

Avoiding a misfire: the real role of gas in long term economic recovery

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Fanning the flames of the gas debate

INDICATIONS of federal support for controversial offshore gas drilling near Newcastle can be seen as the latest growth spurt of a Hydra-headed energy policy trying to serve two masters, and ultimately satisfying neither.

On the one hand, Canberra has little choice, politically - and, in the eyes of many voters, morally - but to play its part in the global push to reduce atmospheric and ocean carbon dioxide levels by minimising the use of fossil fuels.

On the other, it has a first-order responsibility to ensure the nation has viable forms of energy security: and that means secure supplies of gas and oil, as well as an electricity grid that can handle ever-increasing volumes of intermittent wind and solar power while still needing baseload power stations to keep the lights on around the clock.

This is just a snapshot of the complexity. It is no easy task. And its a task made all the harder, thanks to a rapid expansion of the gas industry, to the point where we now vie with Qatar in the Middle East for the title

But the farther we go along the environmental path, the greater the emphasis that will be put on the negative impacts of gas extraction, whether it is onshore fracking of coal seams, or the drilling of undersea basins. Traditionally, the seabed off Newcastle was seen as having little potential for gas. But energy booms can make marginal prospects financially viable, and politically saleable on the grounds that "anything is better than coal". This debate has some way to travel yet.

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Gas-fuelled energy ambitions a

Mike Foley
Nick Toscano

Prime Minister Scott Morrison's push to deliver 1000 megawatts of new gas-fired power capacity into the nation's main energy grid could discourage investment in battery technology, imperil the clean energy transition and risk financial losses for the taxpayer-backed Snowy Hydro scheme.

Experts and industry insiders said the independent Australian En-

However, Energy and Emissions Reduction Minister Angus Taylor said this week that if industry did not commit to a total of 1000 megawatts "government will fill the remaining capacity".

Mr Taylor has previously warned "like-for-like" replacement of Liddell is needed or prices could rise "by around 30 per cent over two years", and he has identified the government-owned Snowy Hydro to build a gas plant to fill any capacity

'There is little need for peaking power ... the National Electricity Market until 2030.'

Matthew Rennie, EY Port Jackson Partners

NT News

GAS KEY TO FIRING UP NT ECONOMY

THE Northern Territory's economy is going to be cooking with gas.

Along with the minerals and agriculture sectors it is our best opportunity for sustained long-term job creation.

Economic and employment opportunities by further developing the Territory's onshore gas sector remains strong, and companies stand ready to continue to invest \$1bn to explore for natural gas and billions more if exploration is successful.

The NT is already a significant part of Australia's gas industry with offshore gas processed in Darwin accounting for 11 per cent of Australia's LNG production.

Further success as an industry will help re-establish a strong Territory economy.

MPs unite to oppose gas licence extension

BY MATTHEW KELLY

represent a "potential solution

gas is not and never will be

Gas vital in transition to renewables

Gas offers a pipeline to Tassie's ambitious renewable target, writes **Lindsay Ward**

IT might not be the first thing you think of when it comes to renewable energy, but natural gas has an integral role to play in helping the state reach the Tasmanian Renewable Energy Target.

By the government's own admission, the target of doubling Tasmania's renewable energy generation to 200 per cent of the state's current needs by 2040 is an ambitious one.

And ambition is just what Tasmania needs to realise the full potential of its rich

between its current energy mix and its renewable future.

Due to COVID-19's economic impact, this gap comes when affordable and reliable energy is needed more than ever to kickstart economic recovery. The Tasmanian Gas Pipeline is able to help fill this void, and see Tasmania's transition to a renewable energy future happen smoothly and efficiently, while making sure the economy is powered up to rebound from COVID-19.

Analysis by Deloitte Access

Oil and gas contribution

- \$350 billion investment over the last decade
- Almost two-thirds of our primary energy demand
- Supports > 80,000 jobs
- Half of gas is used for mining and manufacturing
- Gas essential to create everyday products – fertilisers, plastics, chemicals
- World's largest LNG exporter – export value of \$48 billion 19/20



Gas-fired recovery

“A gas-fired recovery will help Australia’s economy bounce back better and stronger while supporting our growing renewable capacity and delivering the reliable and affordable energy Australians deserve.” The Hon. Angus Taylor Minister for Energy and Emissions Reduction



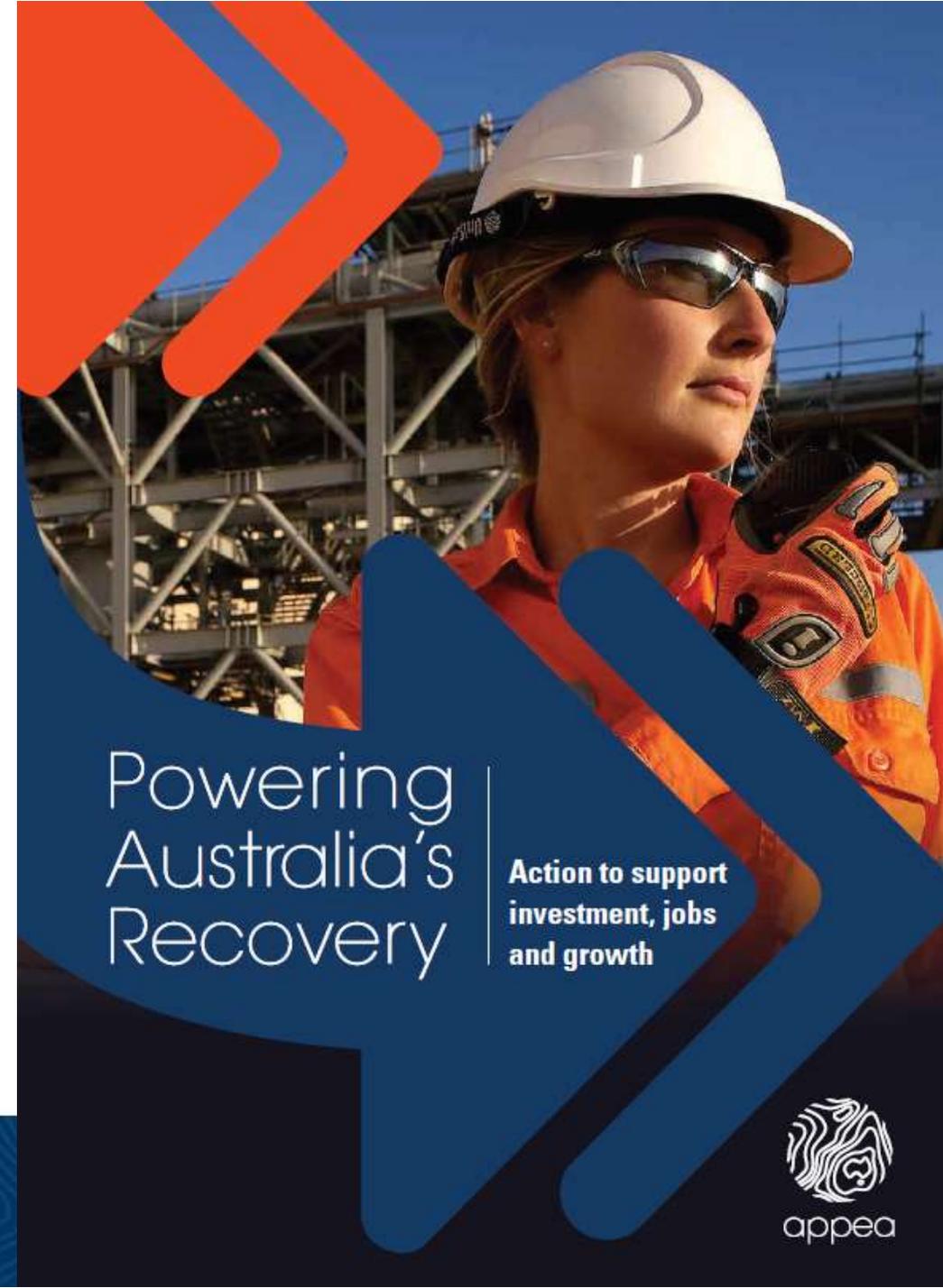
The challenges are significant

- COVID-19 triple whammy
 - Demand destruction and excess supply.
 - Reduced investment appetite for exploration
 - Scarce capital
- Policy instability, regulatory complexity
- **Australia less competitive for investment**



Actions to encourage investment

- Improve fiscal settings esp. investment allowances
- Streamline green and red tape
- Support exploration and development
- Promote open and competitive markets
 - ACCC, AEMO – domestic market well supplied
 - LNG exports support domestic market supply
 - ADGSM, HoA, Gas Reservation
 - More investment is the solution to supply

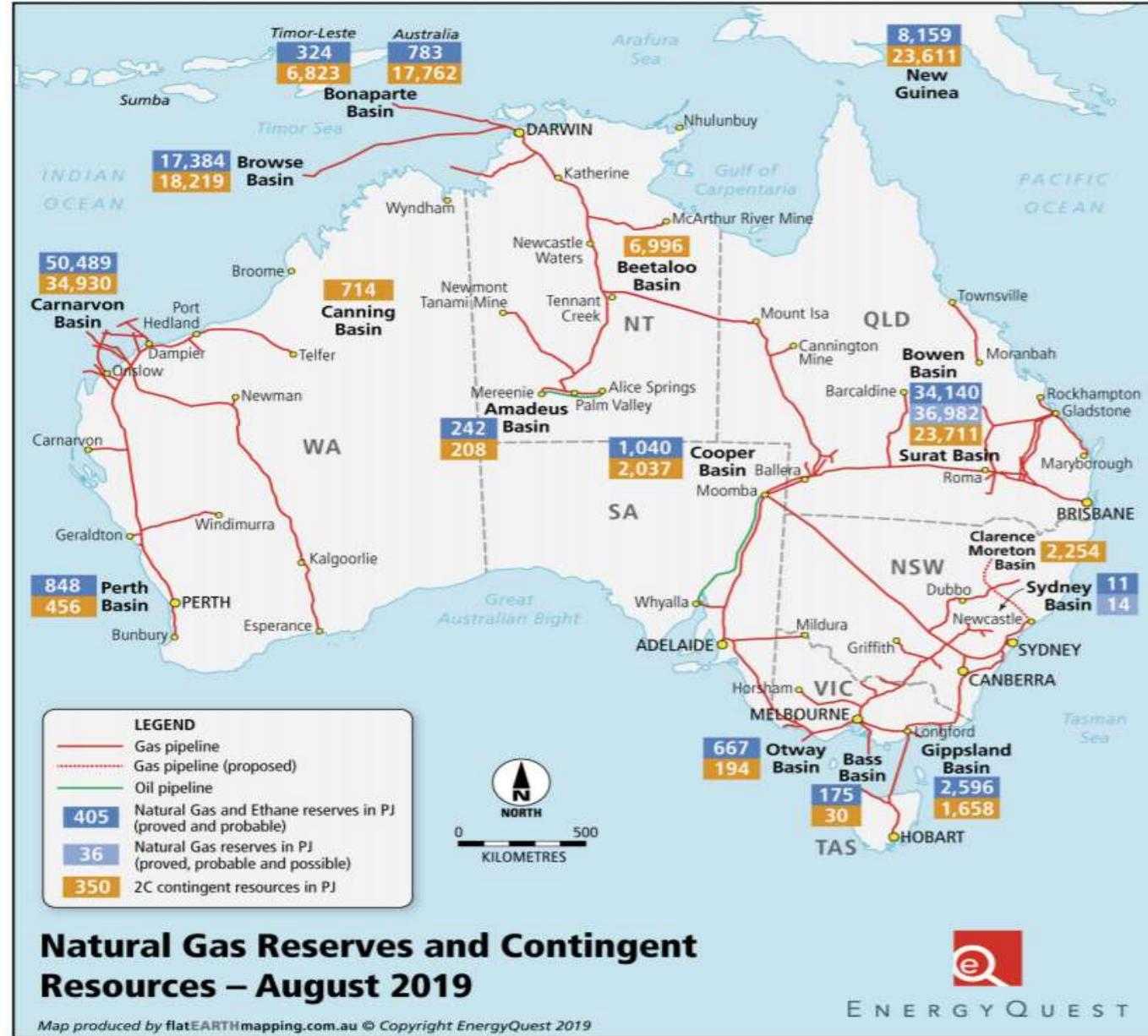


Powering
Australia's
Recovery

Action to support
investment, jobs
and growth

The opportunity is great

- Globally significant untapped resources
- ~280,000PJ - enough to last 106 years
- Governments taking steps to support exploration investment
 - Lifting of moratoriums in Victoria
 - Narrabri planning approval
 - Federal Government Strategic Basins Plan
 - Beetaloo, North Bowen, Galilee



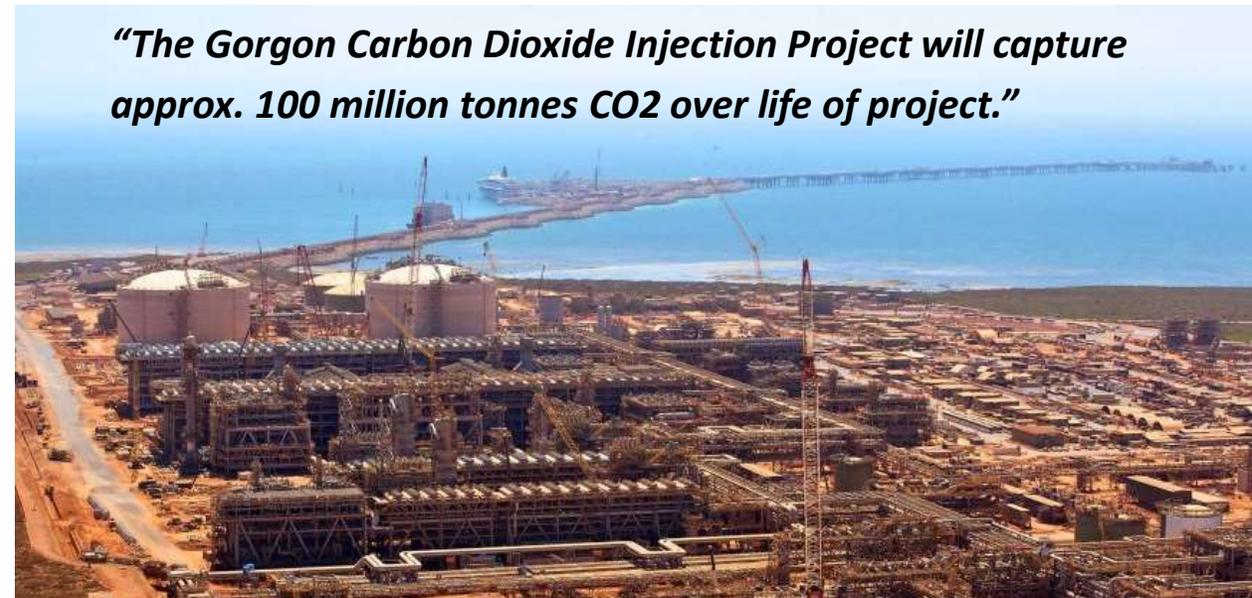
Reducing global emissions



Note: Mt CO₂ = million tonnes carbon dioxide. Coal-to-gas switching includes emissions reductions in sectors where the market share of coal decreased, and the market share of gas increased within each region. The baseline increase in emissions assumes no improvement in the carbon intensity of energy or the energy intensity of gross domestic product (GDP) since 2010. Savings are calculated as those which occur compared to 2010.

- Since 2010, coal-to-gas switching has saved around 500 Mt of CO₂-e.
- Potential to reduce up to 1.2 Gt of CO₂-e emissions by switching from coal to existing gas-fired plants.
- Partner for renewables uptake
- Technology – CCS and hydrogen – reducing emissions further

“The Gorgon Carbon Dioxide Injection Project will capture approx. 100 million tonnes CO₂ over life of project.”



Why does the gas debate rage?



**KEEP NORTH WEST NSW
GASFIELD-FREE**

- **Green & activist groups unconstrained by truth**
 - › Have a stated aim to end fossil fuel use
 - › Grossly exaggerated claims of environmental “contamination” – where no harm has occurred
 - › Claims that communities oppose the gas industry ignore co-existence with thousands of farmers and fishers
 - › Anti-gas candidates repeatedly fail to win seats in local, state and Federal elections
- **Potential cost of activism – a slower path to recovery and lower emissions**

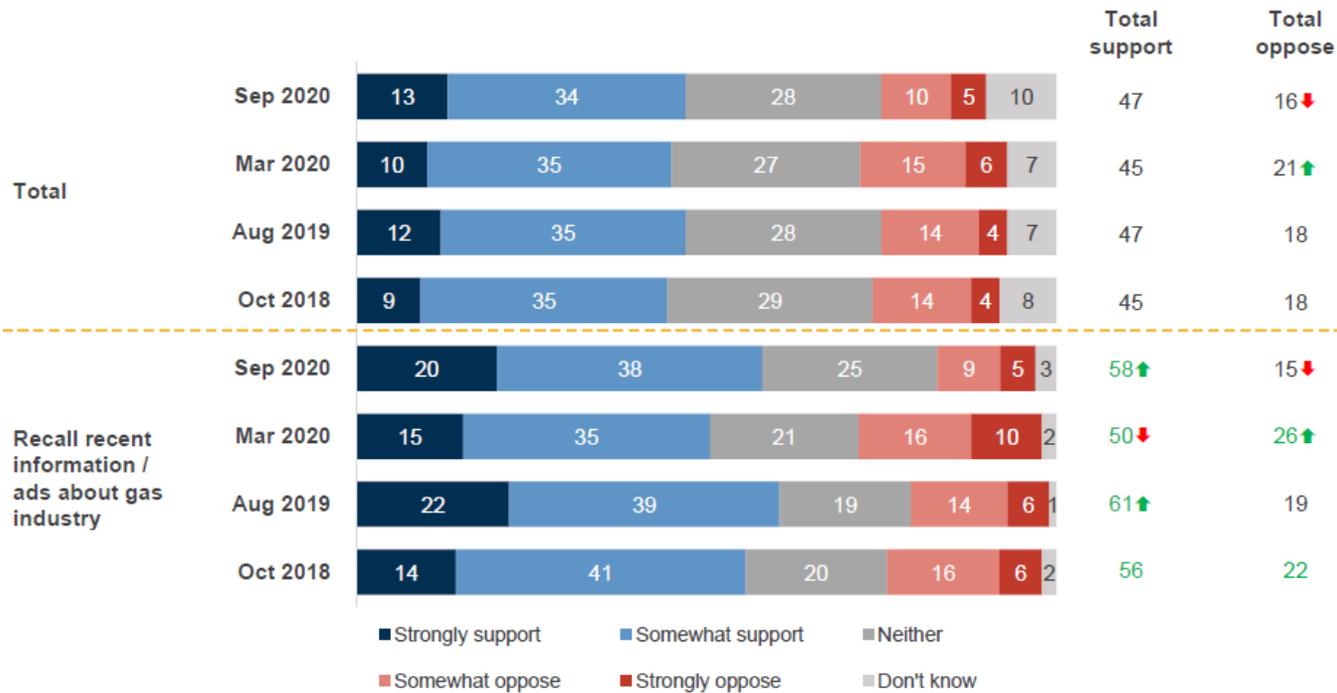
Community support outweighs opposition 3:1

J00976 Territory and Message Development Research – APPEA – September 2020

Opposition to the industry has recovered and is now at an all time low; including among those seen industry info / ads

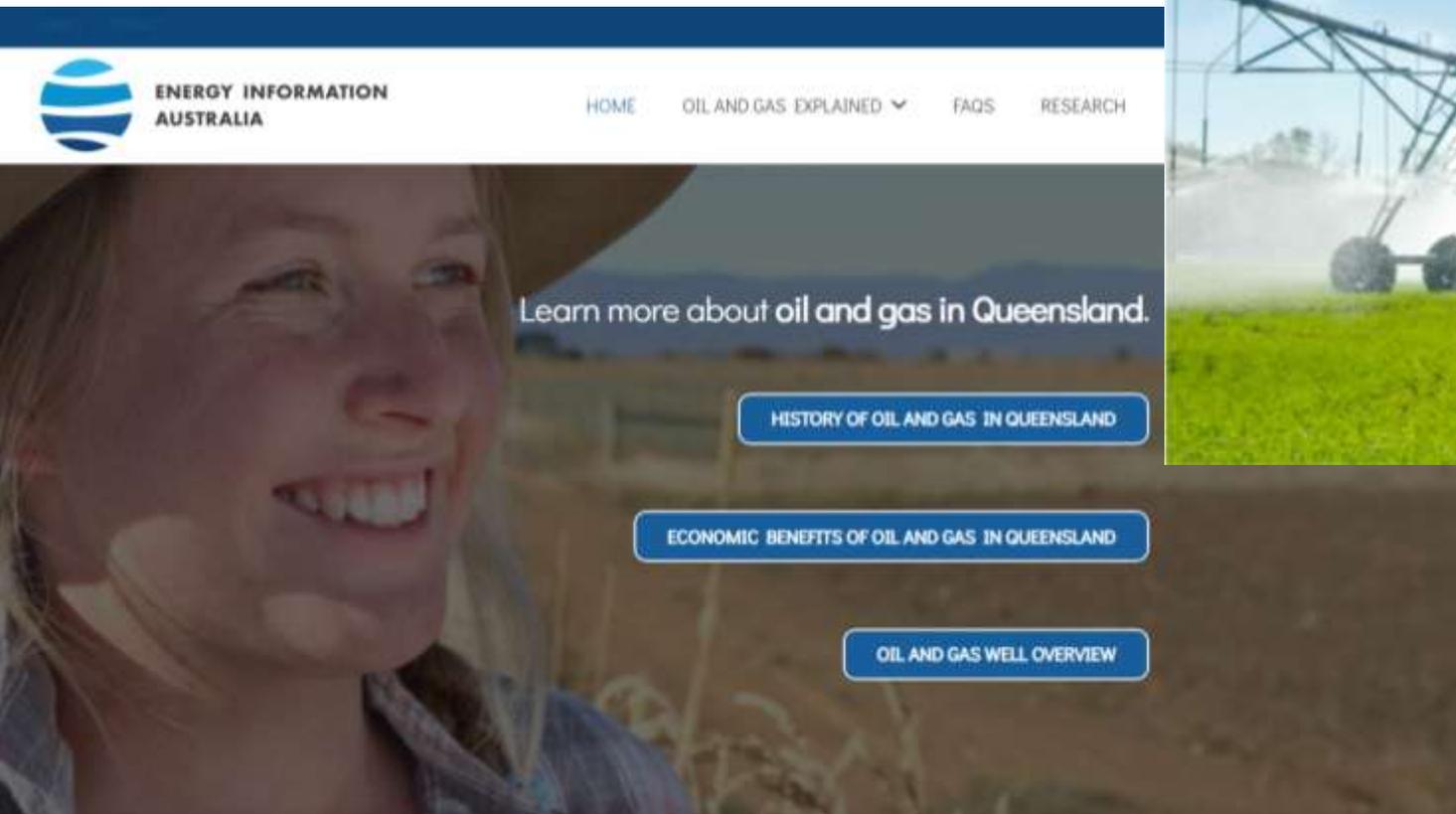


Initial support for the gas industry in Australia (%)
Trend



- 16% community opposition is lowest level since polling started in 2018.
- Compared to 47% support for gas sector
- 75% Australians agree there is a role for gas

Telling the facts



ENERGY INFORMATION AUSTRALIA

HOME OIL AND GAS EXPLAINED ▼ FAQs RESEARCH

Learn more about oil and gas in Queensland.

HISTORY OF OIL AND GAS IN QUEENSLAND

ECONOMIC BENEFITS OF OIL AND GAS IN QUEENSLAND

OIL AND GAS WELL OVERVIEW

The screenshot shows the Energy Information Australia website. It features a navigation menu with 'HOME', 'OIL AND GAS EXPLAINED', 'FAQS', and 'RESEARCH'. A main banner image shows a smiling woman in a field, with the text 'Learn more about oil and gas in Queensland.' and three blue buttons: 'HISTORY OF OIL AND GAS IN QUEENSLAND', 'ECONOMIC BENEFITS OF OIL AND GAS IN QUEENSLAND', and 'OIL AND GAS WELL OVERVIEW'.



Bright r

Natural Gas. Naturally Part of Every Day.

AT HOME | GAS & RENEWABLES | IN THE COMMUNITY | PEOPLE & INDUSTRY | SMALL BUSINESS

News

Feb 04, 2020

PEOPLE & INDUSTRY

A Queensland Farmer's Partnership with Natural Gas Proves Beneficial

Australia Pacific LNG's innovative Fairymeadow Road Irrigation Pipeline project is turning treated natural gas water into a valuable commodity and helping landholders in Miles develop new farming opportunities. Condamine feedlotter and cropping farmer Simon...

READ MORE

The screenshot shows the Bright r website. It features a navigation menu with 'AT HOME', 'GAS & RENEWABLES', 'IN THE COMMUNITY', 'PEOPLE & INDUSTRY', and 'SMALL BUSINESS'. A 'News' section highlights an article titled 'A Queensland Farmer's Partnership with Natural Gas Proves Beneficial' dated Feb 04, 2020. The article is categorized under 'PEOPLE & INDUSTRY' and includes a 'READ MORE' button. The main image shows a farmer in a hat and blue shirt standing in a field with an irrigation system in the background.

Sharing our story

Getting on with the job

- Right now our members are on the ground getting on with the job.
- The sector stands ready to support a gas-fired recovery
- The right investment settings will help power Australia back to growth



originbeetaloo.com.au

The Origin
Beetaloo
Exploration
Project



Thank you

www.appea.com.au

Andrew McConville

Chief Executive

Australian Petroleum Production & Exploration Association

