

December 23, 2021

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[REDACTED] SOUTH AUSTRALIA 5001

(Sent via email: [REDACTED])

Dear Sir/Madam,

RE: SOUTH AUSTRALIA'S ENERGY AND MINING STRATEGY

The Australian Petroleum Production & Exploration Association (APPEA) would like to thank the South Australian Department for Energy and Mining (the Department) for the opportunity to provide comment on progress of the Energy and Mining Strategy (the Strategy) as detailed in the Energy and Mining Strategy Annual Report 2021 (Annual Report). APPEA understands that the objective of the consultation is to assess if the key elements of the current Strategy remain valid, and whether there are new or emerging opportunities for the energy and mining sectors to contribute to South Australia's economic growth. APPEA understands that feedback will inform the updated Strategy to be released in 2022.

Oil and gas industry in South Australia

APPEA is the peak national body representing upstream oil and gas explorers and producers with interests in Australia. APPEA's member companies account for more than 95 per cent of Australia's petroleum production. The oil and gas industry is a major contributor to the South Australian and national economies creating jobs and business opportunities whilst providing oil and gas to domestic and international consumers. Further information about APPEA and the Australian oil and gas industry can be found at www.appea.com.au.

General comments on the Strategy

APPEA would like to acknowledge the Department's ongoing efforts to consult with industry, and for their support to grow the South Australian oil and gas industry more broadly. APPEA notes the progress and actions taken to date against the Strategy and would like to commend the Department for their work in making South Australia one of the best jurisdictions in which to do business. Such active consultation and recognition of oil and gas as an important driver to economic activity is not something that APPEA sees in all jurisdictions.

APPEA has made comments against each of the consultation questions below.

1. Are the strategic targets of the Energy and Mining Strategy still valid?

Yes, APPEA sees the strategic targets as still valid, but sees a further strategic target for consideration under the 'modern energy system' for promoting carbon capture and storage (CCS) developments in the State. Santos and Beach Energy's Moomba CCS development has now taken

a Final Investment Decision but given the geological suitability and stability in South Australia for CCS, as well as already having a regulatory framework to allow CCS, South Australia has the edge over other jurisdictions to attract more investment in this space. Growing South Australia's CCS capability would not just assist the oil and gas industry in reducing its emission footprint but will also benefit other hard-to-abate industries critical to the economic activity of the State.

The need to deploy CCS at scale, and the urgency required to reduce emissions, has increased since the Strategy was first released. The International Energy Agency's *Net Zero by 2050* report released earlier this year said: "A delay in the development of other CCUS technologies would have a major impact on the prospect of getting to net-zero emissions in 2050. For example, CCUS is the only scalable low-emissions option to remove CO₂ from the atmosphere and to almost eliminate emissions from cement production. If progress in these technologies were delayed and could not be deployed at scale, then achieving net-zero emissions by 2050 would be vastly more difficult."¹

2. What feedback can you offer on the Energy and Mining Strategy actions already underway?

From a petroleum perspective there has been positive progress, particularly in relation to reform of the *Petroleum and Geothermal Energy Act 2000* (the PGE Act) and enabling legislation for both CCS and hydrogen (by comparison, Western Australia does not have CCS or hydrogen legislation in place), as well as ongoing efforts to seal the Strzelecki Track.

We also appreciate the response by the Department to the challenge of COVID-19 and its proactive approach to keeping industry updated and trouble-shooting, where required, to enable operations to continue, while also protecting the health of workers and the wider South Australian community.

3. What other growth opportunities should we be pursuing? Are there any other opportunities for leveraging South Australia's clean energy transformation to grow jobs and investment?

APPEA would like the Department to intensify support for CCS technology and hydrogen, to grow these industries and thereby create jobs and potential new export industries. Maintaining an efficient, objective-based regulatory regime will continue to benefit South Australia in attracting investment for companies looking for these decarbonisation opportunities.

4. Are the key challenges to strong sustained growth in the energy and mining sector captured in the Strategy?

Yes.

5. Are there any other priority areas that should be the focus of the update Energy and Mining Strategy?

As mentioned above, APPEA sees further focus on deployment of CCS technology as critical to the ability of South Australia to decarbonise its industry.

¹ p. 98, *Net Zero by 2050*, <https://www.iea.org/reports/net-zero-by-2050>

Conclusion

APPEA would like to reiterate that we appreciate the Department's and the South Australian Government's support for the oil and gas industry, and the progressive legislative frameworks such as enabling CCS and hydrogen. Use of resources such as natural gas will be required for some decades to come, but enabling the industry to pursue decarbonisation opportunities at lowest cost will ensure South Australia remains an attractive place for companies to invest in energy developments.

If you have any queries on any of the information provided in this submission, please do not hesitate to contact [REDACTED] on [REDACTED] or [REDACTED].

Yours faithfully,



Claire Wilkinson
Director – South Australia