

S 22

From: S 22
Sent: Monday, 22 July 2024 4:16 PM
To: S 22
Cc: Weeks, Cliff; DLO King; S 22
Subject: RE: Acreage [SEC=OFFICIAL:Sensitive]
Attachments: Acreage_Final ORB update.docx
Importance: Low

Apologies S 22 – it's T21-4 (Esso) that's in the Sorrell Basin. Not particularly relevant for the MR (no specific need to mention Sorrell) however apologies for inaccuracy in the comment.

Cheers
S 22

OFFICIAL: Sensitive

From: S 22
Sent: Monday, July 22, 2024 4:04 PM
To: S 22 @industry.gov.au>
Cc: Weeks, Cliff S 22 @industry.gov.au>; S 22 @industry.gov.au>; Tan, William S 22 @industry.gov.au>; DLO King <DLOKing@industry.gov.au>; S 22 @industry.gov.au>; Jeremenko, Robert S 22 @industry.gov.au>
Subject: RE: Acreage [SEC=OFFICIAL:Sensitive]

Hi S 22

One minor suggested addition in track, otherwise no other updates from petroleum and GHG.

Happy to discuss if needed.

Cheers

S 22

A/Manager

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OFFICIAL: Sensitive

s 22(1)(a)(ii)

From: S 22 @industry.gov.au>
Sent: Wednesday, July 10, 2024 12:22 PM
To: S 22 @industry.gov.au>
Cc: Weeks, Cliff S 22 @industry.gov.au>; S 22 @industry.gov.au>; Tan, William S 22 @industry.gov.au>; DLO King <DLOKing@industry.gov.au>; S 22 @industry.gov.au>
Subject: RE: Acreage [SEC=OFFICIAL:Sensitive]

OFFICIAL: Sensitive

Hi S 22

See attached updates to the draft MR – minor track changes in parts, and some responses in comments.

Let us know if there's any questions/clarifications, we'll get back to you asap.

Cheers
S 22

OFFICIAL: Sensitive

s 22(1)(a)(ii)

From: S 22 industry.gov.au>
Sent: Tuesday, July 9, 2024 11:20 AM
To: S 22 @industry.gov.au>

Cc: Weeks, Cliff <S 22 @industry.gov.au>; S 22

@industry.gov.au>

Subject: RE: Acreage [SEC=OFFICIAL:Sensitive]

OFFICIAL: Sensitive

OFFICIAL: Sensitive Morning S 22 – comments in the attached from S 22 and OES.

Cheers

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s 22(1)(a)(ii)

s 22(1)(a)(ii)



**THE HON MADELEINE KING MP
MINISTER FOR RESOURCES
MINISTER FOR NORTHERN AUSTRALIA
MEMBER FOR BRAND**

MEDIA RELEASE

23 July 2024

FINALISATION OF OFFSHORE EXPLORATION ROUNDS

The Albanese Government will finalise new offshore exploration permits for gas supply to firm renewables and support the economy as Australia makes the transition to net zero emissions.

The Minister for Resources and Northern Australia Madeleine King will finalise permits for Esso and Beach Energy in the Otway and Sorell Basins, with any discovered gas to support the domestic east coast market.

Commented [A1]: T21-4 (Esso) is Sorell Basin

Exploration permits will also be finalised for Chevron, INPEX, Melbana and Woodside Energy on Australia's west coast, supporting energy security in Western Australia.

In addition, ten permits will be finalised for carbon capture and storage exploration.

The International Energy Agency, the CSIRO, the UN Intergovernmental Panel on Climate Change and Australia's Climate Change Authority all identify that carbon capture, utilisation and storage will be needed to support the net zero transition.

As Australia's economy transitions to clean energy, gas is required to firm renewables. Since the Government has come to office, there has been a 25% increase in renewables in the National Electricity Market, and this has driven both its total emissions and emissions intensity to record lows.

The most recent ACCC Gas Inquiry Interim Report makes clear that the domestic east coast market may experience gas supply shortfalls as early as 2027.

Supply challenges could persist into the mid-2030s unless new sources of gas supply are developed.

“As ageing coal generation comes offline in coming years, gas will continue to be needed to firm renewable energy generation and as a backup during peak energy use periods,” Minister King said.

“Gas is critical for the transition. But it will be a diminishing proportion of our energy mix to 2050 as other storage technologies come online.”

The first principle of the government’s Future Gas Strategy is Australia needs to reach net zero emissions by 2050. Gas demand will decline sharply during the transition to clean energy, but steps to secure supply will still be necessary to ensure domestic demand can be met

The Future Gas Strategy makes it clear the Government will focus on optimising existing discoveries and infrastructure, and aligning with our net zero targets.

The finalisation of offshore exploration permits does not automatically allow new offshore gas production to occur.

Separate and extensive safety and environmental approvals are required through Australia’s independent National Offshore Petroleum Safety and Environmental Management Authority.

More community consultation will also be required before any offshore exploration work can commence.

There will be no new seismic surveying permitted to occur as part of the approved work program for each permit area.

Companies will instead be required to licence or reprocess existing seismic data.

Media contact:

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Finalisation of offshore exploration rounds

Key points:

- s 47C(1)(b)
- Let me be clear - the Government is not launching a new offshore petroleum or greenhouse gas storage acreage release this year.
- The days of releasing new offshore acreage each year – without reference to climate targets or to our domestic gas needs – are behind us.
- What the Government is doing is finalising exploration permits associated with the previous 2021 and 2022 offshore petroleum acreage rounds, and the 2023 offshore greenhouse gas storage round.
- These exploration permits are predominantly located offshore of Victoria and Tasmania in the Otway and Sorell Basins, and ~~in offshore~~ Western Australia.
- Any discovered gas, if ultimately developed, will help to shore up domestic gas supply for Australian households and businesses.
- All exploration permits being finalised today were subject to public consultation.
- The award of an exploration permit does not allow work to start. The permit is the first step of a lengthy approvals process, with more public consultation needed.
- We know that gas will continue to be needed to firm renewable energy and support high-heat manufacturing as we transition to net zero.
- The Future Gas Strategy makes clear, backed up by evidence from AEMO and the ACCC, that new sources of gas will be needed to shore up Australia's energy security and to put downward pressure on electricity prices in the years ahead.
- The ACCC said earlier this month that "continued domestic gas production will be important to limit risks to Australia's energy security".
- And AEMO has said that "gas production is forecast to fall faster than demand in the south, driven by declining production from Bass Strait, which has historically supplied around two-thirds of southern Australia's gas... new investment is needed if gas supply is to keep up with demand from homes and businesses"
- The Future Gas Strategy makes clear that the Government will minimise new seismic testing where possible, and we are putting this commitment into practice.
- No new seismic surveying permits have been granted as part of exploration permits offered today.

s 47C(1)(b)

Commented [PA2]: Only one offshore Vic, 4 offshore Tas

Why is the Government approving gas exploration in a climate crisis? Shouldn't we be getting off gas?

- Unlike the Liberal Party, the National Party and the Greens Political Party, our gas policies are based on thorough and careful analysis and consultation, not ideology.
- The first objective of our gas policy is to reach net zero by 2050 as quickly as possible. Reaching net zero, and decarbonising our economy as quickly as possible, remains front and centre of the Albanese Government's agenda.

- Our policies are not designed to bake gas into our energy system forever. We want to decarbonise our economy as quickly as possible, and we only want to use gas for as long as we need it.
- Under every scenario modelled in the Government's Future Gas Strategy, gas use is projected to sharply decline to 2050.
- However, we know that a portion of gas will continue to be needed in our energy system to keep the lights on during the transition and to keep energy reliable and affordable for households and businesses.
- This means that we will need to continue to develop new gas supply, particularly where that supply will help support our domestic energy security needs.
- The ACCC said earlier this month that "continued domestic gas production will be important to limit risks to Australia's energy security".
- And AEMO has said that "gas production is forecast to fall faster than demand in the south, driven by declining production from Bass Strait, which has historically supplied around two-thirds of southern Australia's gas... new investment is needed if gas supply is to keep up with demand from homes and businesses".
- While gas will continue to play a key role in firming renewable energy and support high-heat manufacturing, we know that less gas will be required over time – and this is reflected in the offshore gas acreage release process.
- In 2012, 19 gas exploration permits awarded spanning 161,000 square kilometres.
- From the 2021 round, 6 permits will be offered covering 24,000 square kilometres
- From the 2022 round only 3 permits will be offered over 12,000 square kilometres.
- **s 47C(1)(b)**
- This decline in offshore exploration contrasts with the Government's efforts to expand our renewable energy, which is helping to take coal and gas out of the system.
- Our overwhelming focus is to decarbonise our energy system as quickly as possible, in line with our objective to reach net zero by 2050 while ensuring energy remains affordable and reliable for families and businesses.
- Since the Government has come to office, there has been a 25% increase in renewables in the National Electrical Market, and this has driven both its total emissions and emissions intensity to all-time record lows.
- We have also doubled the rate of approvals for renewable energy projects, provided over one billion dollars for homes and business to upgrade their energy efficiency, and we've set a renewable electricity target of 82% by 2030.
- While we transition to a net zero economy, Australians deserve reliable and affordable energy. We don't want power blackouts or exorbitant energy bills.

s 47C(1)(b)

Why is the Government releasing more offshore exploration acreage?

- I want to be clear that the Government is not releasing new areas of offshore acreage at this time. New offshore acreage has not been released since 2022.
- What the Government is doing is finalising the award of new exploration permits from previous offshore acreage rounds held in previous years.
- The days of releasing new rounds of offshore acreage each and every year for competitive bidding – without reference to our domestic gas needs or global decarbonisation efforts - are behind us.

- The Future Gas Strategy makes clear that any future offshore acreage releases will be targeted to focus on optimising existing discoveries and infrastructure in producing basins, prioritise energy security, and align with our net zero emissions targets.

Does the award of exploration permits mean new exploration work will occur immediately?

- No it does not.
- The offer of an exploration permit is the first step of a lengthy approvals process. Any further exploration or development work cannot immediately begin.
- To undertake any on-water exploration activity, companies will be required to seek separate approvals through Australia’s expert offshore regulator, the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), as well as the National Offshore Petroleum Titles Administrator (NOPTA).
- This includes extensive public consultation processes.
- If a company wants to undertake any additional work, further approvals through NOPTA and NOPSEMA will be required, as well as more public consultation.

Do any of the exploration permits being finalised today allow new seismic surveying?

- The Future Gas Strategy makes clear that the Government will seek to minimise the need for new seismic surveying where possible.
- We are putting this objective into practice right now.
- s 47C(1)(b)
- s 47C(1)(b)

s 47C(1)(b)

Why is the Government supporting carbon capture and storage?

- The International Energy Agency, the CSIRO, the UN Intergovernmental Panel on Climate Change and Australia’s Climate Change Authority all identify that carbon capture, utilisation and storage will be needed to support the net zero transition.
- We think that carbon capture and storage will be one tool in the toolbox to support decarbonisation across our economy.
- The exploration permits awarded today allow companies to explore the viability of safely and securely storing carbon dioxide in underwater reservoirs, but nothing more.
- An exploration permit is the first step of multiple approvals processes that are required for a carbon capture and storage project – separate safety and environmental protection approvals will be required through the national offshore safety regulator.
- It is ultimately up to companies to assess whether an offshore carbon capture and storage project can be developed in a way that is commercial.
- Unlike many other countries around the world, Australian taxpayers will not be contributing to any offshore carbon capture and storage project.

Commented [HD6]: Assuming this refers to the petroleum exploration permits

Commented [HD7]: *and environmental regulator - better to highlight NOPSEMA's role in regulating the environment aspect too, rather than just safety

When will the Government release another offshore acreage round?

- The Future Gas Strategy makes clear that the Government will increasingly focus exploration permitting around existing gas-producing areas that can link into existing infrastructure.
- Over time, and as we get more renewables and storage into the electricity system, the use of gas for electricity generation will decline proportionally. This means that gas exploration will also decline proportionally.
- This means that we no longer need to release new offshore acreage every single year, which is what occurred under the previous government.
- The Government is developing new guidance for offshore exploration acreage that will ensure any future releases only feed into existing infrastructure and is targeted to domestic needs.
- We expect to publicly consult on this new guidance by the end of the year.

Will any discovered gas support the domestic market?

- Any gas discovered offshore of Victoria in the Otway and Sorrel Basins, if ultimately brought to production, will exclusively supply the east coast domestic market.
- Any gas discovered offshore of Western Australia will partially supply the WA domestic market, while also backfilling existing gas producing facilities.
 - Note that in Western Australia, export gas is subject to a 15 per cent domestic reservation policy, which mandates that gas flows to the domestic market.
 - Gas reservation policies vary by state, and are a matter for state governments.
- The ACCC said earlier this month that “continued domestic gas production will be important to limit risks to Australia’s energy security”.
- And AEMO has said that “gas production is forecast to fall faster than demand in the south, driven by declining production from Bass Strait, which has historically supplied around two-thirds of southern Australia’s gas... new investment is needed if gas supply is to keep up with demand from homes and businesses”

Why is more gas exploration needed when renewable energy is the cheapest new form of energy? Why explore for new gas at all?

- Our overwhelming focus is to decarbonise our energy system as quickly as possible, in line with our objective to reach net zero by 2050 while ensuring energy remains affordable and reliable for families and businesses.
- Since the Government has come to office, there has been a 25% increase in renewables in the National Electrical Market, and this has driven both its total emissions and emissions intensity to all-time record lows.
- We have also doubled the rate of approvals for renewable energy projects, provided over one billion dollars for homes and business to upgrade their energy efficiency, and we’ve set a renewable electricity target of 82% by 2030.
- While we transition to a net zero economy, Australians deserve reliable and affordable energy. We don’t want power blackouts or exorbitant energy bills.
- Until renewables are at sufficient scale and hydrogen is available to replace it, gas will continue to provide energy security because we need a mix of reliable and affordable energy sources to power our homes and our industries.

- This transition won't be easy. Australia has historically been dependent on coal and gas for electricity generation. Fossil fuels contributed 68% of total electricity generation in 2022 while renewables represented 32%, specifically solar (14%), wind (11%) and hydro (6%).
- Over time, and as we get more renewables and storage into the electricity system, the use of gas for electricity generation will decline proportionally.
- But in the medium term, new sources of gas will continue to be needed to shore up domestic supply. This view is backed up by experts, including AEMO and the ACCC.

Why are we here? Shouldn't our energy system be resilient enough to run on renewables?

- Our renewable energy transition is a decade behind where it should be.
- But instead – Peter Dutton, Scott Morrison, Tony Abbott and Angus Taylor couldn't decide on an energy policy, or if the science of climate change is real.
- The Coalition's gas-led recovery was not underpinned by any sound evidence or analysis. All the Coalition did was hand out taxpayer money to the gas industry.
- And the Coalition's 22 failed energy policies, and their steadfast opposition to supporting the renewable energy transition – has meant that we have a lot of work to do to catch up.
- The Coalition hasn't changed. They don't believe in climate change, they don't want a clean economy and they don't want the jobs that come with action on climate change. And their risky nuclear fantasy will only entrench fossil fuels for longer.
- The Coalition did nothing for a decade and their only solution now is to build nuclear reactors all over the country.
- And the Greens Political Party teamed up with the Coalition to sink the proposed Carbon Pollution Reduction Scheme, setting back climate action by a decade.
- Our overwhelming focus is to decarbonise our energy system as quickly as possible, in line with our objective to reach net zero by 2050 while ensuring energy remains affordable and reliable for families and businesses.
- Since the Government has come to office, there has been a 25% increase in renewables in the National Electrical Market, and this has driven both its total emissions and emissions intensity to all-time record lows.
- We have also doubled the rate of approvals for renewable energy projects, provided over one billion dollars for homes and business to upgrade their energy efficiency, and we've set a renewable electricity target of 82% by 2030.
- While we transition to a net zero economy, Australians deserve reliable and affordable energy. We don't want power blackouts or exorbitant energy bills.

We have plenty of gas – we should just divert export gas to the domestic market.

- To meet our climate targets we need more renewables and this remains the Government's overwhelming focus –for the moment, we need gas to get us there.
- Until renewables are at sufficient scale, we will need a mix of reliable and affordable energy sources to power our homes and our industries.
- Stopping gas overnight would damage the economy, set back efforts to get to net zero and place our energy grid in peril.
- Historically, much of Australia's east coast gas needs have been met from production offshore of Victoria, which supplied two-thirds of the east coast's gas needs.

- However, gas production out of the [offshore Gippsland](#) Bass Strait is sharply declining – and supply is declining much more sharply than demand is.
- Australia does have a large gas export industry, and these large-scale projects do already supply significantly to the domestic gas market. For example, APLNG – a large-scale gas export project in Queensland – supplies up to a third of the domestic east coast gas market every year.
- And the large gas exporting projects in Western Australia supply most of WA's domestic gas needs, per the terms of a 15 per cent domestic reservation policy.
- However - diverting more export gas to the domestic market is not straightforward due to the nature of how our gas system works.
- For example, the main pipeline that brings gas from north to south is often at capacity, and our gas storage options are limited.
- Investments are being made to expand capacity – for example, the Iona underground gas storage facility upgrades, and the expansion of the South West Pipeline, including the Western Outer Ring Main in Victoria and the East Coast Grid.
- And the Government also has a range of mechanisms to safeguard gas security of supply for domestic consumers, including the Mandatory Gas Code of Conduct, the Heads of Agreement and the Australian Domestic Gas Security Mechanism.
- Despite this, developing new sources of gas – particularly where that gas supplies the domestic market – remains a critical part of our strategy to ensure we have enough gas in the right locations to firm up increasing amounts of renewable energy.
- The most recent ACCC gas inquiry report is clear: “continued domestic gas production will be important to limit risks to Australia’s energy security”.
- Both the ACCC and AEMO are also area clear that “new sources of gas supply are needed”.

Labor is no different to the Liberals - isn't approving new gas fields, and the Future Gas Strategy, just the Liberals "gas fired recovery" 2.0?

- There are a few reasons why this assertion doesn't check out.
- First, unlike the Liberals our gas policies do not invest taxpayer money in gas supply or projects. Taxpayer funding is also not used to support offshore CCS.
- Second, our gas policies are driven by net zero by 2050. That is the first of six principles that underpin the Future Gas Strategy
- Third, our gas policies are based on thorough and careful analysis and consultation rather than ideology.
- Fourth, our overwhelming focus is on adding new renewable energy to the grid.
- Since the Government has come to office, there has been a 25% increase in renewables in the National Electrical Market, and this has driven both its total emissions and emissions intensity to record lows.
- We have also doubled the rate of approvals for renewable energy projects, provided over one billion dollars for homes and business to upgrade their energy efficiency, and we've set a renewable electricity target of 82% by 2030.
- Our policies are not about baking gas into the energy system forever – we only want to use gas for as long as we needed it, until renewables are at sufficient scale, and new energy sources like green hydrogen reach scale.

- Under every scenario modelled under the Future Gas Strategy, gas use will sharply decline out to 2050.
- However, we know that a portion of gas will continue to be needed in our energy system to keep the lights on during the transition and keep energy reliable and affordable for households and businesses.
- This is why we are continuing to support offshore exploration in the short to medium term – we need enough gas to see us through the transition to renewable energy, and more exploration in existing gas-producing regions will help ensure our net zero transition is quick, orderly, and affordable for Australian families and businesses.

DRAFT



**THE HON MADELEINE KING MP
MINISTER FOR RESOURCES
MINISTER FOR NORTHERN AUSTRALIA
MEMBER FOR BRAND**

MEDIA RELEASE

XX ~~June~~ July 2024

FINALISATION OF OFFSHORE EXPLORATION ROUNDS

The Australian Government will offer ~~10~~9 new offshore exploration permits to support new exploration for gas supplies to support domestic supply and reduce emissions.

The Minister for Resources and Northern Australia Madeleine King will offer Esso and Beach Energy offshore exploration permits in the Otway and Sorell Basins ~~in offshore~~ Victoria and Tasmania, with any discovered gas to support the domestic east coast market.

s 47C

s 47C(1)(b)

The most recent ACCC Gas Inquiry Interim Report makes clear that the domestic east coast market may experience gas supply shortfalls as early as 2027, and continue to the mid-2030s, unless new sources of gas supply are developed.

Australia's Future Gas Strategy is clear, based on evidence and data, that new gas supplies are needed to meet domestic demand as our energy system decarbonises.

The offer of new offshore exploration permits does not automatically allow new offshore gas production to occur.

Separate and extensive safety and environmental approvals are required through Australia's independent National Offshore Petroleum Safety and Environmental Management Authority.

More community consultation will also be required before any offshore exploration work can commence.

s 47C

s 42(1)

This approach to minimising the need for new seismic surveying is consistent with the Future Gas Strategy, alongside the Government's efforts to tighten retention lease policies to bring known offshore gas reserves to the domestic market sooner.

Minister King said the Government's focus was to decarbonise Australia's energy system as quickly as possible while ensuring energy remains affordable and reliable for families and businesses.

"Gas will remain an important source of domestic energy and will help Australia achieve 82% renewables by 2030, and to achieve our commitment to net zero emissions by 2050," Minister King said.

"As ageing coal generation comes offline in coming years, gas will continue to be needed to firm renewable energy generation and as a backup during peak energy use periods.

"The Future Gas Strategy forecasts that gas will represent a diminishing proportion of our energy mix to 2050 as renewable generation, electrification and other energy storage technologies come online.

"Gas will continue to play a crucial role in supporting our economy, including as a manufacturing feedstock, with the sector employing 20,000 people across the country, including remote and regional communities."

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