

Environment and Communications References Committee
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science, Energy and Resources
Inquiry into the oil and gas exploration and production in the Beetaloo Basin
25 March 2022

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Production in Australia by 2030

REFERENCE: Question on Notice (Hansard, 25 March 2022, Page 26)

QUESTION No.: 1

CHAIR: If no new gas fields are built, opened up, what will be the total production here in Australia by 2030—by the end of the decade? You must have modelling on this type of stuff.

Ms Croker: I'd be very happy to take that on notice and come back to you with those figures.

CHAIR: I'd like to know what the figures would be for 2030 and 2035.

Ms Croker: Can I just confirm it's 2030 and 2035, and, specifically, you were after production?

CHAIR: What the total production will be in Australia if no new gas fields, such as the Beetaloo basin, are opened up.

Ms Croker: Certainly, we'll come back to you on that one.

CHAIR: I'm assuming you have this type of modelling, right? This is the whole purpose of the government's proposal to put money on the table. There must be modelling behind it.

Ms Croker: We should be able to come back to you with those figures, yes.

ANSWER

The 2021 National Gas Infrastructure Plan (2021 NGIP) focuses on the east coast gas market and data was sourced from the Australian Energy Market Operator's (AEMO) 2021 Gas Statement of Opportunities (2021 GSOO) to undertake modelling for the 2021 NGIP. The 2021 NGIP does not provide modelling for the West Australian gas market.

- AEMO's 2021 GSOO forecasts total (domestic and export) east coast gas demand to be 1,939 petajoules per year in 2030 and 1,980 petajoules per year in 2035.
- East coast gas production is expected to remain consistent with actual levels of demand.
- According to Geoscience Australia, as at end 2019, Australia had identified gas resources of 196,133 PJ (174.5 Tcf) of conventional gas and 58,249 PJ (53.4 Tcf) of coal seam gas. Those identified resources are comprised of both reserves and contingent resources (2P + 2C¹) and account for yet to be developed gas basins, including the Beetaloo.
- If no new basins are opened up then equivalent production would be required from new fields in existing basins, or supply would be required from import terminals to avoid material gas shortfalls.

¹ 2C resources are a best estimate of contingent resources – equivalent to 2P, except for one or more contingencies or uncertainties currently impacting the likelihood of development. Can move to 2P classification once the contingencies are resolved. 2P resources are the sum of proved and probable estimates of gas reserves. The best estimate of commercially recoverable reserves, often used as the basis for reports to share markets, gas contracts, and project economic justification.

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TOPIC: Three export terminals in Gladstone

REFERENCE: Question on Notice (Hansard, 25 March 2022, Page 28)

QUESTION No.: 2

CHAIR: What is the tax revenue from these gas exports?

Mr Quinn: I would have to take that on notice.

CHAIR: Is that something you have access to?

Mr Quinn: Because the taxation system in Australia involves taxes and royalties at the state level—I'm guessing you'd like both of these—and the federal level, it is a little bit of a complex question. We can certainly come back to you on that.

CHAIR: That would be helpful. You know the Australian tax office has called these gas companies systemic nonpayers of tax? I don't think they pay much tax at all, do they?

Mr Quinn: It's really a question for Treasury, but I am happy to follow up on that for you.

CHAIR: Can you also take on notice how many of the companies using these export terminals are Australian owned versus how many are foreign state owned companies?

Mr Quinn: Sure.

CHAIR: What's your understanding as to who owns the export terminal in Gladstone?

Mr Quinn: There are three export terminals in Gladstone.

CHAIR: Who owns them?

Ms Croker: They are the APLNG and GLNG and QCLNG terminals. Are you specifically going into who are the shareholders?

CHAIR: Yes. What's the Australian interest in this?

Ms Croker: I'd have to take on notice the company structure behind that. I don't have that detail here with me today.

CHAIR: Is there a fair bit of foreign state financial interest in those? You must understand that. Surely you watch these things very closely?

Ms Croker: Sorry, I don't have that information here but I'm happy to take it on notice.

CHAIR: Can you also take that on notice for the Darwin terminals as well?

Ms Croker: Certainly

ANSWER

According to the Australia Taxation Office, the resources sector paid approximately \$21.5 billion in company tax in 2019-20. The contribution of gas exporters are not disaggregated from the resources sector. This makes up 37 per cent of all tax from entities subject to the corporate tax transparency requirements.

The following table provides publicly available data on Petroleum and other resource royalties across Australia.

State / Territory	Product	Financial Year	Royalty AUD (\$m)	Source
WA	Iron Ore	2020-21	11,354.80	#1
WA	Petroleum	2020-21	2.70	
WA	Other	2020-21	823.20	
QLD	Coal	2020-21	1,740.00	#2
QLD	Petroleum	2020-21	298.00	
QLD	Other	2020-21	499.00	
NSW	Not disaggregated	2020-21 (f)	1,426.00	#3
NT	Not disaggregated	2020-21	377.79	#4
Commonwealth	Not disaggregated,	2020-21	633.25	#5

#1 https://www.wa.gov.au/system/files/2021-12/overview-of-state-taxes-and-royalties-2021-22_0.pdf

#2 https://budget.qld.gov.au/files/2021-22_Budget%20Update.pdf

#3 <https://www.budget.nsw.gov.au/sites/default/files/2021-06/Budget%20Paper%20No.%201%20-%20Budget%20Statement%20-%20Budget%202021-22.pdf>

#4 https://budget.nt.gov.au/_data/assets/pdf_file/0008/1000115/2021-22-BP3-book.pdf

#5 <https://www.industry.gov.au/sites/default/files/October%202021/document/diser-annual-report-2020-21.pdf>

Detailed questions regarding taxation and tax revenue are a matter for the Department of Treasury.

Ownership of the three export terminals in Gladstone, and the two export terminals in Darwin are as follows below.

Location	Project Name	Investors (%)	Country of Ownership
Darwin	Darwin Liquefied Natural Gas Facility	Santos (43.4%)	Australia
		SK E&S (25.0%)	South Korea
		ENI Australia (11.0%)	Italy
		INPEX (11.4%)	Japan
		JERA (6.1%)	Japan
		Tokyo Gas (3.1%)	Japan
Darwin	Ichthys Liquefied Natural Gas Condensate Facility	INPEX (66.245%)	Japan
		Total (26%)	France
		CPC Corporation Taiwan (2.625%)	Taiwan
		Tokyo Gas (1.575%)	Japan
		Osaka Gas (1.2%)	Japan
		Kansai Electric Power (1.2%)	Japan
		JERA (0.735%)	Japan
		Toho Gas (0.42%)	Japan
Gladstone	Queensland Curtis LNG (QCLNG)	Shell (50% Train 1, 97.5% Train 2, 73.75% Common infrastructure)	United Kingdom
		CNOOC (50% Train 1)	China
		Tokyo Gas (2.5% Train 2)	Japan
		Global Infrastructure Partners Australia (26.25% Common infrastructure)	United States
Gladstone	Gladstone LNG (GLNG)	Santos (30%)	Australia
		Petronas (27.5%)	Malaysia
		Total (27.5%)	France
		KOGAS (15%)	South Korea
Gladstone	Australia Pacific LNG (APLNG)	ConocoPhillips (47.5% - downstream operator)	United States
		Origin Energy (27.5% - upstream operator)	Australia
		Sinopec (25%)	China

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TOPIC: Demand for Gas in Australia

REFERENCE: Question on Notice (Hansard, 25 March 2022, Page 27)

QUESTION No.: 3

CHAIR: Okay. What is the current domestic demand for gas in Australia?

Ms Croker: I'll just see if I can come back to you on that during this session. I don't have right in front of me that figure on the domestic demand. But I know that, in terms of the production of gas that we have in Australia, about 30 per cent of that is for domestic use, as opposed to the rest, which is exported.

ANSWER

According to the most recent *Australian Energy Update 2021* published by the Department of Industry, Science, Energy and Resources, total domestic gas demand for the 2019-20 financial year was 1,647.2 petajoules. This includes 453 petajoules of gas used by Liquefied Natural Gas (LNG) plants for the production of LNG.

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TOPIC: Production figures for 2030 and 2035

REFERENCE: Question on Notice (Hansard, 25 March 2022, Page 4)

QUESTION No.: 4

CHAIR: I asked before what the total production figures would be for 2030 and 2035. I would also like to know what the domestic demand would be for those years. I imagine you've got that in the modelling?

Ms Croker: Yes, we'll be able to provide that.

ANSWER

The 2021 National Gas Infrastructure Plan (2021 NGIP) sources data from the Australian Energy Market Operator (AEMO) 2021 Gas Statement of Opportunities (2021 GSOO). The 2021 NGIP does not model the West Australian gas market but relevant information is provided in AEMO's Western Australian GSOO (WA GSOO).

East Coast Domestic Demand

- AEMO's 2021 GSOO forecasts gas demand to be 522 petajoules per year in 2030 and 563 petajoules per year in 2035.

Totals do not include domestic demand for the Northern Territory or gas used domestically by Liquefied Natural Gas (LNG) plants.

Western Australian Domestic Demand

- AEMO's 2021 WA GSOO forecasts domestic demand in West Australia to be 1,137 TJ per day or equivalent of 415 petajoules per year in 2030.

Total projected Western Australian gas demand does not include gas used by Liquefied Natural Gas (LNG) plants.

AEMO's 2021 WA GSOO forecasts domestic demand over a 10 year horizon ending in 2031.

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TOPIC: Cost of gas terminals in Darwin and Gladstone

REFERENCE: Question on Notice (Hansard, 25 March 2022, Page 27)

QUESTION No.: 5

CHAIR: How much are the gas terminals in Darwin and Gladstone reliant on the opening up of new gas fields such as the Beetaloo basin?

Ms Croker: I am not in a position to comment on that.

Mr Quinn: I can't be definitive, but I would note that there are a number of onshore and offshore developments currently being looked at around Darwin. Similarly, I would say that the terminals in Gladstone operate almost purely off the Surat Basin in Queensland. I hope that helps.

CHAIR: Those terminals are viable only if we continue to export more and more gas, surely?

Mr Quinn: Yes, there are economies of scale when the terminals are running at full capacity. I'd have to take on notice whether there is any sort of operation below that full capacity at either terminal, but I'm happy to come back to you on that.

CHAIR: Are you aware as to whether they're running at full capacity at the moment?

Mr Quinn: No. As I just said, I'm not aware of that, but I can take that on notice and get back to you.

ANSWER

The nameplate capacity for an LNG plant is calculated on an annual basis and accounts for maintenance periods. Quarterly production below or above nameplate capacity is impacted by whether or not maintenance has occurred in that quarter.

According to EnergyQuest, during Q4 2021:

- Darwin's LNG plant operated at 85% of nameplate capacity;
- GLNG plant operated at 80% of nameplate capacity;
- APLNG operated at 109% of nameplate capacity; and
- QCLNG at 114% of nameplate capacity.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Tamboran Resources

REFERENCE: Written

QUESTION No.: 6

1. With the \$7.5m that was announced to be handed over to Tamboran, has that money been transferred over already or is it not going to be handed over until they get all their land access agreement, access authority and environmental management plans in place?
2. Under the terms of the grant, by what date does Tamboran have to commence or complete exploration works in order to qualify for the \$7.5 million?

ANSWER

1. No funds have been transferred to Sweetpea Pty Ltd (which is a wholly owned subsidiary of Tamboran, and is the relevant permit holder and recipient of the grant in question). Under standard grant arrangements for the Beetaloo Cooperative Drilling Program (BCDP), payments are contingent on satisfactory progress being made against the milestones established in each grant agreement.

In keeping with Sweetpea's application, the grant agreement will establish milestone activities that will be reliant on land access arrangements and environmental management plans being finalised. As a result, no payments will be made to Sweetpea under the grant agreement until these processes are resolved.

2. The contract between Tamboran and the Australian Government is still under negotiation at 29 March 2022. The details of individual contracts with companies are considered Commercial in Confidence as they contain share price sensitive information.

As per BCDP Grant Guidelines, projects must meet a range of criteria including:

- a. propose to bring forward activities by at least 90 calendar days than would otherwise have occurred in the absence of grant funding; or be in addition to work program activities
- b. commence within three months of execution of the grant agreement
- c. complete eligible activities prior to the end of the 2022 calendar year.

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TOPIC: Falcon Oil and Gas

REFERENCE: Written

QUESTION No.: 7

Has the Department done any due diligence on Falcon Oil and Gas and their major shareholder Viktor Vekselberg and what this means for their exploration rights in the Beetaloo?

ANSWER

The decision to grant exploration permits is a matter for the Northern Territory Government. The Department of Industry, Science, Energy and Resources does not determine eligibility for these permits.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: DFAT advice on Beetaloo Drilling Program

REFERENCE: Written

QUESTION No.: 8

Have you sought any advice from DFAT about what this means for the Beetaloo Drilling Program?

ANSWER

Neither Origin nor Falcon Oil and Gas have applied for the Beetaloo Cooperative Drilling Program.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Origin's and Falcon's applications

REFERENCE: Written

QUESTION No.: 9

Will you advance Origin and Falcon's applications if they submit one before 30 June or will they be excluded?

ANSWER

Should Origin Energy choose to apply for the Beetaloo Cooperative Drilling Program (BCDP), including for projects where Falcon Oil & Gas may hold a minority interest, the department will consider all relevant details before determining if the application is eligible. As per BCDP grant guidelines (10.3), it is a condition of the grant funding that applicants must comply with all relevant laws and regulations in undertaking a project. This includes Australian sanction laws.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: MoU with Northern Territory Government

REFERENCE: Written

QUESTION No.: 10

1. Is there was any pressure placed by the Australian Government on the NT Government to enter into the Memorandum of Understanding (MOU)?
2. Will the 'refreshed' MOU be made publicly available once finalised?
3. To what extent does and will the MOU specifically take into consideration environmental matters?

ANSWER

1. No.
2. Yes. All signed agreements are published on <https://www.energy.gov.au/government-priorities/Energy-and-emissions-reduction>
3. The bilateral energy and emissions reductions agreement between the Commonwealth Government and the Northern Territory government is still under negotiation. The scope of the agreement is consistent with other agreements with New South Wales, Tasmania and South Australia which are publicly available.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Expected supply of gas produced from the Beetaloo Basin

REFERENCE: Written

QUESTION No.: 11

1. What proportion of gas produced in the Beetaloo is expected to be used to supply the east coast market?
2. What proportion of gas produced in the Beetaloo is expected to be used to supply the Northern Territory market?
3. What proportion of gas produced in the Beetaloo is expected to be used to supply the export markets?

ANSWER

The Beetaloo Basin is still in its exploratory phase. Commercial decisions regarding the destination of gas will depend on a range of factors such as price, quantity, and demand. It is therefore too early to form an expectation of what proportion of potential production will flow to certain markets.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Beetaloo Basin and the price of gas

REFERENCE: Written

QUESTION No.: 12

The committee has previously heard that the cost of production in the Beetaloo will increase the price of gas (Interim Report, paragraphs 3.17-3.28). The price might also be affected by global events. On what basis could developing the Beetaloo be said to make energy costs more affordable for Australian consumers (DISER, Submission 47, p. 4)?

ANSWER

The Government's National Gas Infrastructure Plan (NGIP) determined that at least one new basin will need to be brought online before 2030 to meet projected east coast gas demand. The NGIP also identified the Beetaloo sub-basin as one of those potential new basins. If the Beetaloo proves commercial and is subsequently developed, the supply of gas would help to address potential supply shortfalls and put downward pressure on gas and energy prices.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Consistency with net zero emissions commitment

REFERENCE: Written

QUESTION No.: 13

In its 2021 Production Gap Report, the United Nations Environment Programme was critical of countries that do not explicitly recognise or plan for the rapid reduction of fossil fuel production, while announcing net zero emissions targets. How is the development of a new gas basin in the Beetaloo consistent with the Government's net zero emissions commitment?

ANSWER

Modelling and analysis indicates Australia can meet its 2030 target and achieve net zero greenhouse gas emissions by 2050 while continuing to produce energy resources to meet local and global demand.

Gas is an important part of the net zero transition in two major ways:

- as a direct substitute for higher-emitting fuels (e.g. coal) in electricity generation, industry and other applications; and
- as a complement to variable renewable generation – supporting grid reliability and firming in the transition to net zero.

Technologies such as carbon capture and storage (CCS) will be key to reducing emissions from the production of fossil fuels. CCS is identified as a priority low emission technology under the Technology Investment Roadmap, and the Government is investing over \$300 million for carbon capture, use and storage technologies, projects and hubs.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Imperial Oil & Gas funding contracts

REFERENCE: Written

QUESTION No.: 14

On 23 February the Minister announced that the funding contracts with Imperial Oil & Gas had been re-executed following a decision in the Federal Court of Australia. However, the total grant funding appears to have been reduced. Can you explain the reduction from \$21 million to \$19.4 million?

ANSWER

Beetaloo Cooperative Drilling Program (BCDP) grants for Imperial Oil & Gas were first announced on 7 July 2021 as being up to \$21 million. On 9 September 2021, grant agreements were executed with Imperial Oil & Gas for a total of \$19.4 million. Those grant agreements were invalidated by the Federal Court. On 23 February 2022, the Minister for Resources and Water announced that the Australian Government had entered into three new grant agreements with Imperial Oil & Gas worth a combined \$19.4 million.

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TOPIC: BCD program applications

REFERENCE: Written

QUESTION No.: 15

1. Noting that the BCD program closes on 30 June, how many applications are currently being considered by the department and who are the applicants?
2. Has Sweetpea Petroleum Pty Ltd received environmental approvals from the NT Government for the project that was recently awarded BCD Program funding?

ANSWER

1. No applications are under consideration at the current time.
2. As per the Beetaloo Cooperative Drilling Program eligibility requirements, Sweetpea Petroleum Pty Ltd hold a petroleum exploration permit from the Northern Territory Government, and had commenced all necessary approval processes to undertake petroleum exploration, including environmental approvals. The department understands that Sweetpea is in the process of negotiating environmental approvals with the NT Government for the relevant project. Further detail on the status of the approvals is a matter for the NT Government.

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TOPIC: Traditional Owners consent

REFERENCE: Written

QUESTION No.: 16

The committee has heard concerns about the manner in which the Northern Land Council conducts consultations with First Nations people, including Traditional Owners. How can the department be confident that the recently announced \$2.1 million funding to the NLC will achieve its purpose of enabling people to make timely and informed consent about petroleum activities On Country?

ANSWER

As the prescribed body corporate for the Beetaloo region, the Northern Land Council (NLC) has a statutory function to facilitate engagement between Traditional Owners and Native Title Holders, and the operators seeking Land Access Agreements.

Payments under the grant in question are subject to satisfactory progress on the project. The department will monitor progress through bi-annual reporting by the NLC and the project will be subject to an independent audit.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Bilateral Energy and Emissions Agreement

REFERENCE: Written

QUESTION No.: 17

1. Is the Australian Government still negotiating a bilateral energy and emissions agreement with the NT? What is the current status of that negotiation?
2. What types of actions are being considered for inclusion or are included in the agreement to achieve lower emissions or emissions reductions?
3. Will the agreement specifically provide for greenhouse gas (GHG) emissions reduction in the Beetaloo?

ANSWER

1. Yes.
2. The Agreement is still being negotiated, however the scope of the agreement is consistent with other agreements with New South Wales, Tasmania and South Australia which are publicly available.
3. The Agreement is still being negotiated.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Offset lifecycle GHG emissions

REFERENCE: Written

QUESTION No.: 18

What actions will be undertaken by the Australian Government to offset lifecycle GHG emissions in the Beetaloo?

ANSWER

The Australian Government is working with the Northern Territory (NT) Government on the NT's commitment to manage greenhouse gas emissions emitted in Australia from new onshore gas development in the NT. The Australian and NT Governments are committed to the global goals of the Paris Agreement and to achieving their respective targets of net zero greenhouse gas emissions by 2050.

The Australian Government is helping create and expand emission reduction options for the NT, including through new technologies, carbon offsets, and the safeguard mechanism. For example:

- The Australian and NT Governments are working together to grow participation in the Emissions Reduction Fund (ERF), which will increase the supply of domestic carbon offsets.
 - The Australian Government has invested in developing new methods under the ERF to increase the supply of offsets.
 - This includes recently finalising a carbon capture and storage method; and prioritising a new Carbon Capture, Use and Storage method and a Savanna Fire Management method for development in 2022.
- The Australian Government is investing in new technologies to reduce enteric methane emissions from livestock including through the \$29 million Methane Emissions Reduction in Livestock program.
- The Australian Government is investing over \$300 million for carbon capture, use and storage technologies, projects and hubs.
- Any new facility extracting or processing gas from the Beetaloo Basin is likely to be covered by the Safeguard Mechanism.
 - Facilities with greenhouse gas emissions greater than 100,000 tCO₂-e are covered by the Safeguard Mechanism and must keep emissions below certain limits (called baselines).
 - The Government has committed \$279.9 million to 2030 for a new Safeguard Crediting Mechanism to bring forward new abatement through the uptake of low-emissions technology in Safeguard facilities.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Beetaloo Basin infrastructure update

REFERENCE: Written

QUESTION No.: 19

1. To your knowledge, is the Australian Government providing any further funding for public roads or midstream infrastructure to facilitate development of the gas industry in the Beetaloo?
2. Can you provide the committee with an update in relation to the NT Gas Industry Roads Upgrades program?
3. The Beetaloo Strategic Basin Plan states that the Australian Government is working with the NT Government and gas operators to deliver midstream gas infrastructure, including pipelines. What does this government support entail? Has a midstream gas infrastructure plan been finalised? Are there any other projects that the Australian Government has funded (in whole or part) specifically to facilitate the development of the gas industry in the Beetaloo?

ANSWER

1. As part of Budget 2022-23, the Australian Government has committed \$300 million to support low emissions Liquefied Natural Gas (LNG) and clean hydrogen production in Darwin, together with associated carbon capture and storage infrastructure. Darwin is positioned to become one of the world's leading low-cost clean energy hubs, with access to excellent onshore and offshore natural gas and greenhouse gas storage resources.

The Government has also announced \$50.3 million over two years from 2022-23 to accelerate the development of priority gas infrastructure projects consistent with the Future Gas Infrastructure Investment Framework and support for carbon capture and storage pipeline infrastructure development. The funding includes:

- a. a feasibility study into the most efficient infrastructure to deliver natural gas from the Beetaloo sub-basin to the east coast gas market
 - b. feasibility studies and options for CO₂-carrying pipelines from major gas and industrial hubs to prospective sites for carbon capture and storage, including options for CO₂ pipes in the Beetaloo Basin.
2. The Northern Territory Gas Industry Roads Upgrades (funded through the Roads of Strategic Importance program) are administered by the Department of Infrastructure, Transport, Regional Development and Communications (DITRDC). The Department of Industry, Science, Energy and Resources understands that:
 - a. initial stakeholder engagement for the Gas Industry Roads Upgrades project were completed in November 2021
 - b. The corridor is currently in the scoping and design phase

c. Delivery phase is expected to commence in October 2022 with construction expected to begin by May 2023.

Further Questions on the implementation of this program should be directed to DITRDC.

3. The Government continues to work closely with the Northern Territory (NT) around the development of the Beetaloo Sub-basin. The NT Government has initiated planning processes for pipeline infrastructure to Darwin, including conducting engineering and design studies, as well as securing a corridor for this infrastructure.

As outlined in the Beetaloo Strategic Basin Plan, the Government has made a range of investments to accelerate our understanding of the Beetaloo's resources, and to plan for potential future development. These investments include the \$36.2 million committed to the Geological and Bioregional Assessment Program, and the \$173.6 million investment in the Roads of Strategic Importance corridor for NT Gas Industry Roads Upgrades.

In addition to actions outlined in the Beetaloo Strategic Basin Plan, the Government announced funding in the 2022-23 Budget for examining midstream infrastructure options in the NT (refer to answer to question 1).

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TOPIC: National Gas Infrastructure Plan

REFERENCE: Written

QUESTION No.: 20

Minister Taylor has stated that the National Gas Infrastructure Plan ‘signals to the market priority actions for ensuring affordable, reliable gas and provides a pathway to unlocking new supply’. What role will the Australian Government play in ensuring priority delivery of Beetaloo gas to the east coast and other markets?

ANSWER

The Australian Government continues to work closely with the Northern Territory around the development of the Beetaloo Sub-basin. This includes consideration of potential development scenarios and the associated potential paths to market for gas from the Beetaloo.

As part of Budget 2022-23, the Federal Government has committed \$50.3 million over two years from 2022-23 to accelerate the development of priority gas infrastructure projects consistent with the Future Gas Infrastructure Investment Framework and support for carbon capture and storage pipeline infrastructure development. This includes the provision of funding for a feasibility study into the most efficient infrastructure to deliver natural gas from the Beetaloo sub-basin to the east coast gas market. This supports the broader work of the Beetaloo Strategic Basin plan.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Pepper Inquiry recommendation - Commonwealth implementation

REFERENCE: Written

QUESTION No.: 21

The Pepper Inquiry recommended that the Australian and NT Governments seek to ensure that there is no net increase in the lifecycle GHGs emitted in Australia from any onshore shale gas produced in the NT. This recommendation is only 25 per cent complete. Can you tell the committee about the status of Commonwealth implementation, e.g. is it on track to be completed by December 2022? What is the Australian Government doing to ensure that this recommendation can be fully implemented?

ANSWER

On 26 October 2021 the Australian Government committed to Net Zero by 2050. The Commonwealth and the Northern Territory Government are currently negotiating an Energy and Emissions Reduction Agreement.

Please refer to the department's answer to Question no. 18 ('Offset lifecycle GHG emissions') for further detail on the actions that the Government is undertaking.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Australia's International Commitments

REFERENCE: Written

QUESTION No.: 22

How can Australia's international commitments be reconciled with the Australian Government's decision to support gas exploration and production in the Beetaloo, including through the Beetaloo Cooperative Drilling program?

ANSWER

Modelling and analysis indicates Australia can meet its 2030 target and achieve net zero greenhouse gas emissions by 2050 while continuing to produce energy resources to meet local and global demand. The *2021 Emissions Projections* indicate that even with new gas developments, including in the Beetaloo, Australia will overachieve on its 2030 target of 26-28 per cent below 2005 levels.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Australian Government's funding for fossil fuel production

REFERENCE: Written

QUESTION No.: 23

Can you describe to the committee the Australian Government's funding to support fossil fuel production, compared to renewable energies?

ANSWER

The Australian Government is taking a range of actions to secure Australia's ongoing supply of gas and to put downward pressure on prices for households and businesses. This includes:

The Government's Strategic Basin Plans that will help to unlock future gas supply. These include:

- the \$50 million Beetaloo Cooperative Drilling Program which aims to accelerate exploration and appraisal work in order to better understand the Beetaloo's gas resource
- the \$15.7 million Gas Wells Trials program that will work to better understand the technical challenges associated with gas extraction in the North Bowen and Galilee basins in Queensland
- the \$30 million Optimise and Discover Program that will help to increase gas supplies and competition between producers in the Cooper and Adavale Basins in Queensland and South Australia.

In addition, on 21 March 2022 the Government announced it had finalised a \$32 million commercial loan with GB Energy to accelerate the Golden Beach gas production and storage project that will help alleviate forecast gas shortfalls on the East Coast gas market.

More broadly, the 2022-23 Budget includes \$50.3 million towards seven priority gas infrastructure projects, as well as key carbon capture and storage infrastructure, to avoid potential domestic gas shortfalls. This includes projects in Queensland, Victoria, New South Wales and the Northern Territory.

With respect to the Government's funding to support renewable energies, as is noted that in the 2022-23 Budget, the Government will invest more than \$22 billion in clean energy technologies between 2020 and 2030, which is expected to unlock more than \$84 billion of total private and public investment to achieve lower emissions, while retaining energy independence.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Pepper Inquiry recommendation - offsets level

REFERENCE: Written

QUESTION No.: 24

What level of offsets will be required to achieve the Pepper Inquiry recommendation of “no net increase in the life cycle [greenhouse gas] emissions emitted in Australia from any onshore shale gas produced in the NT”?

ANSWER

Estimating future emissions from potential onshore shale gas produced in the Northern Territory is highly uncertain at this stage, given that shale gas production is still in an exploration phase.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Decarbonised Future

REFERENCE: Written

QUESTION No.: 25

Is the gas industry doing enough to transition away from fossil fuels and toward a decarbonised future?

ANSWER

The Australian Government is committed to reaching net zero emissions by 2050.

To achieve this, the Australian Government has a *Long Term Emissions Reduction Plan* which is focused on technology and outlines how Australia will:

- drive down the cost of low emissions technologies
- deploy these technologies at scale
- help regional industries and communities seize economic opportunities in new and traditional markets
- work with other countries on the technologies needed to decarbonise the world's economy.

As part of the 2022-23 Budget, the Government is making the following investments to support the Plan as well as the *Technology Investment Roadmap* and *Low Emissions Technology Statement*:

- \$300 million to support low emissions LNG and clean hydrogen production at Darwin, together with associated carbon capture and storage infrastructure. Darwin is positioned to become one of the world's leading low-cost clean energy hubs, with access to excellent onshore and offshore natural gas and greenhouse gas storage resources, including the Beetaloo and Petrel basins and the Barossa and Bayu-Undan fields.
- \$50.3 million to accelerate the development of priority gas infrastructure projects consistent with the Future Gas Infrastructure Investment Framework and support investment in carbon capture and storage pipeline infrastructure.

These Budget measures will support the gas industry in its continuing efforts to reduce emissions. Australia's oil and gas industry has stated it supports a national climate change policy that delivers greenhouse gas emissions reductions, consistent with the objectives of the Paris Agreement at the lowest cost to the economy.

The Australian oil and gas industry continues to monitor, report, and reduce its own emissions profile and participates in a range of global initiatives to reduce emissions, including the Oil and Gas Climate Initiative, the World Bank Zero Routine Flaring initiative, the Climate and Clean Air Coalition, Oil as well as the Gas Methane Partnership and Methane Guiding Principles.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Pepper Inquiry recommendation - offset methods

REFERENCE: Written

QUESTION No.: 26

The Pepper Inquiry has estimated that between 27–39 MT of CO₂-e would need to be offset as a result of developing an onshore gas industry in the Northern Territory. Australian reforestation and afforestation accounted for net emissions of about 17.7 Mt CO₂ -e in 2019 (National Inventory Report 2019, Volume 3, p. 18). What other offset methods and activities are being contemplated to address potential GHG emissions from a gas industry in the Beetaloo and to what extent are these likely to be effective.

ANSWER

See response to question 18.

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AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Cost of GHG emissions

REFERENCE: Written

QUESTION No.: 27

If it is reasonable for Australian governments and taxpayers to bear the costs of GHG emissions that cannot be, or have not been, offset by industry?

ANSWER

The Australian Government has set out its whole-of-economy *Long Term Emissions Reduction Plan* to achieve net zero greenhouse gas emissions by 2050. The Plan focuses on driving down costs of low emission technologies, and enabling their deployment at scale, so that Australia can meet the net zero goal without imposing new costs on households, businesses or regions.

The Government has committed to invest over \$22 billion in low emission technologies over the decade to 2030, guided by the priorities set out in the Technology Investment Roadmap. The Government's investment is projected to catalyse over \$84 billion in total public and private investment in low emission technologies and support an estimated 160,000 jobs.

The Government is tracking progress against its technology cost reduction stretch goals in its annual Low Emissions Technology Statements, and adjusting its investments as needed to stay on track. Australia is making good progress, with the 2021 Emissions Projections indicating that, under a scenario aligned with the Technology Investment Roadmap, emissions are projected to be 35 per cent below 2005 levels by 2030 – well ahead of the target of a 26-28 per cent reduction.

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TOPIC: 'Indirect offsets' proposal

REFERENCE: Written

QUESTION No.: 28

The NT's proposal to allow 'indirect offsets' might result in proponents not actually offsetting GHG emissions caused during petroleum activities. Are you familiar with this proposal and can you tell the committee of any other jurisdiction where this approach has been successfully adopted?

ANSWER

The Department understands this proposal is part of the NT Government's draft *Greenhouse Gas Emissions Offsets Policy and Technical Guidelines: Northern Territory Offsets Framework*, released in September 2021. The Department does not have further information regarding the proposal.

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TOPIC: Large Emitters Policy

REFERENCE: Written

QUESTION No.: 29

In your view, is the Large Emitters Policy going to be effective in view of the industry emissions threshold (100 000 tonnes CO₂-e per annum)?

ANSWER

The 100 000 tonne threshold in the Large Emitters Policy is consistent with the facility threshold in the Safeguard Mechanism. Facilities over this threshold are responsible for the vast majority of reported emissions from gas extraction and processing.