15 September 2025

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The Chair
Productivity Commission
Locked Bag 2
Collins Street East
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Dear Chair

RE: Productivity Commission's (the Commission) *Second Interim Report on Investing in Cheaper, Cleaner Energy and the Net Zero Transformation (the Report)*

Senex Energy welcomes the opportunity to respond to the Commission's Report), dated 3 August 2025.

About Senex Energy

Senex is a world-class supplier of reliable and secure natural gas – committed to delivering essential energy for life. The energy we proudly provide is essential to our modern lives and for the thriving communities we serve.

Senex is a critical energy provider to Australia's manufacturing industry, supporting thousands of workers who make essential goods – from bricks to plasterboard to glass bottles.

As a Queensland-based business, Senex has grown to be a material natural gas producer primarily supplying the east coast domestic market with long term supply contracts to customers such as CSR, Visy, Orora, BlueScope Steel as well as energy retailers including AGL and Engie.

Senex is in the process of completing its $1 billion Surat Basin expansion project that will increase production capacity to 60 petajoules each year – equivalent to around 10 percent of annual east coast gas market demand.

Response to the Report

Senex supports the government's focus on improving productivity to grow Australia's prosperity. Addressing productivity within the energy sector, which sits at the centre of Australia's economy, is critical to achieving growth across the economy. Senex commends the Commission for consulting on the Report and recommends the following issues be considered further as the final report is prepared:

- Any changes to the Safeguard Mechanism threshold should be informed by rigorous economic modelling and a full cost benefit analysis.

  The Report proposes a reduction in the threshold to 25,000 tonnes per annum of CO_2 equivalent. This is a significant expansion of the mechanism's reach but is not supported by economic modelling or cost-benefit analysis. The financial and operational impacts on businesses are not clear, particularly small to medium-sized industrial facilities, nor on sovereign capability. A well-designed policy must ensure that emissions reductions are achieved at least cost and that the broader economic consequences are well understood. This can be best achieved by the Commission completing a comprehensive cost benefit analysis.

- Explicitly recognise the strategic role of gas in Australia's energy mix as affirmed by government and market operators.

  Both the Federal Government's *Future Gas Strategy* and the Australian Energy Market Operator's *Integrated System Plan (ISP)* clearly recognise the ongoing and essential role of gas in maintaining energy reliability as Australia phases out coal. Gas is a flexible, dispatchable energy source that supports the integration of variable renewable energy by providing firming capacity and managing peak demand. It plays a vital role in helping the grid remain stable and secure during periods when renewable generation is low. It is also an irreplaceable feedstock for many industrial processes.

Failing to acknowledge the contribution of gas in Australia's energy mix risks undermining the transformation of Australia's energy system and maximising the productivity gains available to grow Australia's prosperity.

- Ensure that regulatory and environmental approvals reforms are applied equitably across all technologies and energy types.

  Prioritising one technology over another (eg. renewables over gas projects) risks undermining the integrity of the approvals process, creating inefficiencies elsewhere in the system, and not maximising available productivity gains by streamlining gas project approvals. The environmental approvals system must remain transparent, science-based and technology-neutral. Approving renewable energy projects despite potential impacts on Matters of National Environmental Significance, while deprioritising assessment of other projects like natural gas, will undermine broader energy security, reliability, affordability and productivity goals.

  Environmental standards should be applied consistently to all projects to avoid long-term biodiversity impacts, preserve public trust in the system, and to maximise available productivity gains for the benefit of the Australian economy.

Conclusion

Delivering reliable, secure and affordable energy to power Australian industry and households requires a balanced, evidence-based approach that leverage all available technologies, including natural gas.

Senex looks forward to contributing further to this important policy conversation and working collaboratively with government as it pursues its productivity agenda.

Yours sincerely

[redacted]

Darren Steveson
Chief Executive Officer
Senex Energy Pty Ltd