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Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600
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Re: Middle Arm Sustainable Development Precinct

Dear Committee Secretary,

Thank you for the opportunity to provide a submission to the Senate Standing Committee on Environment and Communications (the Committee) in relation to the Middle Arm Sustainable Development Precinct (the Precinct).

A proudly Australian company, Santos is a leading supplier of natural gas, providing affordable and reliable energy for customers in Australia and Asia. Santos aims to be a world-leading company supplying critical fuels more sustainably and achieving net-zero scope 1 and scope 2 emissions by 2040. For over 65 years, Santos has been working in partnership with local communities, providing jobs and business opportunities, and safely and sustainably developing Australia's natural gas resources.

We are proud to operate adjacent to the Precinct at the Darwin Liquefied Natural Gas (DLNG) facility. Commissioned in 2006, DLNG has provided hundreds of local jobs and contributed hundreds of millions of dollars to local businesses and the Northern Territory economy each operating year.

We look forward to continuing this contribution for decades through the development of the Barossa Gas Project, which includes the refurbishment of DLNG, and completion of the Bayu-Undan Carbon Capture and Storage (CCS) Project.

Santos is aware the peak body for oil and gas producers in Australia, Australian Energy Producers, has also made a comprehensive submission to this Committee. Santos fully supports this submission.

Additionally, Santos provides this submission in strong support of the Northern Territory Commonwealth Government's ambition to jointly develop a strategic precinct that will support future energy developments, drive large scale emissions reduction and provide long-term economic prosperity.

The Middle Arm Precinct will build on established trade relationships to facilitate expansion of established and emerging technologies and industries while providing significant potential to build local capacity and new employment opportunities. This includes carbon capture and storage, critical minerals processing, renewable energy generation and hydrogen production – all of which are critical to the energy transition and driving rapid emissions reduction,

It is critical that the merits of the Precinct, as well as the various regulatory controls the Precinct and its subsequent tenants are required to comply with, are recognised. This includes rigorous assessment under both *Environment Protection Act 2019* (NT) and *Environment Protection and Biodiversity Conservation Act 1999* (Cth), considering environmental, social, cultural, economic, health, and heritage matters likely to occur in the Precinct over the next 50 years.

Critical Role of Abated Gas

We commend the approach of the Northern Territory Government to pursue a pathway to develop abated gas by reducing the carbon emissions associated with the production and use of gas.

We cannot turn off the taps before replacement technologies are technically feasible, affordable and available. The utilisation of carbon capture and storage or offsets – has to be a priority to reduce emissions and secure Australia's, Asia's and the global energy mix for decades to come.



The International Energy Agency's Net Zero by 2050 scenario assumes world demand of about 40,000 petajoules of gas per year in 2050, nearly seven times Australia's production today.

It also assumes that almost 70 per cent of global gas demand would be served with abated gas through carbon capture and storage.

Santos believes Australia can have a natural competitive advantage in abated gas with large natural gas and carbon storage resources that will be highly sought after and valued in our region. Wood Mackenzie forecasts gas demand in Asia to grow by around 50 per cent between now and 2050.

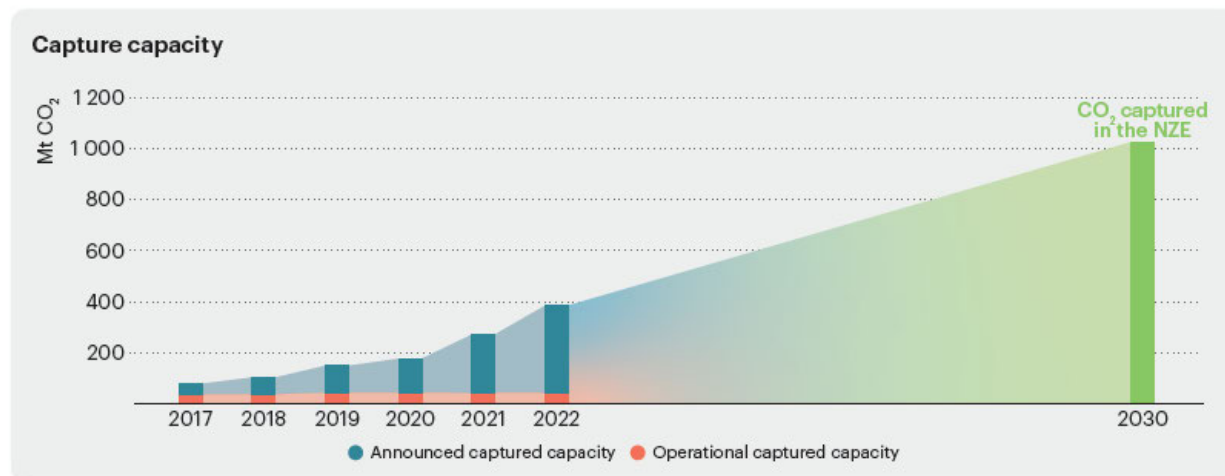
Around the world, the United States, Canada, Africa, Russia and the Middle East are recognising the need for gas and investing to grow supply.

Maintaining Australia's long-standing reputation as a reliable energy-producing nation for the giant energy-consuming economies of Asia, is not only critical for regional energy security but because we rely on our Asian trading partners to deliver the necessary investment needed for potential new energy technologies, including solar, wind, hydrogen and critical minerals.

Abated gas will be an important part of Australia's decarbonisation journey if we are to continue to enjoy the prosperity that underpins our modern way of life today. The "disrupt it and a new technology will come" theory embraced by those opposed to projects like Middle Arm is a dangerous game to play with the Northern Territory Economy and living standards.

Importance of CCS

The International Energy Agency (IEA) recently updated its Net Zero Emissions (NZE) roadmap. That recent roadmap deemed CCS is a critical technology requiring at least 20 times increase in storage capacity to 2030 from 45Mtpa of storage capacity to 1024Mtpa. By 2050, that demand will increase to 6040Mtpa of necessary CCS capacity.



Source: www.iea.org

The IEA urged policy makers to do more to support implementation of CCS, which has lagged compared to previous expectations.

Santos is pursuing the development of the Bayu-Undan CCS Project as part of its three-hub CCS strategy utilising the soon to be depleted Bayu-Undan field.

In March 2022 front-end engineering design (FEED) commenced for the Bayu-Undan CCS project. Santos is working with both the Australian and Timor-Leste Governments with a view to progressing the development of this project, with initial injection and storage of approximately 2.3 million tonnes of CO₂e per annum. The project, subject to regulatory approvals, has capacity of around 10 million tonnes of CO₂e per annum and will look to capture CO₂ from nearby projects to maximise throughput.

The Bayu-Undan CCS project will utilise the existing Bayu-Undan to Darwin pipeline and the offshore Bayu-Undan facilities to minimise the cost of the project. Potential CO₂ sources include natural gas developments and industrial sources in northern Australia.



Development of the Precinct aligns with Santos' decarbonisation agenda and with the reality of what is required by policy makers to urge impactful climate solutions. The certainty that the Northern Territory Government and Australian Government are providing industry at the time when investment decisions are being made (particularly in terms of carbon capture storage), cannot be undervalued and should not be lost to activism. With sustainability credentials and circular economy principles at its centre, the Precinct represents the future of the clean energy supply chain.

Conclusion

Santos believes Australia has a responsibility to use its advantage in natural gas and carbon storage potential for energy security and climate solutions at home and internationally. The opportunity to provide this and other renewable energy products, from the Middle Arm Sustainable Development Precinct is extraordinary, and one which Santos fully supports.