



9 March 2026

**Department Climate Change, Energy,
the Environment and Water
GPO Box 3030
Canberra ACT 2601**

Subject: Gas Market Review Report Response

Townsville Enterprise is the peak economic development and destination management organisation for the Townsville North Queensland region. We represent over 300 members, ranging from small businesses to multinational corporations and local councils. Our purpose is to secure the future of Townsville North Queensland, and we achieve this through addressing the barriers faced by industry in investing or growing in this region. Energy prices have long been cited as a key barrier to entry in this market, as well a significant operator expenditure for existing businesses. Townsville Enterprise initially made its submission to the Commonwealth Government's Gas Market Review in August 2025, highlighting these disparities and calling for a domestic reservation scheme and long-term supply arrangements to support existing industry.

Townsville Enterprise would like to acknowledge the efforts of the Government and Department to address the fundamental issues in the current gas market and the urgent need for reform. We would like to commend the Australian Government for the far-reaching consultation they have engaged in to gather vast stakeholder input into the issue. Townsville Enterprise agrees with the finding and recommendations outlined in the Gas Market Review Report on the issue of gas supply being prioritised for domestic industry users over export obligations.

In our initial submission to the issue, we stated that the export prioritisation of the current model will have a direct impact on lowering prices. For a gas reservation to work it should require all exporters to contribute from day one and be set as a percentage of LNG production or exports from Curtis Island to remove any incentive to purchase out of the Australian market for export. We are pleased to see this recognised within the findings of the Gas Market Review Report and agree that this will ensure that energy-intensive projects within the Townsville and Northern Australia region will directly benefit from these changes – except the non-NEM connected industries in the Mt Isa and Cloncurry region.

Gas Aggregator Model for North West Queensland

Whilst Townsville Enterprise supports the recommendations included within the Gas Market Review Report, further mechanisms will need to be explored to address the complexity of gas pricing and access within more remote regions. Townsville Enterprise recommends the DCCEEW investigate the implementation of the Gas Aggregator model, which would allow



businesses and industries in the North West to “pool” their demand together and increase their buying power. This model would bring equal benefits to smaller to medium sized businesses to get prices reserved for larger players. It can also provide benefits through shared access to pipeline and infrastructure; an aggregator can optimise capacity utilisation. This will allow users to share transport, usage and balancing costs more fairly.

Within the gas aggregator pool, the introduction of uniform regional tariffs could be applied to guarantee that both high-volume and low-volume gas users share infrastructure costs proportionally. Additionally, it could also collectively manage peak demand risk, this will address price volatility and target extreme cost differences across various users in the pool. Ultimately this model can transform the disadvantages of smaller, scattered demand into the advantages of collective bargaining strength.

Targeted investment from the NRF to address connection to the NEM

The National Reconstruction Fund Corporation (NRF) also presents a strategic opportunity to address structural energy constraints in North West Queensland, particularly the region’s limited connection to the National Electricity Market (NEM). The lack of full integration with the NEM restricts access to competitive energy pricing and diversified generation sources, leaving industry more exposed to localised generation constraints and elevated gas-linked power costs. This structural isolation contributes to disproportionately high gas and electricity prices for energy-intensive operations in the North West Minerals Province, undermining competitiveness and investment certainty.

The vulnerability of the North West region was clearly demonstrated in 2025, when several smelters across Australia were on the brink of permanently closing. This was the case for both the Mount Isa Copper Smelter and the Townsville Copper Refinery, with both infrastructure assets citing untenable energy prices as the primary threat to their operations. Townsville Enterprise assessed the economic impact on the region in the scenario where both the smelter and the refinery closes and found that over 17,000 direct and indirect jobs were linked to the operations of both the smelter and the refinery. Furthermore, the smelter in Mount Isa provides half of Australia’s copper smelting capacity, and its closure would severely risk the sovereignty and security of Australia’s copper supply chain. The Federal Government and the Queensland Government both recognised how important these assets were to the region and the country at large invested \$600 million into a rescue package for the smelter and the refinery. Whilst this has secured the jobs and the copper supply chain in the immediate future, the question remains, how these resource-intensive industries are supposed to withstand these extreme price disparities in energy prices in the long-term. This has been further impacted by the delays associated with the CopperString transmission line, which is yet to announce an official construction date for the western alignment of the project. These conditions are why Townsville Enterprise encourages the DCCEEW to consider the NRF as an investment mechanism to address the fundamental issue of the lack of connection to the NEM.



Targeted NRF investment in transmission infrastructure, firming capacity, and energy enabling projects could strengthen interconnection, diversify energy supply, and reduce reliance on high-cost gas generation and unlock significant investment in critical minerals and deliver on strategic partnerships with the United States and Canada. By crowding in private capital and supporting nationally significant industrial capability, the NRF could play a catalytic role in lowering input costs, improving market access, and enhancing long-term economic resilience in the region.

Townsville Enterprise welcomes the mechanisms and reform outlined in the Commonwealth Government's Gas Market Review and supports prioritising domestic industry users to improve supply certainty and pricing. However, specific regionally targeted mechanisms are required to address structural constraints in North West Queensland, including the implementation of a Gas Aggregator Model to strengthen collective purchasing power, introduce fairer tariff structures, and mitigate price volatility in a monopolised supply market. Strategic investment through the National Reconstruction Fund to improve connection to the NEM and support transmission and firming infrastructure would also reduce reliance on high-cost gas generation, safeguard nationally significant industrial assets, and enhance long-term economic resilience across Townsville North Queensland and the North West Minerals Province.

Townsville Enterprise would like to the Department of Climate Change, Energy, the Environment and Water for the opportunity to provide feedback, we look forward to engaging with the Department as they progress through these reforms.

Yours sincerely,

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