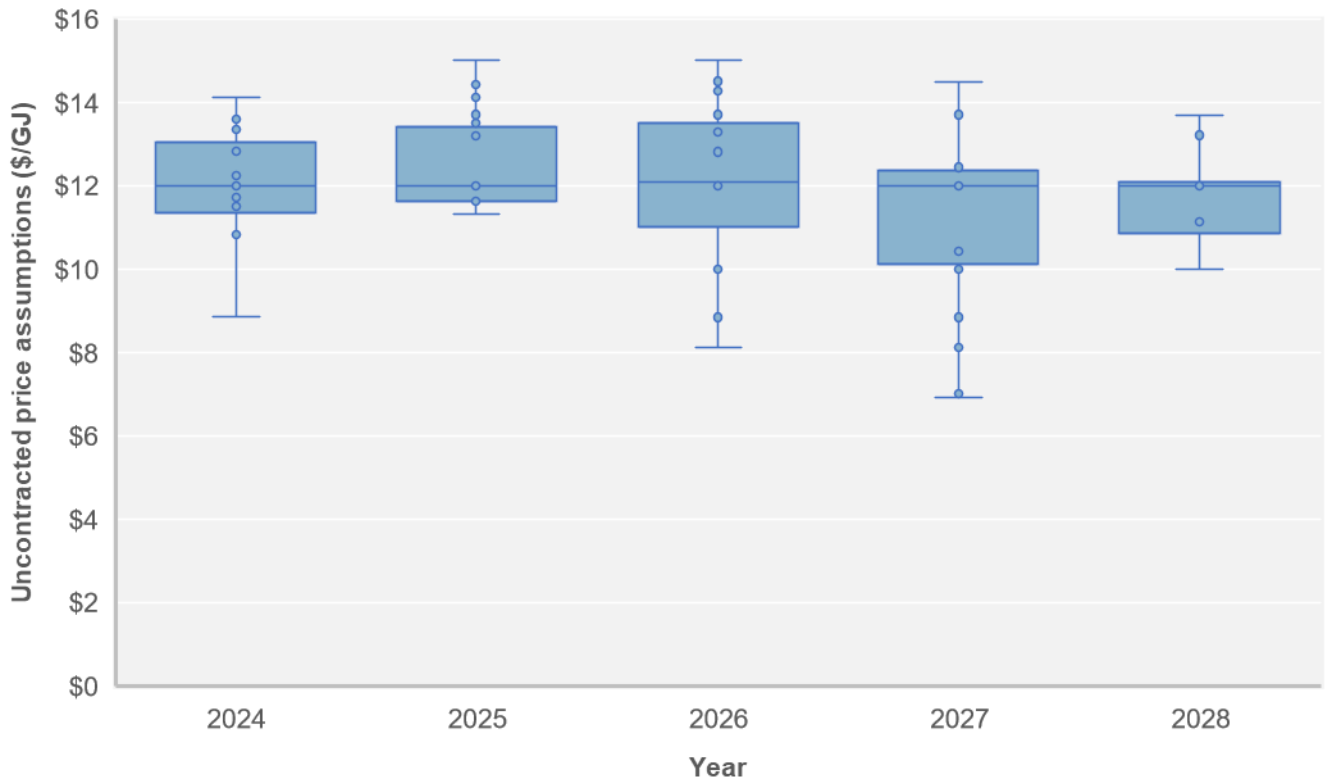
²¹ Sample points regarded as outliers are not included in this analysis.

²² ACCC, [Gas inquiry 2017-2030 interim report](#), Australian Competition and Consumer Commission, p.147, 27 January 2023.

Uncontracted gas reserves price assumptions reflect an expectation for lower prices over the long term

The median uncontracted gas reserve prices over 2024 to 2028 is reported to be \$12/GJ (Figure 4). This price likely reflects the \$12/GJ price cap that was applied under the Emergency Price Order in 2023, and the use of the \$12/GJ price in the reasonable price provisions in the mandatory Gas Code of Conduct.

Figure 4: Uncontracted gas reserve price assumptions distribution



Note: Outliers in the data are not displayed on the box plot. Inner points are displayed between the minimum and maximum and represent all the unique prices reported.²³

Source: AER analysis using gas reserve price assumptions data

Compared to contracted gas reserve prices that had no outliers in the data, there are several data points regarded as outliers below the minimum and above the maximum in the box plot graph.²⁴ When including these outlier data points there is a wider range of price assumptions being reported by gas field owners for uncontracted gas reserves. This is in line with similar observations made by the ACCC in its January 2023 interim report when a price range of \$5.31/GJ to \$28.03/GJ for uncontracted gas reserves was reported for the period 2022 to 2026.²⁵ These outliers generally reflect gas fields that are located far away from the East Coast gas market or gas infrastructure more

²³For example, if 5 data points at \$12/GJ were included in the analysis the boxplot will only show one inner point at \$12/GJ.

²⁴ Outliers are defined as data points that are located outside the maximum and minimum of the box plot graph.

²⁵ ACCC, [Gas inquiry 2017-2030 interim report](#), Australian Competition and Consumer Commission, p.147, 27 January 2023.

generally. We have also observed uncontracted gas reserves prices based on the average spot market prices in 2022, which has resulted in a much higher price assumption.²⁶

Between 2024 and 2026 the data points between the first and third quartile varied between \$11.00/GJ and \$13.49/GJ. For 2027 and 2028, the third quartile decreased to around \$12.35/GJ and \$12.08/GJ respectively, indicating that around 75% of the uncontracted gas reserve prices are below these prices. This may be an indication that field owners over the long-term are currently expecting gas prices to be lower.

In summary, while contracted reserve prices are influenced by a combination of long-term and near-term contracts, uncontracted reserves prices reflect the long-term gas price projection of gas field owners, which can be highly variable. Ultimately, the rule requirement is that the price assumptions fall within an acceptable range of price forecasts used for reserve estimation purposes — and participants have had independently verified the use of range of domestic spot prices, oil prices and global spot prices or a combination of price methodologies.

Uncontracted gas price methodologies are driven by market dynamics

We have observed that gas field owners use a variety of methodologies to prepare their contracted and uncontracted gas reserve price assumptions. Contracted reserve price assumptions typically reflect a volume weighted average price based on existing gas contracts. These contracts often incorporate price escalation mechanisms reflecting the Consumer Price Index and can be linked to the oil price, or a futures index like the JKM.²⁷

Uncontracted gas reserve price assumptions are more reflective of market dynamics and often influenced by a range of factors such as spot market prices, oil prices, regional LNG netback prices, domestic market assumptions, foreign exchange forward curves or a combination of these. The choice of methodology reflects the interplay of market dynamics, regional supply and demand, options open to a gas field owner and the gas field owner's strategic decisions. It has been noted that several field owners have referenced the \$12/GJ reasonable price provisions in the Code as a critical factor in determining a suitable pricing methodology for uncontracted gas reserves. We have observed the price cap has most frequently been applied to uncontracted gas reserves over the short-term (1-3 years).

Changes in price assumptions of uncontracted gas reserves year-on-year can impact the commerciality of these reserves. For example, if lower gas prices are expected in the future, this could result in some reserves being considered not commercially recoverable and classified as a contingent resource, rather than reserves. The impact of changes in uncontracted price assumptions on the reserve estimates of field owners over time is something we will consider exploring in future reports.

²⁶ In 2022 spot market gas prices were highly volatile reaching record prices during the winter months. The average East Coast gas prices varied between a low of \$8.76/GJ in January 2022 to a high of \$40.93/GJ in July 2022.

²⁷ JKM is the Northeast Asian spot price index for LNG delivered ex-ship to Japan, South Korea, China and Taiwan, assessed by S&P Global Platts

5 We continue to monitor and facilitate compliance

The AER sets annual compliance and enforcement priorities to guide its enforcement work. The new Gas Market Transparency Measures have been established as one of five AER compliance and enforcement priority areas for the 2023-24 year (Figure 5).²⁸

Figure 5: Compliance with gas transparency reform



Although this priority extends to all new reporting requirements under the Gas Transparency Measures, we have focused on significant areas of new reporting, which includes reserves and resources reporting by gas field owners.

Our compliance observations

Since commencement of the *National Gas Amendment (Market Transparency) Rule 2022*, we have identified and responded to potential non-compliances across various rule requirements pertaining to reserves and resources reporting. We have also observed divergent degrees of compliance preparedness among gas field owners. Some key observations are outlined here:

- **Non-compliance with registration requirements:** Several gas field owners did not register with AEMO for Gas Bulletin Board reporting by the 1 December 2022 deadline. In these cases, we referred the participants to the AER's process for submitting self-reports on potential non-compliance.²⁹ All known entities, eligible for reporting as gas field owners, are now registered with AEMO.
- **Non-compliance with reporting requirements:** Following the commencement of reporting on 15 March 2023, some gas field owners failed to submit the required information to AEMO and/or the AER within 40 business days of their nominated annual reporting date. Some gas field owners have also submitted incorrect data. The AER has been working to ensure that all gas field owners have submitted the required information and corrected any data errors. Gas field owners have been encouraged to self-report any potential non-compliance to the AER.
- **Compliance preparation prior to reporting commencement:** We observed varying levels of participant engagement with the Gas Transparency Measures prior to implementation. This included limited engagement by some gas field owners that were required to report to the Gas Bulletin Board for the first time. Through 2023, the AER was still fielding some queries on how to report, that indicated limited engagement with reporting guidance already circulated by the AER.
- **Reporting by small field interest holders:** Some small gas field interest owners, which do not have a field operations role, have questioned their need to report reserves and resources information to AEMO and reserve price assumptions to the AER. Such owners are only exempt from reporting if they are eligible to register with AEMO as part of a field owner group under rule

²⁸ [AER Compliance and Enforcement Priorities 2023-24](#)

²⁹ [Guidance Note – Submitting wholesale energy self-reports to the AER](#)

151(3) of the National Gas Rules. Field owner groups can be formed among closely related entities and parties engaged in the joint marketing of natural gas.

- **Reporting to AER versus reporting to AEMO:** Some gas field owner confusion has persisted around which market body to submit information to. Submission requirements are set out in the AER's *Guidance Note on Reserves and Resources Reporting by Gas Field Owners*.³⁰ We emphasise that gas field owners are required to submit:
 - to AEMO, field interest details and reserves and resources information (refer to template in AEMO's Gas Bulletin Board Field Interest Registration form³¹); and
 - to the AER, gas reserve price assumptions.

Our compliance publications inform field owners on our reporting expectations

The AER's *Guidance Note on Reserves and Resources Reporting by Gas Field Owners* outlines the AER's compliance expectations when gas field owners report reserves and resources information to AEMO and the AER.³² The Guidance Note outlines how gas field owners should report gas reserve price assumptions to the AER. It also outlines AER expectations on the content of verifications statements (on price forecasts for uncontracted reserves) submitted to the AER.

We strongly recommend that gas field owners consult the AER *Guidance Note on Reserves and Resources Reporting by Gas Field Owners* to understand their reporting obligations and the AER's compliance expectations. We will continue to update the guidance note, informed by our monitoring of gas field owner compliance and feedback from gas market participants.

Alongside the Guidance Note, we have published our Reserves Reporting Template for the submission of gas reserve price assumptions to the AER.³³ We will also continue to update the template to provide clear guidance to gas field owners on how it should be completed.

In February 2023, we also published a compliance bulletin on reporting under the Gas Transparency Measures.³⁴ This publication outlines reporting obligations for all entities engaged in gas market activities under the National Gas Rules and the *National Gas Amendment (Market Transparency) Rule 2022*. Gas transparency reform has extended participant reporting to capture other areas of gas market activity, including short-term commodity transactions and large-user consumption.

We will continue to monitor for compliance

Reserves and resources reporting requirements have now been in place for one year and all gas field owners have submitted their annual data to AEMO and the AER at least once. The AER has been responding to potential non-compliance, understanding that Bulletin Board reporting entities have been going through a period of implementation and some entities have commenced reporting to the Bulletin Board for the first time. Looking forward, the AER will assess gas field owner reporting

³⁰ AER, [Guidance Note on Reserves and Resources Reporting by Gas Field Owners, Australian Energy Regulator, 29 June 2023](#)

³¹ AEMO, [Gas Bulletin Board Field Interest Registration](#), Australian Energy Market Operator, accessed 15 March 2024.

³² AER, [Guidance Note on Reserves and Resources Reporting by Gas Field Owners, Australian Energy Regulator, 29 June 2023](#)

³³ AER, [Reserves Reporting Template, Australian Energy Regulator, 29 June 2023](#)

³⁴ AER, [Compliance Bulletin – Gas Transparency Measures \(reporting\), Australian Energy Regulator, 17 February 2023](#)

with the expectation that reporting requirements are now understood and that field owners have the benefit of having previously reported.

The AER is looking to ensure that the data published through participant reserves and resources reporting has integrity and provides a reliable and valuable source of information for gas market participants, as well as other market observers such as regulators and policy makers. The data will continue to inform the AER's price assumptions reporting and we will be looking to further develop our reporting, informed by our analysis and consultations with stakeholders.

AER contact details

The AER encourages a strong market participant compliance culture, including self-reporting of potential non-compliance. Gas market participants, looking to self-report, can do so via this [link](#).³⁵

AER staff are available to respond to queries on compliance and other reporting issues. Staff are also interested in receiving feedback on this gas reserve price assumptions report and the make-up of future reports. A stakeholder consultation questionnaire can be forwarded to interested parties on request.

Queries and feedback can be directed to AERGasMarketsBB@AER.gov.au.

³⁵ [AER, AER Guidance note - Submitting wholesale energy self-reports to the AER, Australian Energy Regulator, 23 February 2022](#)

6 Our focus over the next 12 months and future reporting options

During 2024, the AER will focus on the quality of reported reserves and resources data and the consolidation of that data in AEMO's Gas Bulletin Board database. We will also work to ensure compliance with approaching deadlines for the next annual submissions from gas field owners. Approximately half of all gas field owners have nominated financial year reporting.

We will also consider content that can enhance future AER reports on gas reserve price assumptions. This may include content in the following areas:

- **Reporting reserve price assumptions at a more localised level:** This may provide useful information for gas buyers in terms of the location of gas reserves proximate to transportation and markets. In implementing a more localised approach to price assumptions reporting, the AER will remain cognisant of its obligation to aggregate and anonymise prices. This may be achieved by publishing price assumptions at basin level or by geographical area, such as the aggregation of prices across northern and southern basins.
- **Provide more detailed information on the methodologies used to establish reserve price assumptions:** Gas field owners are required to submit methodology descriptions to the AER, including any price escalation mechanisms used. This information could be outlined in future reports for contracted and uncontracted reserves, potentially within the context of geographical area and/or reporting years.
- **Comparative analysis of gas reserve price assumptions reported from year-to-year:** Beyond the publication of this first gas reserve price assumptions report, the AER will be positioned to provide commentary and analysis on changes to reported price assumptions from previous years. This includes amendments to reserve volumes reported to AEMO due to changes in underlying price assumptions.
- **Complementing other AER publications:** We will consider incorporating gas reserve price assumptions into other AER publications and alongside other information reported by market participants under the gas transparency reforms. In December 2023, the AER published a short-term transaction report containing insights into the short-term bilateral gas supply and swap transactions reported to the Gas Bulletin Board.³⁶ Comparative analysis, for example, on the price of short-term commodity transactions and the price assumptions used to estimate gas reserves may provide valuable insights on the cost of gas across upstream supply chains.

The AER anticipates publishing its next gas reserve price assumptions report in Q1 2025. We will also consider publishing a gas reserve price assumptions update following the receipt of 2023-24 financial year price assumptions from gas field owners. We welcome feedback from interested parties on the content of future AER price assumptions reports and direct readers to the AER contact details provided in this publication.

³⁶ [Wholesale gas short term transaction reporting – December 2023](#)

Appendix A – Stakeholder feedback summary

	Gas field owners (producers)	Gas buyers
1. Source of price information	Both gas field owners and gas buyers obtain gas price information from a variety of sources such as domestic forward curve data, LNG netback prices, spot market price and industry reports. Some field owners indicate that they conduct their own financial modelling and forecasting.	
2. The usefulness of the Report	See limited use for the Report in their operations but acknowledge that it could serve as a reference point. They rely more on their own sources of information to inform their strategies.	Consider the Report is a useful tool to guide their contracting decisions. However, its value to buyers depends on the depth and relevance of the information provided, with preference for detailed and actionable insights in areas such as reserve volumes, contract specifics and marginal cost of production.
3. Contents of the Report	<ul style="list-style-type: none"> Concern on commercial confidentiality and the potential for price assumption information to be traced back to specific fields or basins. Therefore, prefer more aggregated data to avoid revealing sensitive information. There may be value in making comparisons to LNG netback & spot market prices in the Report. Mixed views on whether to report price methodologies used by gas field owners to prepare price assumptions. Some do not see the value and others see value in publishing this information for educational purposes. 	<ul style="list-style-type: none"> There is a trend toward focus on short-term price information due to recent price caps affecting price curves and a sector disinclination to use long-term foundational contracts. The uncertainty in the market beyond the immediate future leads buyers to concentrate on the short to medium-term outlook. Appreciate the value of having different price methodologies reported, as it contributes to a more comprehensive understanding of the market, informing commercial decisions. Stress the usefulness of the ACCC LNG netback series as a benchmark and emphasise the need for data that is rich in detail to make informed purchasing and investment decisions.

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<p>4. Report Presentation</p>	<ul style="list-style-type: none"> • Prefer the presentation of price assumptions to be done in a way that ensures confidentiality and does not reveal individual company data. • Suggest avoiding basin-level reporting and prefer regional or more generalized data aggregation. 	<ul style="list-style-type: none"> • Interested in seeing price assumptions presented in a more disaggregated and detailed manner that provides insights into the factors driving price variations. • Favour a breakdown of price assumptions by region or basin to account for local market conditions.
<p>Both parties suggest the inclusion of commentary that helps gives context to price data, such as commentary on market dynamics, policy change and any other factors that may influence reserve price assumptions.</p>		
<p>5. Timeframe focus of AER Report</p>	<p>There is a preference for the Report to focus on a combination of short-term and medium-term price assumptions, reflecting the most valuable and reliable information horizon</p>	
<p>6. Publication Frequency</p>	<p>Support the AER reporting in every 12 months.</p>	<p>Mixed views on reporting at 6-monthly or 12-monthly intervals. Those supporting 6-monthly reporting note that the quality of the data and market circumstances may change over the timeframe, making comparisons across 6-monthly reports more meaningful.</p>