Wholesale gas reserves price assumption report:

Insights into the gas reserves price assumptions reported to the AER covering calendar year 2025

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AUSTRALIAN ENERGY REGULATOR

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1 Executive summary

This is the third report by the Australian Energy Regulator (AER) on price assumptions used by field owners to prepare their annual gas field reserves estimates. The AER is required to report on these prices assumptions at least annually under Part 17 of the National Gas Rules (NGR), following the introduction of the *National Gas Amendment (Market Transparency) Rule 2022*. Simultaneously to the submission of their field level reserves price assumptions to the AER, Bulletin Board (BB) reporting entities have been required to submit reserves and resources information to AEMO.

This report examines the contracted prices and uncontracted gas reserves price assumptions reported to the AER for the 2025 calendar year to increase transparency on the prices used to establish East Coast gas reserves estimates.[1]

The data for this analysis incorporates field owners' assumptions and estimates in 2025 which pre-date the 2026 Middle East conflict. As such while, some contracted and uncontracted reserves price estimates are formed based on assumptions of future global gas and oil prices the effect of any recent changes to those prices will not be reflected in this report.

Key findings

- Contracted reserves price distributions shifted lower with a year-on-year price decrease of around 7%. The median contracted reserves price for 2026 was $11.07 per GJ and the medians ranged from $10.25 per GJ to $11.07 per GJ for the period from 2025 to 2029. [2]
- Uncontracted gas reserves price assumptions increased year-on-year with a median price range between $12.03 per GJ and $12.72 per GJ across the 5-year window and the trimmed mean showing slight growth at around 1%.[3] We observed a notable narrowing of the spread of price distributions particularly for 2026, possibly indicating a more consistent forward view on future gas prices at the time of reporting.
- For uncontracted gas reserves price assumptions, we also observed:
    - the average price for southern basins is generally higher than northern basins, likely attributable to competitive pricing based on forecast supply gaps plus pipeline transportation costs; and
    - the size of the north-south price differential decreased markedly from last year, by 74% on average, and is only notable from 2028 on where it increases from $1.24 per GJ to $2.45 per GJ in 2030. [4]

[1] The reserves and reporting report context is discussed in more detail in *Appendix B*.
[2] The contracted reserves price analysis is discussed in more detail in *Chapter 2*, p 3.
[3] The uncontracted reserves price analysis is discussed in more detail in *Chapter 2*, p 4.
[4] The location-based analysis is discussed in more detail in *Chapter 2*, p 5.

2 Analysis of gas reserves price assumptions

Our analysis focuses on all gas price assumptions underpinning reserves estimates reported during 2025.[5] Field owners submitted their contracted and uncontracted price assumptions, at field level, across gas basins on the East Coast (Figure 1). For an explanation of how these prices were aggregated and analyses refer to Appendix A: Our analysis methodology.

Figure 1: Basins reported against by field owners

Notes: Northern basins include the Bowen, Surat, Eromanga/Cooper and Amadeus basins. Southern basins include the Bass, Otway, Gippsland and Gunnedah basins.

[5] All gas price assumptions reported against a nominated annual reporting date between 1 January 2025, and 31 December 2025 were included in the analysis.

2.1 Prices for contracted gas reserves

Contracted reserves price distributions shift lower

On average, median prices decreased approximately $0.30 per GJ from the values reported last year (Figure 2, see the shift in position of the horizontal line in the centre of each box between the 2024 and 2025 data). This decrease is slightly larger than the $0.10 per GJ change recorded last year for the median contracted prices from 2024 compared to 2023. A similar trend emerges if the trimmed mean for the 2025 collection is compared to the 2024 data. Here a reduction of contracted prices by around 7% is observed, with price decreases growing over the future years from 3% to 9% by 2029.[6]

Contracted price assumptions typically reflect a volume weighted average price based on existing gas contracts and include both long term and near-term contracts. These contracts often incorporate price escalation mechanisms reflecting the Consumer Price Index and can be linked to oil prices, or to international indices like the JKM.[7] As such movements in these price assumptions reflect both the conclusion of contracts, the introduction of new contracts and changes to any internationally linked markets. While average annual inflation in Australia for 2025 showed close to 4% growth, international LNG prices like the JKM saw reductions in prices compared to 2024 both for 2025 realised prices and those projected for 2026 at the time of reporting.[8] At field level, this results in large price variations with year-on-year price changes ranging from -14% to 22% observed.

Figure 2: Contracted gas reserves price assumptions distribution

Notes: 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.[9]
Contracted price assumptions data for 2024 were only reported for 2025 to 2029.
Source: AER analysis using gas reserves price assumptions data.

[6] The trimmed mean was determined by averaging the middle 50% of data. It is the focuses on the unique prices that fall within the box in the box-and-whisker plot, thereby removing the effect of outliers on the calculation.
[7] 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.
[8] For 2025 12 field owners had a reporting date of 30 June, 9 had 31 December and 1 had another date.
[9] For example, if 5 data points at $12 per GJ were in the analysis the plot will only show one point at $12 per GJ.

The estimated median price for contracted reserves in 2026 was $11.07 per GJ, with the medians for the 5-year reporting period ranging between $10.25 per GJ and $11.07 per GJ. These medians are lower than the volume weighted average prices ($13.75 per GJ for 2026, $13.33 per GJ for 2025) reported for short-term gas supply contracts.[10]

The interquartile range (IQR, represented by the box on the graph) is similar to last year with 50% of prices falling within a band that varies by $3.40 per GJ on average. The full range of data (represented by the whiskers) averages approximately $8.47 per GJ, slightly larger than last year.[11] Focusing just on 2026 though, there is notable increase to both the IQR and range. This variability in 2026 likely highlights the current trend for the striking of shorter, near-term contracts resulting in more movement in these contracted values.[12]

2.2 Prices for uncontracted gas reserves

Spread of uncontracted gas reserves price distributions narrows

The most notable feature of the uncontracted price distribution (Figure 3) is the reduction in the spread of price assumptions. Apart from 2027 where the spread was already smaller than other years, both the IQR (box height) and the range of price assumptions (whisker length) for future years narrowed by as much as 64%. At the time of reporting, this may have implied field owners had a more consistent expectation on future gas prices. This decreased spread is most notable in the near term for the 2026 uncontracted price assumptions.

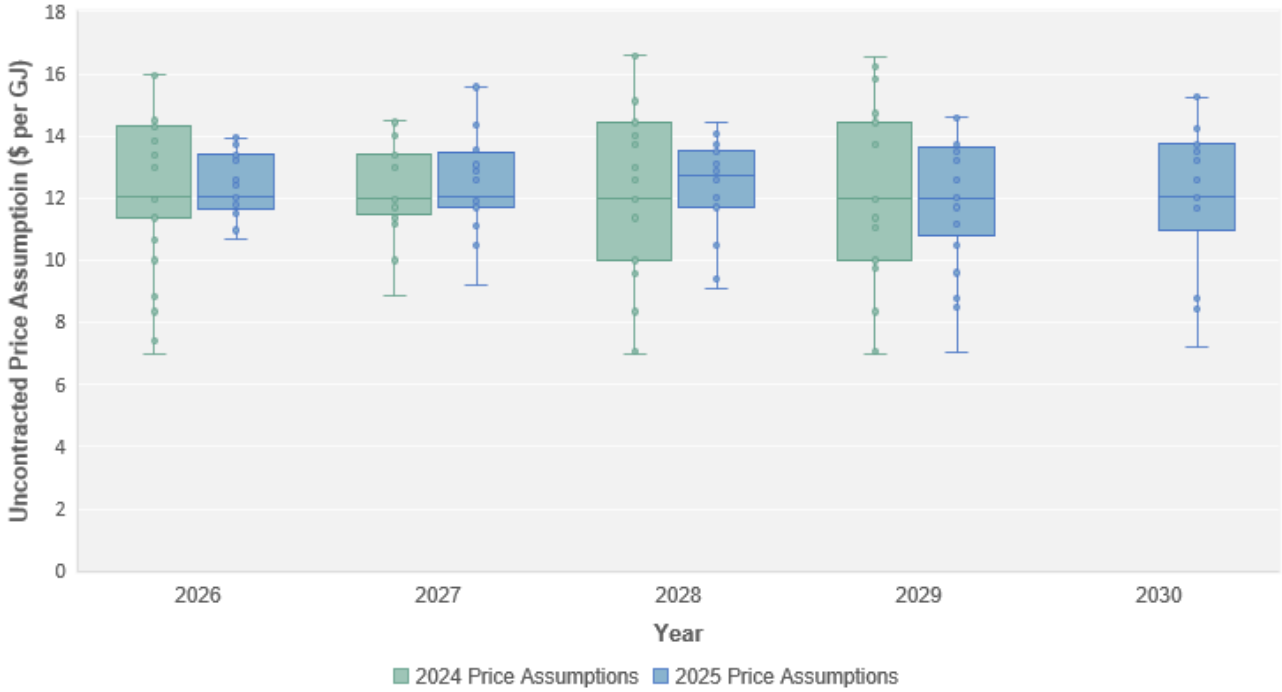
The median uncontracted gas reserves price for 2026 has increased from last year with figures ranging from $12.03 per GJ to $12.72 per GJ across the 5-year window (Figure 3).

For the previous 2 reporting years (2023 and 2024) the median uncontracted prices were $12 per GJ across most forward years, appearing to reflect the use of a $12 per GJ reasonable price provision in the mandatory Gas Market Code.[13]

In line with the increases to some median values, the trimmed mean of uncontracted price assumptions (which approximates the box location in Figure 3) has also shifted slightly upward. This average 1% increase contrasts with the downward movement (7% on average) observed for contracted price assumptions.

[10] The volume weighted average prices relates to short-term transactions reported to the Gas Bulletin Board for contracts up to and including a year in length reported by 31 December 2025.
[11] Sample points regarded as outliers are not included in this analysis. Outliers are defined as data points that are located outside the maximum and minimum displayed in the box and whisker plot.
[12] AER, Wholesale markets quarterly - Q2 2025,Australian Energy Regulator, July 2025; AER, Wholesale gas market focus report: Downstream spot markets, Australian Energy Regulator, May 2025; ACCC, Gas Inquiry 2017 – 2030, December 2025 interim report, Australian Competition and Consumer Commission, Dec 2025, accessed 17 March 2026.
[13] ACCC, Gas Market Code, Australian Competition and Consumer Commission, accessed 17 March 2025.

Figure 3: Uncontracted gas reserves price assumptions distribution



Notes: Outliers in the data are not displayed on the box and whisker plot. Inner points are displayed between the minimum and maximum and represent all the unique prices reported.
Uncontracted price assumptions data for 2024 were only reported for 2025 to 2029.
Source: AER analysis using gas reserves price assumptions data

Whereas contracted reserves prices are influenced by a combination of long-term and near-term contracts, uncontracted reserves prices reflect the long-term gas price view of field owners, which can be highly variable. Uncontracted gas reserves price assumptions better reflect market dynamics and are often influenced by 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, the field owner's available options and their strategic decisions.[14]

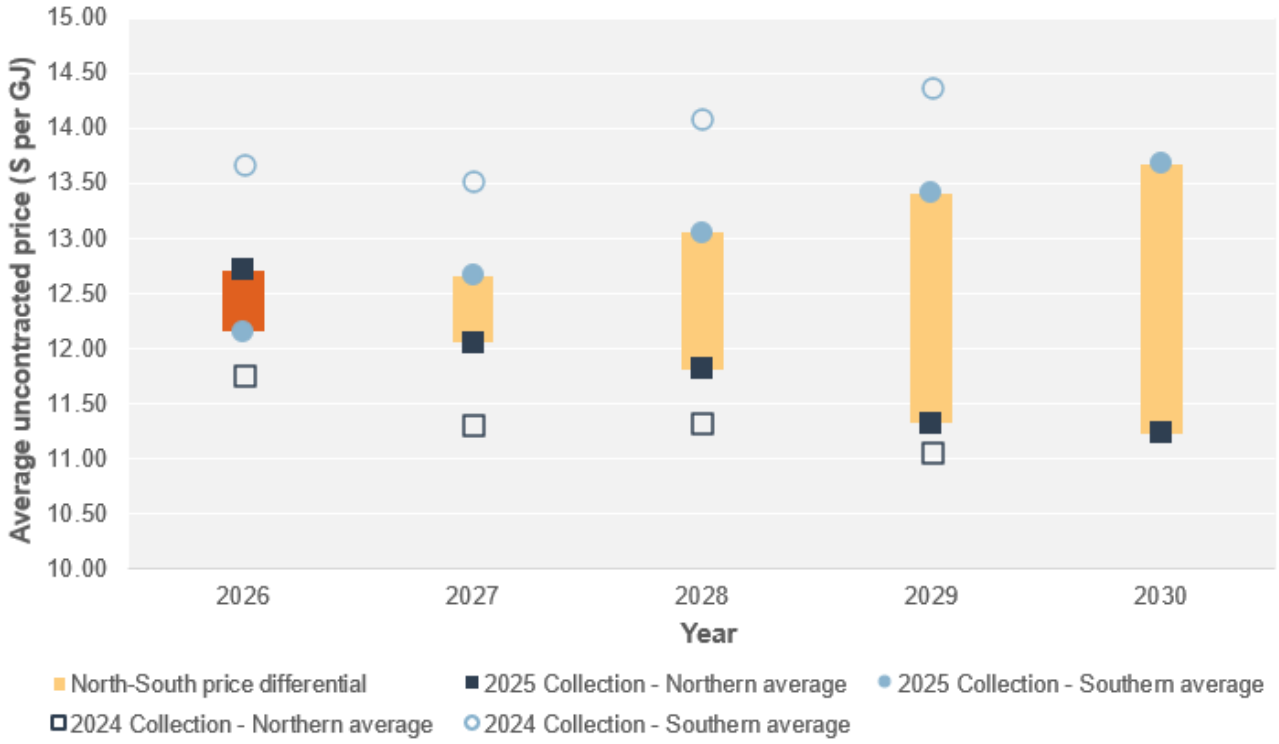
Changes in price assumptions of uncontracted gas reserves year-on-year can impact the commerciality of those reserves. For example, if lower gas prices are expected in the future, this could result in some reserves being considered commercially unrecoverable and classified as a contingent resource, rather than as reserves. The impact of changes in uncontracted price assumptions on the reserves estimates of field owners over time is something we will continue to explore as part of our monitoring function.

Location based analysis of uncontracted prices shows a narrowing of the north-south price differential

Further analysis of the distribution in uncontracted price assumptions investigates different price assumptions reported for northern versus southern basins (Figure 4).

[14] When reporting uncontracted gas price assumptions to the AER, the price assumptions must fall within an acceptable range of price forecasts used for reserves estimation purposes and participants must have independently verified the use of a range domestic spot prices, oil prices and global spot prices or a combination of price methodologies.

Figure 4: Average uncontracted gas reserves price assumptions by basin location



Notes: Northern basins include the Bowen, Surat, Cooper–Eromanga and Amadeus basins. Southern basins to include the Bass, Otway, Gippsland and Gunnedah basins.
Uncontracted price assumptions data for the 2024 collection were only reported for 2025 to 2029.
The North-South price differential for 2025 is the opposite direction to other years with the Northern price estimates being larger than Southern prices. This is indicated as a different colour on the graph.
Source: AER analysis using gas reserves price assumptions data

In last year's report it was noted that the average uncontracted price assumption for northern basins was consistently lower than that for southern ones with an increasing north–south price differential across the 5-year period (hollow points in Figure 4). For 2025 price assumptions this generally remained true. However, given the narrowing of forward price expectations previously noted, the north-south differential also saw a marked reduction. Decreases of between $1.23 per GJ to $2.47 per GJ from last year were observed. This equates to an average reduction of 74% from last year's reported price differential.

The closing gap between north and south is particularly evident in 2026 where movements in price assumptions were so marked that average northern prices exceed those from southern basins. However, the price differential for 2026 and 2027 is small enough to be explained by typical variability in the data rather than basin location. From 2028 on, as the price differential widens, this difference once again becomes noteworthy with Southern basin price assumptions exceeding those in the north by as much as $2.45 per GJ by 2030. Any changes to the northern average largely relate to price assumptions reported for the Bowen and Surat basins where most reporting field owners hold interests (Table 1).

The higher uncontracted gas price assumptions in the south may reflect the transportation cost for moving gas to the south given increasing reliance on northern gas to meet southern demand. Firm pipeline transportation contracts with 1 to 3 year minimum contract lengths to move gas from Wallumbilla to Culcairn or Wilton vary between $2.45 per GJ and $3.30 per GJ.[15] As AEMO noted in the 2026 Gas Statement of Opportunities (GSOO) there are potential seasonal supply gaps from 2029 with annual shortfalls in the south anticipated from 2030 onwards, extended 1 year from the

[15] APA. Tariffs and terms, APA Group, accessed 26 March 2026.

previous GSOO.[16] As such, southern pricing estimates would be based on a competitive estimate of northern supply prices based on forecast supply gaps plus pipeline transportation costs to the south.

[16] AEMO, 2026 Gas Statement of Opportunities, Australian Energy Market Operator, accessed 26 March 2026.

Appendix A: Our analysis methodology

Our analysis methodology aims to balance insights with confidentiality

Through our analysis we seek to:

- aggregate and report reserves price assumptions in a manner that ensures confidentiality.
- provide meaningful insights into the distribution of gas reserves price assumptions for both contracted and uncontracted reserves.
- provide qualitative information related to the different gas reserves price assumption methodologies used by field owners.
- provide insights into factors driving changes in the gas reserves price assumptions being reported year on year.

Field owners were required to report their contracted and uncontracted gas reserves price assumptions in real terms, based on the first-year price assumption data provided at the field level using our reporting template.[17]

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

Table 1: Field owners reporting by basin

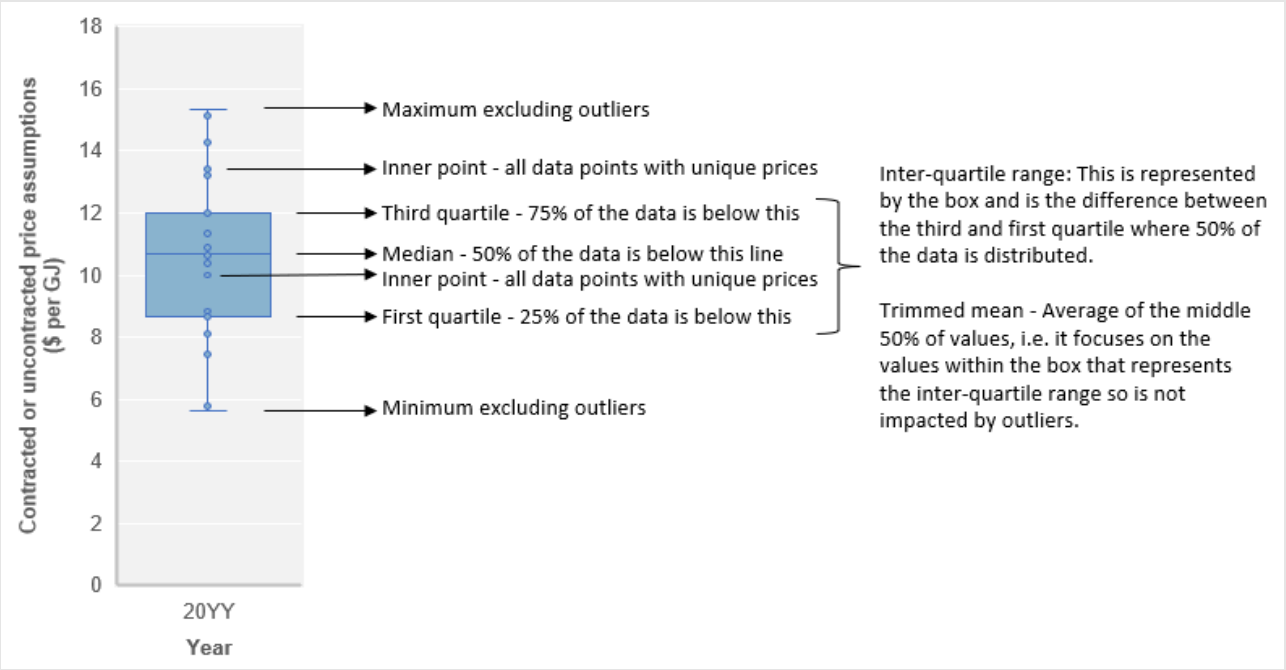
Basin	Number of field owners reporting[18]	Number of field interests with	
		contracted gas reserves price assumptions	uncontracted gas reserves price assumptions
Amadeus	1	3	3
Bass	1	1	3
Bowen	12	104	99
Cooper/Eromanga	4	438	448
Gippsland	4	60	60
Gunnedah	1	0	2
Otway	2	7	11
Surat	7	107	74
Total	**22**[19]	**720**	**700**

Notes: For 2025 12 field owners had a reporting date of 30 June, 9 had 31 December and 1 had another date.
Source: AER analysis using gas reserves price assumptions data.

[17] For example, if a field owner reported price assumptions between 2025 and 2030, they were required to express all future year prices in 2025 real terms. When submitting price assumptions information to the AER field owners use the AER's reporting template.
[18] This list of field owners only includes those 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.
[19] Across all the basins this is the unique number of field owners who reported gas price assumptions to the AER. Some may be represented in multiple basins.

We used box plots to analyse and represent the distribution of the contracted and uncontracted gas reserves price assumptions reported by field owners (Box 1).

Box 1: Box and whisker plot explained



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

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

- we included in the box and whisker plot analysis each set of unique gas reserves price assumptions data reported for individual fields or group of fields within each basin by each field owner.[20]
- we aimed for at least 20 unique sample points per calendar year for that year to be included in the box and whisker plot analysis.
- all reports received within a reporting year were grouped by calendar year.[21]

The following methodology was used to aggregate and anonymise the gas reserves price assumptions data for inclusion in the location-based analysis:

- Basins were grouped into a northern or a southern region relative to the Queensland–New South Wales border.
  - Northern basins include the Bowen, Surat, Cooper–Eromanga and Amadeus basins.
  - Southern basins include the Bass, Otway, Gippsland and Gunnedah basins.
- We calculated an average for northern and southern prices and a price differential between them. The average was chosen as the metric rather than the median in this analysis to maximise price anonymity.

[20] For example, if a field owner reports in the same basin 3 different sets of price assumptions for different fields there will be 3 sets of price assumptions data included in the box and whisker plot analysis. On the other hand, if a field owner reported the same price assumptions data in 2 different basins there will be 2 sets of price assumptions data included in the box and whisker plot analysis.

[21] For example, if reporting was received for a financial year ending 30 June in a given year it was included in the analysis as part of calendar year reporting for that same year.

Appendix B: Reserves and resources reporting context

B1 - Reform vision to enhance gas market transparency

The *National Gas Amendment (Market Transparency) Rule 2022* was made on 23 June 2022,[22] and through a staged commencement, gave effect to a package of gas transparency measures endorsed by Australian Energy Ministers.[23] These reforms introduced requirements for field owners to report reserves and resources data to AEMO and the AER annually.

The reserves and resource reporting by field owners 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 transparent view of the gas supply outlook.[24] 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.'*[25]

B2 - Reporting requirements for field owners

Since 15 March 2023, *Bulletin Board (BB) reporting entities* have been required to submit reserves and resources information annually to AEMO, within 40 business days of the reporting date (*the reserves reporting year*) nominated by themselves at registration and simultaneously submit their reserves price assumptions to the AER at field level. In practice, the only BB reporting entities submitting reserves and resources information to the AER and AEMO are field owners.

Field owners are required to prepare information in accordance with the Petroleum Resources Management System (PRMS) developed by the Society of Petroleum Engineers (see Appendix C)[26] and submit their reserves and resources information to AEMO for all gas fields where there is:

- 1P reserve, meaning proved reserves;
- 2P reserve, meaning the sum of proved and probable reserves; or
- 3P reserve, meaning sum of proved, probable and possible reserves or;
- 2C resources meaning best estimate of contingent resources.

This includes the reporting of anticipated changes in 2P reserve volumes, ensuing from a 10 percent change up or down in the price assumptions underpinning the estimates.

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[22] National Gas Amendment (Market Transparency) Rule 2022, 23 June 2022.
[23] Measures to Improve Transparency in the Gas Market - Decision, COAG Energy Council, 24 March 2020.
[24] Measures to Improve Transparency in the Gas Market - regulation impact statement for decision, COAG Energy Council, p 54, 24 March 2020.
[25] https://www.energy.gov.au/energy-and-climate-change-ministerial-council/working-groups/gas-working-group/gas
[26] SPE, Petroleum Reserves and Resources Definitions, Society of Petroleum Engineers, accessed 15 March 2024.

It also includes commentary on the barriers to commercial recovery of contingent resources. AEMO publishes this information on the GBB.[27]

Gas price assumptions must be reported to the AER for both contracted and uncontracted reserves and must be verified by an independent qualified gas industry professional.

B3 - The AER's reporting role

The policy rationale for the AER's reporting role was that transparency of gas price assumptions imposes discipline on producers to adopt reasonable assumptions when estimating their gas reserves. This is intended to provide market participants and policymakers with confidence in the reserves estimates published on the GBB.[28]

In producing this report, the AER is fulfilling its statutory obligation to publish information on gas reserves 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 the contracted prices and price forecasts for uncontracted gas reported by field owners.
- Complement the AER's reporting on wholesale gas market outcomes.
- Complement reserves and resources information published by AEMO on the GBB.
- Inform future reporting on reserves price assumptions through ongoing analysis and stakeholder feedback.

B4 - The AER's compliance role

The AER plays an essential role in overseeing market participant adherence to the requirements of the reserves and resources reporting framework:

- We monitor field owner compliance with reserves and resources reporting requirements. This includes ensuring reporting meets defined criteria and is timely, as well as providing guidance to industry on how to report.
- We are required to report on gas reserves price assumptions whilst protecting commercial confidentiality by aggregating and anonymising the data in our reports.
- Under the NGR, we can direct 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 meets defined criteria and that the reserves price assumptions provided to the AER correctly underpin the gas reserves volumes reported to the Gas Bulletin Board.
- Under the NGR, we receive and assess statements from independent *qualified gas industry professionals*, verifying that gas reserves price assumptions submitted to the AER by 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 reserves estimates.
  - our reporting on gas reserves price assumptions has integrity and provides reliable information for gas market participants, including gas buyers.

[27] AEMO, Reserves Resources Reporting and Facility Developments, Australian Energy Market Operator, accessed 18 March 2025

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

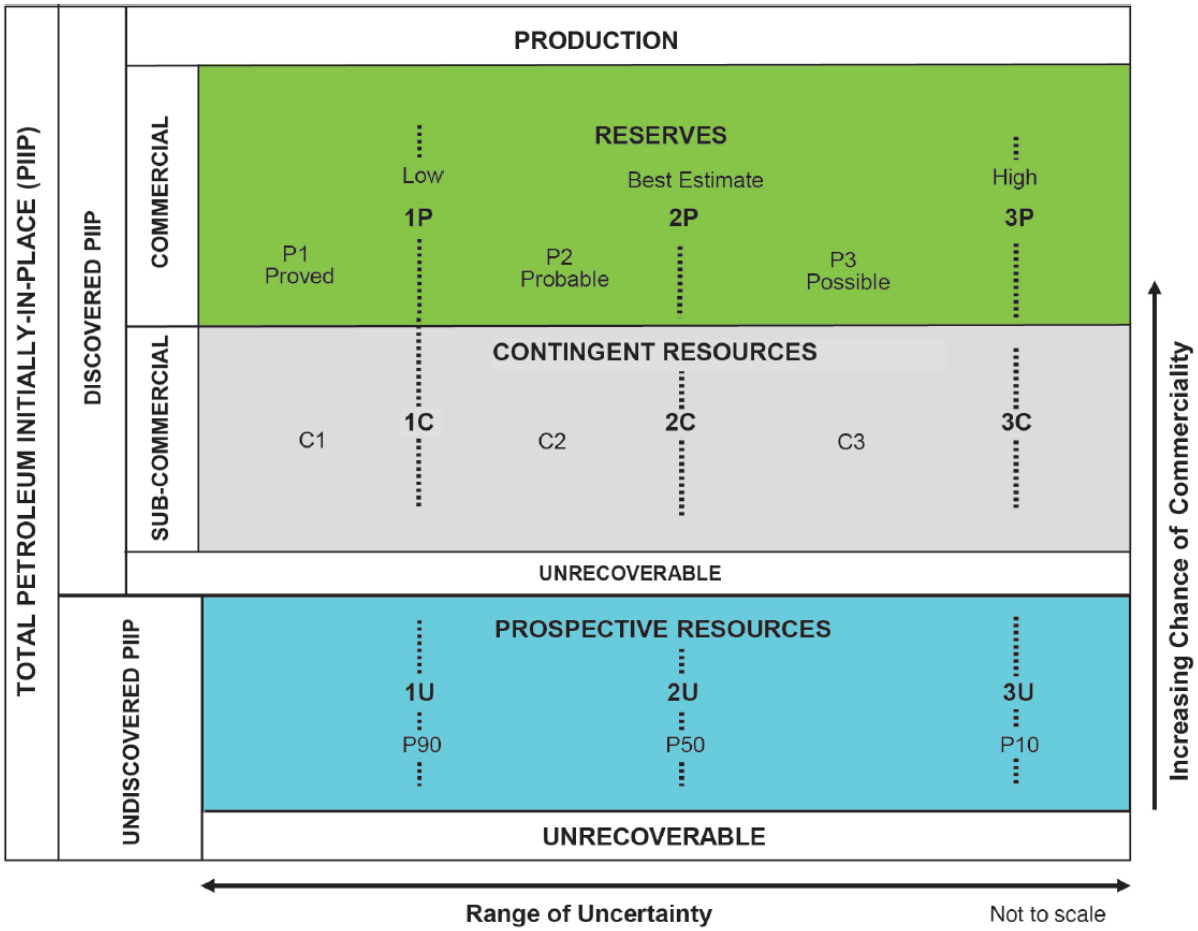
Appendix C: PRMS reserves and resources classification system

The PRMS is a widely recognised framework used for classifying and reporting oil and gas resources and forms the framework in the NGR against which field owners report on their reserves and resources. The PRMS provides guidelines for evaluating and reporting petroleum reserves and resources in a consistent and transparent manner.

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%). 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.

The PRMS classification framework is summarised in Figure 5.

Figure 5: PRMS reserves and resources classification framework



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