



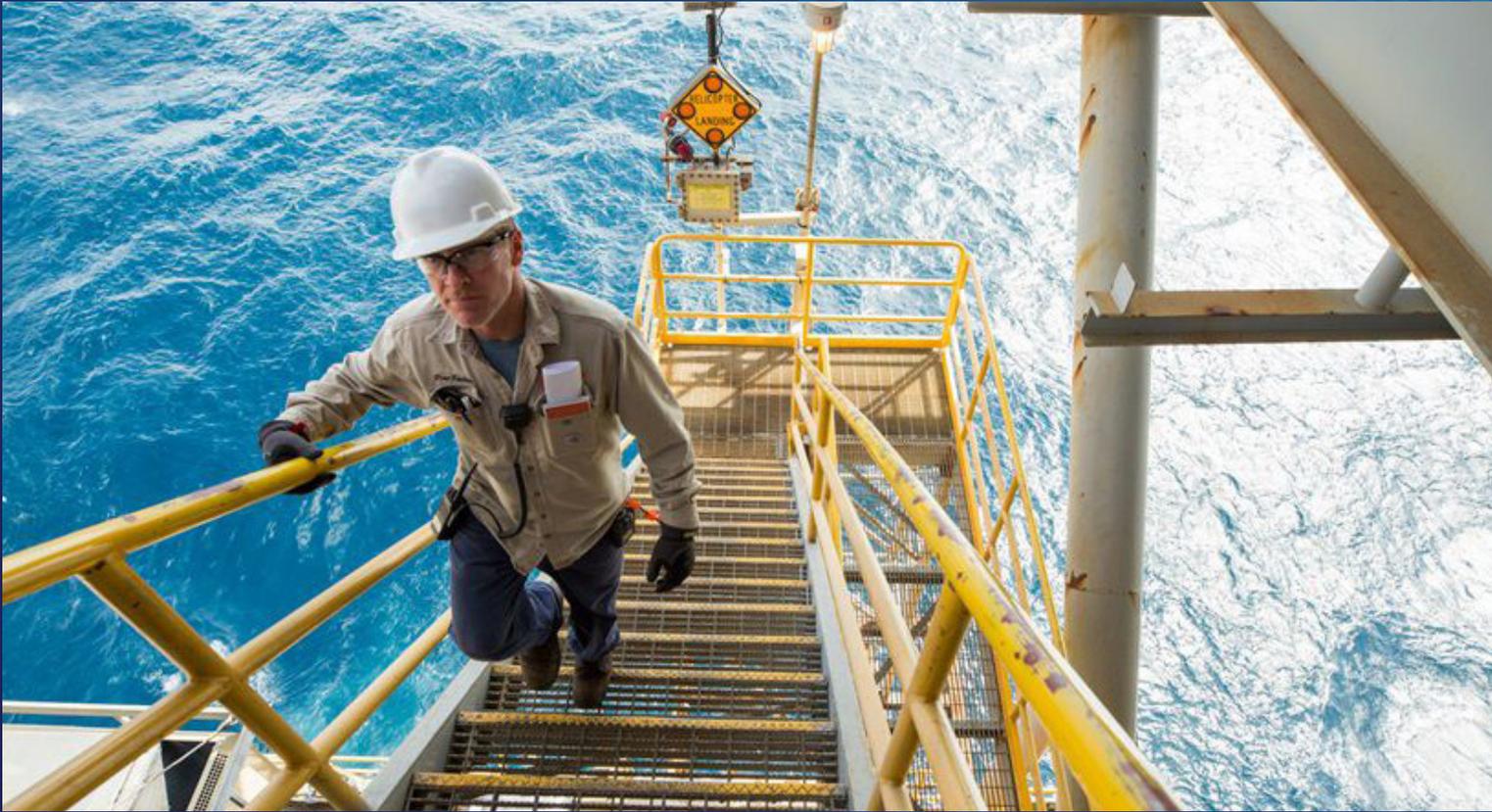
australian  
energy  
producers

# 2024-25

## Pre-budget submission

Unlocking new gas supply to deliver cleaner,  
reliable and affordable energy





# About Australian Energy Producers

Australian Energy Producers is the peak body of the explorers, developers and producers of essential energy – oil, gas and lower-emission fuels.

We represent the businesses that are ensuring energy security and delivering substantial economic benefits to Australia while helping to deliver a cleaner energy future.

## **Acknowledgement of traditional owners**

Australian Energy Producers acknowledges the Traditional Custodians of Country throughout Australia and their knowledge in caring for land, sea, and community. We pay our respect to their Elders; past, present, and emerging.

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# Message from Samantha McCulloch, Chief Executive

Australia's oil and gas industry plays a critical role in our economy and is essential to delivering secure, reliable and affordable energy driving the net zero transformation in Australia and our region.



Investment in new gas supply is crucial to avoid forecast domestic gas shortfalls and to back-up renewables as coal power generation is phased out.

Natural gas is also essential to maintain Australia's sovereign capability in critical industries, accounting for 42 per cent of manufacturing final energy use in 2021–22<sup>2</sup> in sectors such as mining and mineral processing, and the production of steel, aluminium, cement, bricks and glass. It is used as a feedstock in other industrial processes including the making of plastics, chemicals and pharmaceuticals, and is essential to produce modern fertilisers that underpin today's food supply chain.

Recent independent analysis from Ernst & Young (EY) found that Australian natural gas will play a key role to 2050 and beyond, and that investment in new gas supply is needed to meet our future energy needs in all plausible pathways to net zero<sup>1</sup>.

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**The sector has invested more than \$400 billion in the Australian economy across recent decades, undertaking exploration and developing natural gas production, transport, liquefaction and export facilities. This investment contributes significantly to government revenue to fund hospitals, schools and public services.**

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Australia has a competitive advantage with abundant gas reserves and growing LNG demand on our doorstep. Yet at present, we are failing to seize this opportunity, and the increased demand for gas that Australia and our region will need in the coming years and decades is at risk of not being met. Projects and investment have stalled due to regulatory uncertainty and significant delays in approval processes.

The 2024–25 Federal Budget presents an opportunity for the Australian Government to recalibrate policy settings to support investment and delivery of nation-building projects that will underpin Australia's cleaner energy future and ensure Australia continues to have affordable, reliable energy for decades to come.

This submission outlines a range of policy and regulatory solutions that will alleviate cost of living pressures for households and businesses, secure gas supply for Australia and the region, support the scale-up of decarbonisation technology that will help our country achieve its net zero by 2050 goal and ensure Australia remains a reliable energy partner in our region.



<sup>1</sup> <https://energyproducers.au/wp-content/uploads/2023/11/231127-EY-report-The-future-of-natural-gas-in-Australia-FINAL.pdf>

<sup>2</sup> *Australian Energy Update 2023*, page 9

# Executive summary



## ENSURING RELIABLE, AFFORDABLE ENERGY FOR AUSTRALIA

### Recommendations

- Work with industry on an Action Plan to urgently bring on new gas supply to address near-term structural gas shortfalls in Eastern and Western Australia
- Develop a Future Gas Strategy that recognises the critical, long-term role of gas in achieving net zero by 2050
- Support exploration for natural gas and carbon capture, utilisation and storage (CCUS) through acreage releases
- Determine energy needs for future industries, including critical minerals processing



## RESTORING INVESTOR CONFIDENCE FOR NEW GAS SUPPLY

### Recommendations

- Fix the regulatory uncertainty and delays for offshore gas projects
- Streamline environmental approvals in the Environment Protection and Biodiversity Conservation (EPBC) Act reforms
- Implement taxation and fiscal policy settings that support investment in new gas supply
- Remove pricing controls and return to market signals for the east coast gas market to secure investment in new supply



## DELIVERING AUSTRALIA'S NET ZERO TRANSFORMATION

### Recommendations

- Develop a CCUS roadmap to support the scale-up of CCUS technologies
- Ensure the National Hydrogen Strategy recognises and incentivises hydrogen from natural gas with CCUS as part of Australia's future low-carbon hydrogen mix
- Support the creation of Net Zero Zones to reduce the costs and fast-track emissions reductions in hard-to-abate industries
- Develop emissions policies that recognise the need for new gas supply to achieve net zero by 2050



## DELIVERING ON AUSTRALIA'S COMMITMENT TO REMAINING A RELIABLE ENERGY PARTNER IN OUR REGION

### Recommendations

- Seize the LNG demand growth opportunity in our region
- Establish an Australian LNG Producer-Consumer Taskforce
- Advance Australia as a CCUS destination in the region
- Recognise the role of Australian LNG in our trading partners' decarbonisation plans

# Ensuring reliable, affordable energy for Australia

Energy affordability and security are front and centre for all Australians amid a cost-of-living crisis.

The Australian Competition and Consumer Commission's (ACCC) *Gas Inquiry December 2023 Interim Report*<sup>3</sup> warned eastern Australia faces structural gas shortfalls from 2028 and Victoria and New South Wales face shortfalls from this year. The ACCC said "averting currently anticipated future gas supply shortfalls will likely require the development of new gas fields and pipelines" and that "development of most of the proposed supply and infrastructure projects has been delayed by 12–24 months where last reported to us".

Figure 1: Gas supply is forecast to decline on the east coast of Australia<sup>4</sup>

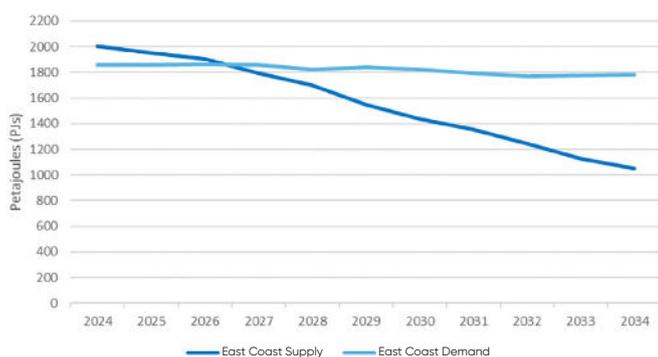
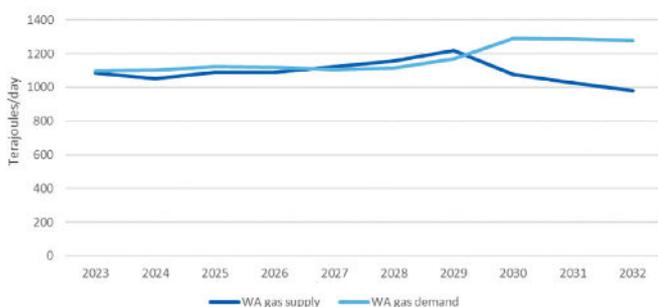


Figure 2: Gas supply is also forecast to decline on the west coast of Australia<sup>5</sup>



Meanwhile, the Australian Energy Market Operator's (AEMO) Western Australian Gas Statement of Opportunities report showed the WA domestic gas market is projected to be in deficit between 2024 and 2029, with potential supply from committed and expected projects up to 11 per cent below forecast demand.<sup>6</sup>

Recent Ernst & Young analysis, commissioned by the Australian Energy Producers as part of the Future Gas Strategy consultation, found that natural gas must be a key tenet of Australia's energy and climate plans, and that underinvestment in new gas capacity in Australia risks narrowing energy security options, increasing energy costs and jeopardises reaching net zero in Australia and the region.

**The Federal Government needs to work with gas producers, energy users and state governments on an Action Plan to urgently bring on new gas supply to address near-term structural gas shortfalls in eastern and Western Australia.**

The government also needs to ensure that energy, climate change and industry policies are underpinned by robust analysis about our future energy needs and where that energy will come from, particularly as we look to maintain Australia's sovereign capability in traditional industries and develop new ones, such as critical minerals processing.



<sup>3</sup> [https://www.accc.gov.au/system/files/Gas%20Inquiry%202017-2030%20-%20December%202023\\_0.pdf](https://www.accc.gov.au/system/files/Gas%20Inquiry%202017-2030%20-%20December%202023_0.pdf)

<sup>4</sup> This figure was developed by combining supply data from Chart 5.2 from the Australian Competition and Consumer Commission (ACCC), *Gas inquiry January 2023 interim report*, Commonwealth of Australia, 2023, and demand forecast data from Figure 7 in AEMO's *2023 Gas Statement of Opportunities*. Demand and supply forecasts can be influenced by various factors, including the influence of measures like the Heads of Agreement, in which LNG exporters on the east coast of Australia agreed that uncontracted gas be first offered with reasonable notice on competitive market terms to the Australian domestic market before being offered to the international market as LNG spot cargoes. The supply data does not account for continued investment in developing supply and contingent (2C) resources.

<sup>5</sup> This is drawn from Figure 1 in AEMO's *2022 Western Australia Gas Statement of Opportunities*, accessed 19 July 2023. The forecasts in this figure, as above, do not account for the development of contingent resources.

<sup>6</sup> [https://aemo.com.au/-/media/files/gas/national\\_planning\\_and\\_forecasting/wa\\_gsoo/2023/2023-wa-gas-statement-of-opportunities-wa-gsoo.pdf?la=en](https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/wa_gsoo/2023/2023-wa-gas-statement-of-opportunities-wa-gsoo.pdf?la=en)

## Future Gas Strategy

The Future Gas Strategy and the 2024–25 Budget should recognise the ongoing importance of the gas industry to the Australian economy and the urgent need for new gas supply.

The Strategy should also prioritise addressing forecast structural gas shortfalls in the near-to medium-term by bringing on the new gas supply needed to power Australian homes and businesses securely and affordably. It should consider all gas supply opportunities, including existing and greenfield developments, to meet future gas needs in Australia and abroad.

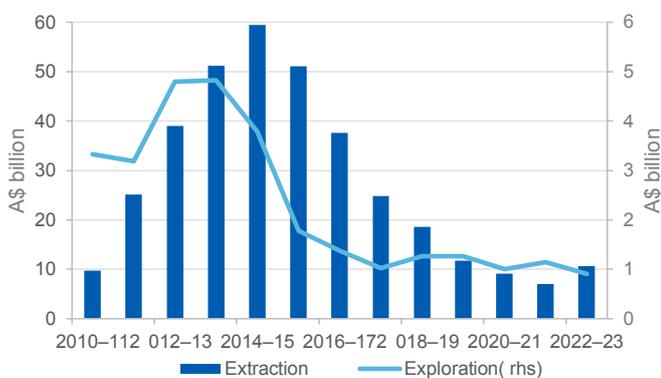
As the EY analysis found, for Australia to establish the pipeline of gas supply needed out to 2050 and beyond, all levels of government will need to be involved in delivering a long-term price signal and investment certainty, lower costs, and enhance project commerciality, as well as a robust and lasting project approvals framework.

### Support offshore exploration for natural gas and CCUS through acreage releases

Australia is not developing the new gas supplies needed to meet domestic demand and is failing to take advantage of growing global demand for LNG, particularly in our region. This is highlighted by falling exploration expenditure in Australia. From its peak in 2014, total petroleum exploration expenditure in Australia has decreased by more than 80 per cent to only \$907 million in 2022–23, underscoring the issues in bringing new gas developments to market.

Acreage releases and exploration are leading indicators of future gas production. With delays in acreage releases and exploration expenditure at an all-time low, the front end of Australia's gas project pipeline is stalling, the real impact of which will not be evident for several years when there will be few solutions to address shortfalls.

Figure 3: Petroleum expenditure, extraction and exploration<sup>7</sup>



<sup>7</sup> Extraction expenditure consists of all expenditure on buildings and structures, plant and machinery equipment associated with Oil and Gas extraction. Source: Australian Bureau of Statistics (2023) Private New Capital Expenditure and Expected Expenditure, 5625.0; and Mineral and Petroleum Exploration, 8412.0

<sup>8</sup> EY, The future role for natural gas in Australia and the Region, 2023

The release of new offshore petroleum exploration acreage is long overdue. The last release was in August 2022 and the allocation of that round is yet to be announced. For Australia to maintain domestic supply, while meeting its commitments to energy partners in the region that rely on Australian gas imports, a pipeline of new acreage release, exploration, field and project development is required.

### Determine energy needs for critical minerals processing

The Federal Government has set ambitious goals for Australia to become a critical minerals processing powerhouse. This activity, like other manufacturing and industrial processes, needs significant volumes of affordable and reliable energy, both in the form of electricity and heat. Where heat is necessary, natural gas – or coal – are currently the most viable energy sources available. Alternative heat sources such as low-carbon hydrogen may become viable in the medium to long-term but are currently not available at the scale required.

Where critical mineral processing requires significant electrical power, natural gas may still be the most viable energy source in the near to medium-term.

EY's analysis found that "If Australia were to bring this mineral processing onshore, and focus on onshore processing of critical minerals, it will be expected to increase the need for reliable, affordable, low-carbon power, heat, and chemical feedstocks in Australia from natural gas with and without CCUS".<sup>8</sup>

The Federal Government's Future Gas Strategy should include robust analysis of the energy needs for future industries, including the critical minerals processing sector to ensure there is sufficient reliable, affordable energy to realise this ambition.



### Recommendations

- Work with industry on an Action Plan to urgently bring on new gas supply to address near-term structural gas shortfalls in Eastern and Western Australia
- Develop a Future Gas Strategy that recognises the critical, long-term role of gas in achieving net zero by 2050
- Support exploration for natural gas and CCUS through acreage releases
- Determine energy needs for future industries, including critical minerals processing

# Restoring investor confidence for new gas supply

Australia needs an effective, streamlined regulatory environment that will help to expedite project delivery, improve environmental outcomes, and attract the investment in new gas supply that will be essential to Australia's energy transition and to meet net zero by 2050.

Government interventions in the gas market and prolonged regulatory uncertainty have delayed the new gas supply urgently needed to keep the lights on and put downward pressure on prices for Australian homes and businesses.

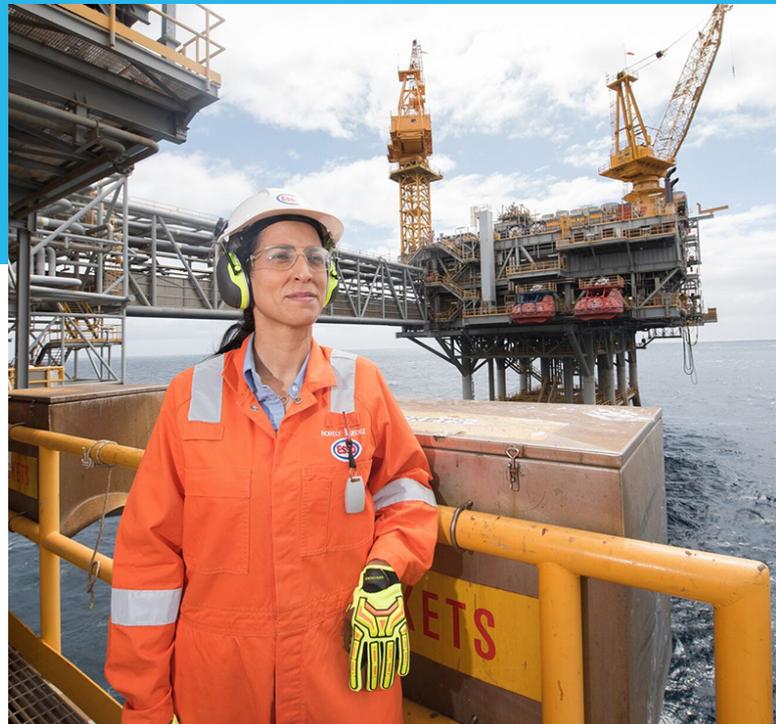
**The Federal Government must prioritise removing these barriers and put in place the policy drivers necessary to facilitate investment in new gas supply.**

## Fix the broken offshore regulatory framework

Offshore gas developments are experiencing unprecedented delays and challenging regulatory requirements following the Federal Court decision in *Santos NA Barossa Pty Ltd v Tipakalippa* [2022] almost 18 months ago.

Since then, there has been prolonged uncertainty and complexity around the extent of stakeholder consultation required to obtain environmental approvals from the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), resulting in a significant backlog of projects that is delaying potential gas supply to contracted customers in Australia and Asia, and impacting decommissioning and CCUS projects.

Regulatory reforms are urgently needed to provide clarity and certainty for industry while maintaining comprehensive and meaningful consultation with stakeholders.



## Streamline environmental approvals in the EPBC Act reforms

New onshore gas projects also face uncertainty and delays. Environmental approvals should be streamlined through the current overhaul of the EPBC Act.

The current reform to the national environmental laws is an opportunity to fix a broken system. The new laws should aim to improve environmental outcomes while also providing certainty and clarity to proponents, avoid duplication with existing state and Commonwealth laws and avoid added costs and delays to project approvals bringing on new energy supply - including gas - is so critical.

## A tax regime that incentivises investment

Australia's oil and gas industry contributes significantly to federal, state and territory government revenues, paying around \$16 billion in taxes and royalties in 2022-23 and around \$65 billion in taxes and other payments over the last decade.

Analysis by Wood Mackenzie commissioned by Australian Energy Producers last year estimated that over the next two decades the industry will contribute another \$100 billion in taxes to governments which help pay for schools, hospitals and other essential services provided for Australians.<sup>9</sup>



<sup>9</sup> [https://energyproducers.au/all\\_news/another-100b-of-tax-forecast-from-lng-projects-after-400b-industry-investment/](https://energyproducers.au/all_news/another-100b-of-tax-forecast-from-lng-projects-after-400b-industry-investment/)



However, Australia's tax system has become increasingly uncompetitive which impacts the country's international competitiveness and productivity and deters investment in new gas supply. To attract the necessary investment in new oil and gas development in Australia there must be no new or additional taxes on the industry, and stable, clear policy settings conducive to long-term investment certainty.

Changes to the Petroleum Rent Resource Tax (PRRT) announced in the 2023–24 Budget were the culmination of three years of extensive consultation with industry and will see an additional \$2.4 billion collected over the forward estimates, according to Treasury. Australian Energy Producers continues to urge the Federal Government to work with the Coalition to pass the legislation and commit there will be no further material changes to the PRRT.

#### Return to market signals for the east coast gas market

The Federal Government's interventions in the east coast gas market in 2022–23 resulted in considerable uncertainty and severely dampened investor confidence. With the mandatory Gas Market Code now in force putting the government at the centre of the gas market, it remains unclear whether it will be enough to attract sufficient investment in new gas supply. While an improvement on the price cap, the Code nonetheless mutes the normal market price signal to bring on new supply and limits the confidence of producers to invest, with no proven benefit to consumers.

This market intervention must not become a permanent fixture. The government should outline a plan to remove the Code's pricing provisions and a return to market signals ahead of the Code's review in 2025.



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#### Industrial relations policy should focus on productivity

Ensuring an effective and efficient workplace relations system in Australia is vital for businesses to increase productivity and drive necessary further investment in the oil and gas industry.

The Federal Government's recent overhaul of Australia's industrial relations laws were rushed and failed to properly consult with business. The changes will add complexity and increase compliance costs for businesses, and further impact how Australia is viewed as a destination for global investment.

#### The government should refocus workplace relations policy on reviving productivity, supporting enterprise bargaining, and enabling access to diverse and flexible forms of employment.



#### Recommendations

- Fix the regulatory uncertainty and delays for offshore gas projects
- Streamline environmental approvals in the EPBC Act reforms
- Implement taxation and fiscal policy settings that support investment in new gas supply
- Refocus workplace relations policy on reviving productivity
- Remove pricing controls and return to market signals for the east coast gas market to secure investment in new supply

# Delivering Australia's net zero transformation

Australia's oil and gas industry is committed to net zero across the economy by 2050 and has a central role to play in meeting this target. Natural gas supports the transition away from coal, provides the firm dispatchable energy required to unlock large-scale renewable energy deployment, and powers Australian industries across the economy, including those processing the critical minerals necessary for net zero.

The oil and gas industry is also integral to delivering key step-change emissions reduction technologies such as CCUS and low-carbon hydrogen. It is already investing billions of dollars to bring these technologies online.

Ongoing investment in natural gas is required for all net zero pathways in Australia and globally. The EY analysis found that "Australian natural gas will continue to have an important role powering the economy of Australia and the region to 2050 and beyond, and is a crucial tool for the path to net zero".<sup>10</sup>

The analysis established that across all plausible pathways to net zero in Australia, natural gas will be needed to support emissions reduction while keeping energy supplies secure and affordable. Ongoing investment in new gas supply will be required in existing and new fields across all scenarios to maintain production and meet all levels of projected energy demand.

## Unlocking the potential of CCUS technologies

CCUS is a proven and viable technology used successfully around the world for more than 25 years. It has bipartisan support as a climate mitigation tool and is recognised by the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change, Australia's Climate Change Authority and Commonwealth Scientific and Industrial Research Organisation (CSIRO) as critical to net zero.

The Australian Government must keep all options open for these technologies to be developed and rolled-out at the pace and scale required for Australia to meet its net zero 2050 goal, and for the industry to meet its own decarbonisation targets.

Further, it should expedite its review of the CCUS regulatory framework announced in the 2023-24 Budget to deliver regulatory reforms that provide clarity and streamlined approval timeframes and enable the technology's development.

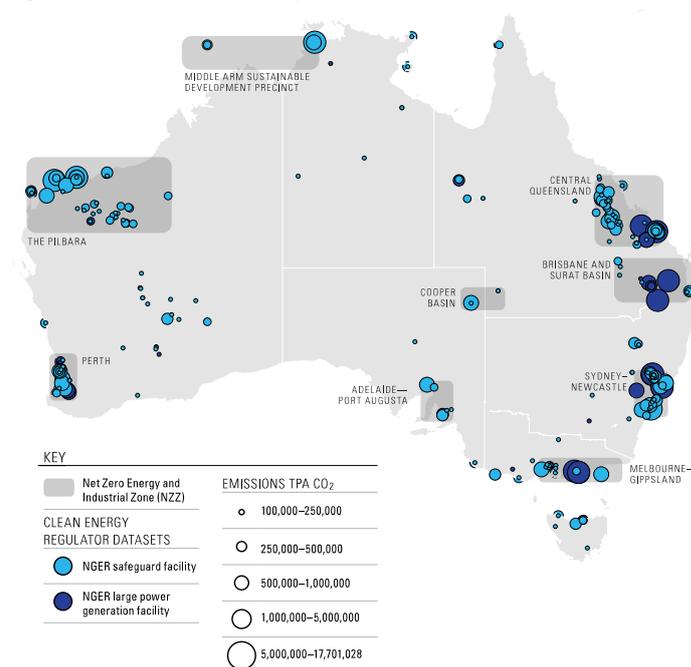
<sup>10</sup> <https://energyproducers.au/wp-content/uploads/2023/11/231127-EY-report-The-future-of-natural-gas-in-Australia-FINAL.pdf> - page 39

A National CCUS Roadmap is also needed to ensure Australia can realise our industry's ambition and potential to be a major regional player in the field and to keep pace with the United States and Europe, which are pouring significant incentives into the sector. Australia risks falling behind in the CCUS race as other countries commit generous incentives to attract investment in CCUS and hydrogen technology.

## Net Zero Zones to decarbonise hard-to-abate industries

Nine energy and industrial regions around Australia comprise 92 per cent of all emissions from facilities covered by the Safeguard Mechanism, as well as 98 per cent of all large power generation emissions. Establishing Net Zero Energy and Industrial Zones (NZZs) around these nine regions through the development of shared infrastructure around the key decarbonisation building blocks of renewable power, CCUS, low-carbon hydrogen would allow reduced costs and timeframes for the decarbonisation of Australia's hard-to-abate industries, support regional economic activity and job creation, and act as a magnet for future net zero industrial and manufacturing investment.

Figure 4: Net Zero Zones (NZZ) map



## A technology-neutral approach to low-carbon hydrogen

Natural gas combined with CCUS is currently the most affordable pathway to low-carbon hydrogen production. Under the IEA's Net Zero by 2050 scenario, over a quarter of hydrogen in 2050 will come from natural gas with CCUS.

Furthermore, natural gas with CCUS is the most technologically advanced and widely deployed pathway to low-carbon hydrogen, meaning it has the ability to scale up faster, to facilitate other low-carbon hydrogen pathways as they scale up and costs come down.

However, significant policy bias exists against low-carbon hydrogen using CCUS, both in terms of a lack of support for CCUS and locking out low-carbon hydrogen from current climate and energy policy. The legislated moratorium on financial support for CCUS projects under the Clean Energy Finance Corporation Act remains a significant barrier to Australia meeting its legislated emissions reduction targets. Similarly, the government's Hydrogen Headstart program focuses exclusively on hydrogen from renewables.

## A technology-neutral approach to unlocking Australia's low-emission hydrogen industry is needed if Australia is to become a global leader in hydrogen production.

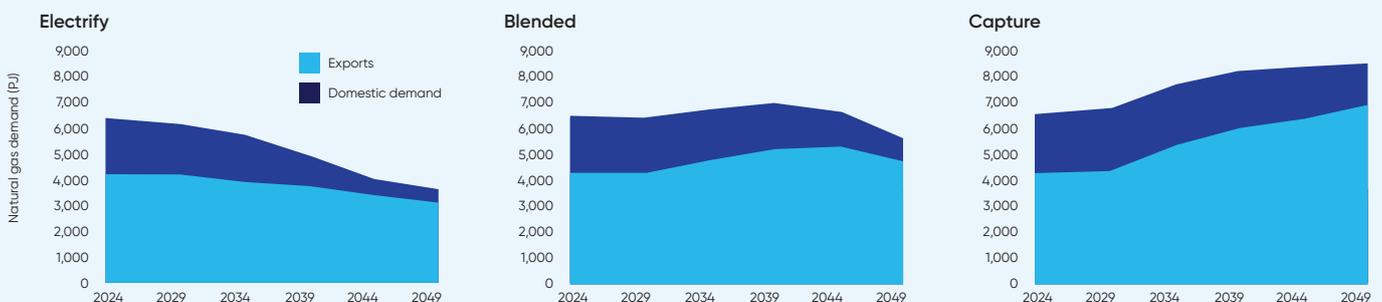


### Recommendations

- Develop a CCUS roadmap to support the scale-up of CCUS technologies
- Ensure the National Hydrogen Strategy recognises and incentivises hydrogen from natural gas with CCUS as part of Australia's future low-carbon hydrogen mix
- Support the creation of Net Zero Zones to reduce the costs and fast-track emissions reductions for hard-to-abate industries
- Develop emissions policies that recognise the need for new gas supply in net zero by 2050

Australian Energy Producers commissioned EY to undertake analysis of a range of emissions-equivalent net zero scenarios in support of its submission to the Future Gas Strategy. Under the most rapid electrification scenario renewable energy capacity in 2050 will need to be 20 times larger than it is today. Under this scenario there will still be significant domestic gas demand over the transition, particularly into the 2040s. If the capacity build for renewables is less rapid, with supply chain, labour constraints and a lack of social licence for building renewable energy slowing the rollout, domestic gas demand will remain higher for longer. Exports are expected to remain significant over the transition period and beyond.

Figure 5: Natural gas demand to 2050 across three net zero scenarios<sup>11</sup>



<sup>11</sup> Source: EY, *The future role for natural gas in Australia and the Region, 2023*. EY was engaged to provide an independent assessment of the future role of natural gas in Australia and the region. All references to the report must be considered in the context of the full Report.

# Remaining a reliable energy partner in our region

Australian natural gas is critical to the energy security and decarbonisation objectives of our regional partners. In 2022, Australian natural gas provided 40 per cent of Japan's total gas demand, 36 per cent of Taiwan's, 25 per cent of each South Korea's and Singapore's, and 8 per cent of China's gas demand.<sup>12</sup> This underscores the importance of Australia's role as a valued energy partner in our region.

Much of the investment in expanding the country's oil and gas production over the past 30 years has been made by Australia's key trading partners, enabling the country to become one of the world's largest exporters of LNG, exporting 81 million tonnes in 2022-23 with a value of \$93 billion. In the period from 1989-90 to 2022-23 Australia's export earnings from LNG totalled \$490 billion.

**These export earnings have played a vital role in supporting the Australian economy and contributing jobs and taxes for the benefit of the wider community. This investment has also unlocked new gas supply for the domestic market. International investment will continue to be vital in bringing new supplies of gas online and new energy sources that will drive the transition to a cleaner energy future.**

While Australia experienced an LNG development boom in the 2010s, important legacy LNG and domestic fields are now in the decline phase. Maintaining LNG production and meeting domestic demand requires investment in new development which is not occurring on the scale needed<sup>13</sup>.

Australia is also missing out on the significant LNG growth opportunity on our doorstep.

The Institute of Energy Economics, Japan (IEEJ) has forecast that Asia's LNG consumption will more than double from 2021 to 2050, from 273 million tonnes to 551 million tonnes. Meanwhile, the IEA predicts that the South East Asia region, which has historically been an exporter of gas, will become a net importer of gas by 2025 as a result of rising demand<sup>14</sup>.

The BP Energy Outlook 2023 also notes that global LNG demand to 2030 will be met by substantial expansion in exports from the US and Qatar to around half of global LNG supplies, while forecasting declines in Australian LNG exports post 2030 reflecting increasing costs and constraints on upstream natural gas production<sup>15</sup>.



<sup>12</sup> Department of Industry, Science and Resources, Future Gas Strategy consultation paper, page 14 [https://storage.googleapis.com/converlens-au-industry/industry/p/prj27dea2ada2e0dc2bc348a/public\\_assets/future-gas-strategy-consultationpaper.pdf](https://storage.googleapis.com/converlens-au-industry/industry/p/prj27dea2ada2e0dc2bc348a/public_assets/future-gas-strategy-consultationpaper.pdf)

<sup>13</sup> The Oxford Institute for Energy Studies - Is Australia quietly quitting the LNG business? Energy Insight 130 <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2023/06/Insight-130-Is-Australia-quietly-quitting-the-LNG-business.pdf>

<sup>14</sup> IEA Southeast Asia Energy Outlook 2022 <https://iea.blob.core.windows.net/assets/e5d9b7ff-559b-4dc3-8faa-42381f80ce2e/SoutheastAsiaEnergyOutlook2022.pdf>

<sup>15</sup> BP Energy Outlook 2023 edition page 53



The Federal Government recently recommitted Australia to be a reliable LNG supplier <sup>16</sup> to our regional energy and security partners. However, government actions are required to deliver on this commitment.

**Australia needs policy settings that will restore our international reputation as a reliable energy partner and a destination of choice for foreign investment by seizing the significant LNG export – and CO<sub>2</sub> import – opportunity on our doorstep, and the billions of dollars in investment, jobs and economic benefits that would flow for decades.**

#### Establish an Australian LNG Producer-Consumer Taskforce

As recommended in Australian Energy Producers submission to the Future Gas Strategy consultation, an Australian LNG Producer-Consumer Taskforce would assist in ensuring LNG supply and demand requirements are met and provide greater certainty to our energy partners and investors. Australian Energy Producers would be willing to work with government to establish a forum for key Australian LNG stakeholders, including representatives from LNG consumer countries and producers, to discuss key supply and demand requirements that should be considered in developing and implementing the Future Gas Strategy.

The Strategy should also recognise the critical role of Australian LNG exports in the decarbonisation of our region. The Australian Government estimates that Australian LNG has the potential to reduce global emissions by up to 166 million tonnes per year by displacing the use of coal and other more emissions-intensive fuels in the region.<sup>17</sup>

#### A carbon storage destination for the region

The recent passage of the *Environment Protection (Sea Dumping) Amendment (Using New Technologies to Fight Climate Change) Bill 2023* in the Australian Parliament with bipartisan support was a positive step towards unlocking new economic opportunities for an Australian CCUS industry.

However, further action is needed to facilitate the development of a CO<sub>2</sub> import and storage industry which could also help Australia's valued trading partners with limited options to store their own industrial emissions. The Federal Government should fast-track the establishment of a permitting regime for the import of CO<sub>2</sub> for geological storage in Australian waters as part of the development of a National CCUS Roadmap, and fast-track government-to-government bilateral discussions to facilitate the import of CO<sub>2</sub>.



#### Recommendations

- Seize the LNG demand growth opportunity in our region
- Establish an Australian LNG Producer-Consumer Taskforce
- Advance Australia as a CCUS destination in the region
- Recognise the role of Australian LNG in our trading partners' decarbonisation plans

<sup>16</sup> <https://minister.dcceew.gov.au/bowen/speeches/speech-australia-renewable-energy-superpower-australian-embassy-japan>

<sup>17</sup> Australian Government, *Australia's Long-Term Emissions Reduction Plan 2021, 2021*



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