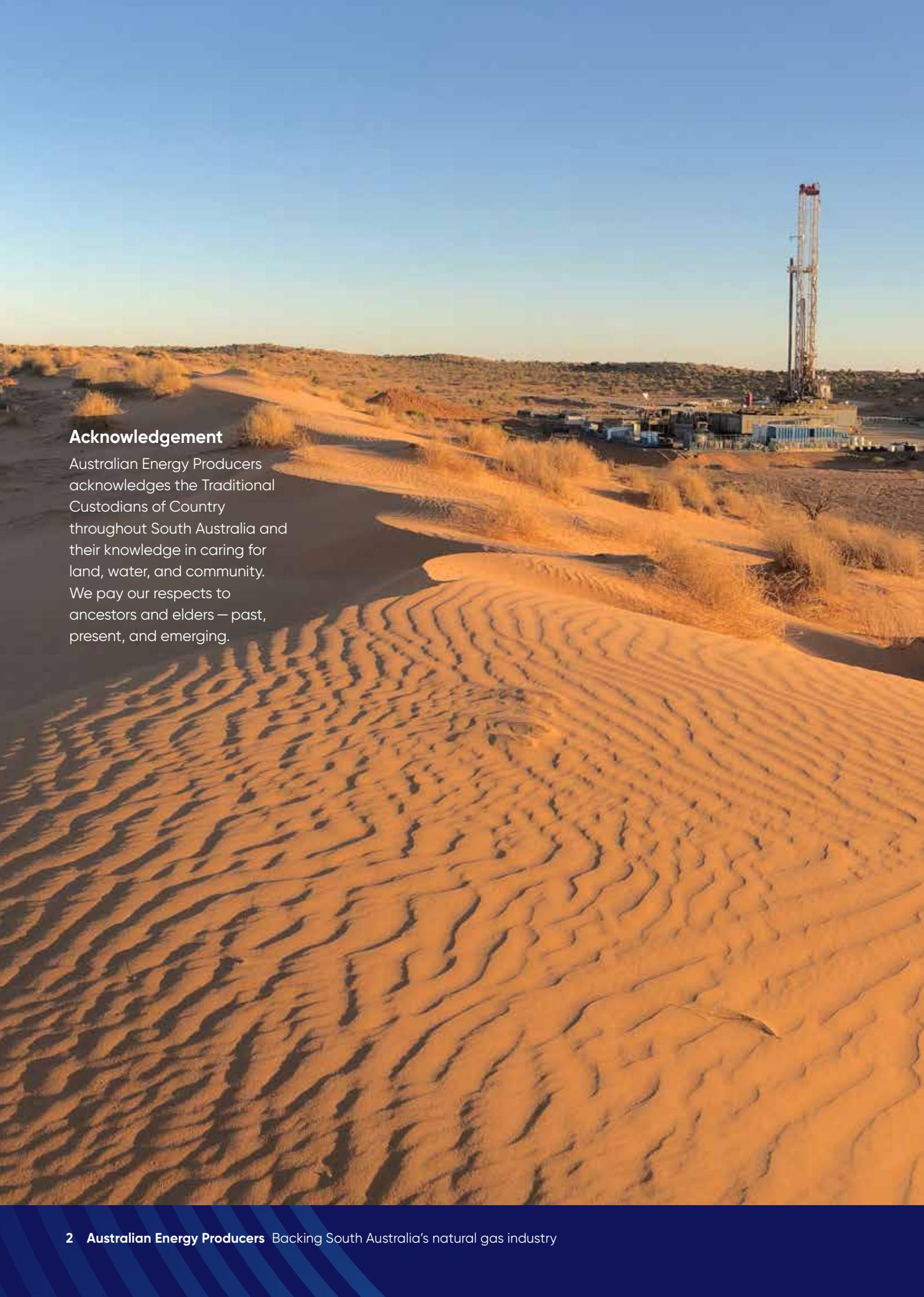


Backing South Australia's natural gas industry

A plan for economic growth, industrial decarbonisation and energy security



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Acknowledgement

Australian Energy Producers acknowledges the Traditional Custodians of Country throughout South Australia and their knowledge in caring for land, water, and community. We pay our respects to ancestors and elders – past, present, and emerging.



Introduction

Natural gas is critical to South Australia's economic prosperity, energy security and pathway to net zero emissions.

By working closely with governments, industry and the community, the natural gas sector is one of South Australia's success stories and will be a foundation of its next phase of industrial growth.

Long-standing bipartisan support has enabled the industry to deliver sustained economic activity, high-value jobs and reliable energy, while supporting local communities and strengthening energy security for South Australians, the nation and our key trading partners.

At a time of ongoing cost-of-living pressures and an increasingly complex energy transition, continued policy certainty and investment in natural gas are essential to maintaining reliable and affordable energy for households and businesses.

Natural gas will continue to play a vital role in firming renewables, fuelling manufacturing and underpinning the state's energy system as it decarbonises. As Premier Peter Malinauskas has observed, 'without gas there is no firming of our electricity system, and without firming there are no renewables' – underscoring the need for a pragmatic approach to energy policy.

Natural gas is also central to South Australia's industrial transformation agenda. It provides a practical and immediate pathway to reduce emissions in existing industries, while enabling the transition to cleaner energy at sites such as Whyalla, supporting new critical minerals processing opportunities, and meeting the rapidly growing energy demand of data centres and digital infrastructure.

With demand for gas expected to remain strong and supply pressures emerging across southern Australia, investment in South Australia's gas sector has never been more important.

Australian Energy Producers has developed a strategic plan that recognises the essential role of natural gas in delivering reliable and affordable energy while supporting emissions reductions at home and abroad.

By prioritising these policy actions, governments can attract investment in new gas supply, unlock South Australia's economic potential, support skilled employment, and safeguard the revenues that help fund schools, hospitals and essential services

Keld Knudsen

General Manager States & Territories, Australian Energy Producers

Importance of natural gas and petroleum to South Australia



South Australia runs on natural gas

Natural gas is a vital part of South Australia's energy system. South Australians rely on gas every day for reliable electricity, to cook meals, heat homes and water, and manufacture essential products such as food, glass, cement and building materials. Gas also underpins many of the state's industrial operations and supports thousands of jobs across the economy. While South Australia sources gas from multiple basins, secure and reliable supply remains critical to meeting ongoing demand.



Natural gas is essential to South Australia's net zero future

South Australia leads the nation in renewable energy, and gas plays a critical role in firming the system when solar and wind are unavailable. The flexibility of gas-fired generation supports reliability and system security, enabling higher penetration of renewables while reducing emissions – with gas producing around half the emissions of coal in power generation.



South Australia's gas industry supports jobs and economic activity

The gas sector underpins high-value employment, supports local supply chains and enables the state's advanced manufacturing, resources and processing industries to operate competitively. Reliable access to gas is essential to retaining existing industries, attracting new investment and sustaining regional and metropolitan jobs.



Carbon capture, utilisation and storage supports decarbonisation

CCUS allows emissions from energy generation and industrial activity to be captured and safely stored, delivering deep emissions reductions without compromising energy security. As South Australia decarbonises, CCUS will be particularly important for addressing emissions from hard-to-abate industries, such as cement, steel, and chemical production.



Boosting gas supply to support affordability and reliability

As coal-fired generation is phased out and electricity demand grows, the role of natural gas is expected to increase. Investment in new gas supply is critical to putting downward pressure on prices, supporting cost-of-living relief and ensuring households and businesses continue to have access to reliable and affordable energy.



Gas facts



\$8 billion

contributed annually to the SA economy¹



14,240

jobs across SA's gas industry value chain¹



25%

of SA's electricity generation is from natural gas²



\$107 million

paid in petroleum and gas royalties in 2023–2024¹



1.7 million tonnes

of CO₂ can be stored annually at Moomba CCS project³



\$1.4 billion

petroleum product sales in SA in 2023–2024¹

A plan for SA's economic growth and energy security

Our platform outlines four key policy actions:



1. Leverage natural gas to ensure energy reliability and affordability



2. Streamline approvals and ensure regulatory certainty to boost supply



3. Unlock new gas supply, industrial growth, critical minerals, low carbon hydrogen and enabling infrastructure



4. Support carbon capture, utilisation and storage (CCUS) to deliver real emissions reductions



1. Leverage natural gas to ensure energy reliability and affordability

Natural gas is a key pillar of South Australia's energy system, underpinning energy affordability and resilience. It supplies around 485,000 customers and businesses in South Australia along 8,511km of pipeline infrastructure, supporting both everyday energy needs and peak demand periods.⁴

South Australia is a global leader when it comes to renewable electricity. Gas fired generation remains the backbone of reliable electricity in SA, providing around a quarter of electricity generation and supporting system stability during extended periods of low wind and solar.⁵

Reliable gas-fired generation is also essential to meeting rapidly growing electricity demand from data centres, digital infrastructure and advanced manufacturing, where system reliability is critical and demand profiles are often inflexible.

South Australia has been at the forefront of managing the operational realities of a high-renewables system. The Firming, Energy Resilience & Reliability Mechanism (FERM) is one of the most practical and forward-looking energy reforms undertaken by any Australian government. FERM recognises that a renewables-led grid only works when dispatchable firming capacity keeps pace, and gas is central to that task.

The Australian Energy Market Operator's (AEMO) 2025 Gas Statement of Opportunities warns of structural gas supply gaps in southern Australia from 2028–2029 without new supply and infrastructure.⁶ That's why the SA Gas Initiative Grant Scheme and the Gas Security Infrastructure Fund, which are designed to encourage mid to long-term gas projects that improve deliverability and bolster energy security, should be supported and expanded.

Policy asks



Continue to invest in the SA Gas Initiative Grant Scheme and Gas Security Infrastructure Fund to accelerate investment in exploration and development

Explicitly recognise gas-fired generation as essential firming in SA's long-term energy and system planning

Support new domestic gas development through stable, long-term investment settings to ensure reliable supply and put downward pressure on energy prices

Support continued oil and condensate exploration and production to strengthen national liquid fuel security and supply resilience



2. Streamline approvals and ensure regulatory certainty to boost supply



To maintain investor confidence and attract new capital, South Australia must provide efficient, predictable approvals and long-term regulatory certainty for major energy projects.

Prolonged approval timeframes and policy uncertainty materially increase project risk and cost. In practice, delays defer final investment decisions, inflate financing and holding costs, disrupt supply chain commitments, and can ultimately lead proponents to redirect capital to competing jurisdictions.

For projects critical to gas supply, carbon capture, utilisation and storage (CCUS), and enabling infrastructure, these delays undermine energy security, affordability and emissions reduction objectives.

Beyond regulatory delays, legal challenges and repeated objections are increasingly being used to slow projects, often by groups with no clear accountability or formal standing.

Approval delays have a clear economic cost to South Australia. Every year that a major project is delayed represents a year of foregone economic activity, reduced employment, and lost state revenue. In a tight domestic gas market, delays can also contribute to higher energy prices for households and industry, compounding cost-of-living pressures and eroding the competitiveness of South Australian manufacturers.

Policy asks

Implement a single-touch major project pathway and undertake a targeted audit of regulation to reduce unnecessary delays and compliance costs, supporting timely decisions and lower energy prices

Accelerate approvals and coordination of gas pipelines and CCUS infrastructure under the State Development & Coordination Facilitation framework

Ensure projects that have met all approval and consultation requirements are not delayed by vexatious legal challenges

Remove duplication with federal government regulations and policies, including emissions reporting

Continue to work with industry, Traditional Owners and other stakeholders to support timely approvals and investment decisions while supporting Indigenous employment and economic empowerment



3. Unlock new gas supply to enable industrial growth, critical minerals and enabling infrastructure

Natural gas from South Australia's Cooper and Otway basins underpins manufacturing, critical minerals processing, chemicals and other energy-intensive industries that are critical to the state's economy and regional employment.

Manufacturing alone contributes around \$7.8 billion in gross value add to South Australia, with reliable and affordable gas supply fundamental to the competitiveness of these sectors.

As existing fields mature and capital becomes more selective, unlocking new gas supply will depend on timely exploration, efficient development and access to enabling infrastructure. Strategic pipelines, processing facilities and shared infrastructure corridors are essential to connect resources to markets, reduce development costs and bring smaller and mid-scale projects into production sooner.

Well-planned infrastructure also supports shared-use solutions, maximises regional investment, and strengthens South Australia's role as a leading national energy and industrial hub. Aligning gas supply policy with infrastructure planning will improve project economics, attract private capital and safeguard the industrial base that supports jobs, exports and state revenue.

Policy asks



Recognise gas as a strategic industrial and decarbonisation enabler in South Australia's energy and industry policy settings to support manufacturing, minerals processing and chemicals

Maintain competitive and stable royalty and fiscal settings to sustain exploration, development and long-term gas supply

Introduce targeted incentives for smaller-cap explorers to accelerate exploration and bring new gas supply to market

Develop a state-wide energy and resources infrastructure corridor strategy, recognising key gas precincts (Cooper Basin, Upper Spencer Gulf and Limestone Coast) and encouraging shared-use infrastructure

Continue competitive acreage tendering to promote exploration investment, efficient resource allocation and new petroleum discoveries



4. Support CCUS to deliver real emissions reductions

Carbon capture, utilisation and storage (CCUS) is critical to cutting emissions while ensuring energy security and industrial competitiveness, particularly for hard-to-abate sectors that cannot readily electrify.

South Australia is already demonstrating the real-world impact of CCUS at scale. Santos and Beach Energy's Moomba CCS project in the Cooper Basin shows how existing gas infrastructure and well-characterised geology can deliver material emissions reductions.

The Moomba CCS Project, which started operating in October 2024, has an annual injection capacity of up to 1.7 million tonnes of CO₂, equivalent to taking around 700,000 petrol cars off the road each year.

As South Australia decarbonises, CCUS will be particularly important for addressing emissions from hard-to-abate industries, such as steel, cement and chemical production where few alternatives exist today. CCUS is also the lowest cost pathway to low-carbon hydrogen production.

Scaling CCUS through shared infrastructure and coordinated policy support will position South Australia as a national leader in practical, economy-wide decarbonisation while supporting jobs and industrial capability.

Policy asks



Recognise CCUS as critical enabling infrastructure in South Australia's energy, industry and decarbonisation policy frameworks

Support the development of shared CCUS infrastructure in the Upper Spencer Gulf and the Cooper Basin to enable multi-user access and emissions reduction at scale

Support the development of a national CCUS strategy



Notes

- 1 *Economic Contribution of the Gas Industry*, KPMG, February 2024
- 2 Department of Climate Change, Energy, the Environment and Water, *Australian Energy Statistics 2025*
- 3 www.santos.com/moombaccs/
- 4 www.aemc.gov.au/energy-system/gas/gas-pipeline-register/sa-distribution-gas-network
- 5 Department of Climate Change, Energy, the Environment and Water, *Australian Energy Statistics 2025*
- 6 Australian Energy Market Operator, *2025 Gas Statement of Opportunities*, March 2025





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