

CARBON CAPTURE AND STORAGE

Roundtable Discussion – Policy & Legislation

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Carbon Capture and Storage Communique Conference

Policy & Legislation Roundtable Discussion

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International Snapshot

- There are a number of CO₂ storage projects underway around the world (Sleipner, Weyburn and In Salah etc) most focus on storage of CO₂ that is a by product of industrial processes (EOR or natural gas processing).
- There are no legal and regulatory frameworks currently in place that specifically address the total CCS chain.
 - Assessment and Approvals Process
 - Access and Property Rights
 - Transportation
 - Monitoring and Verification
 - Liability and Post Closure Responsibilities
 - Associated Financial Issues
- Number of international fora – IPCC, Carbon Sequestration Leadership Forum (CSLF), International Energy Agency Working Party on Fossil Fuels (IEA WFFF), G8 IEA/CSLF and Asia Pacific Partnership on Clean Development and Climate (AP6 +1).
- London Convention amendments
- Recognition of CCS under the Clean Development Mechanism

Australia's energy resources

Oil and gas basins
 Resources are shown as a percentage of total resources. Estimated Australian resources at 1 January 2005
 gas = 163 981 liquids = 29 856 PJ
 (Geoscience Australia 2004)

Coal basins

Uranium mineral deposit

Operating uranium mines

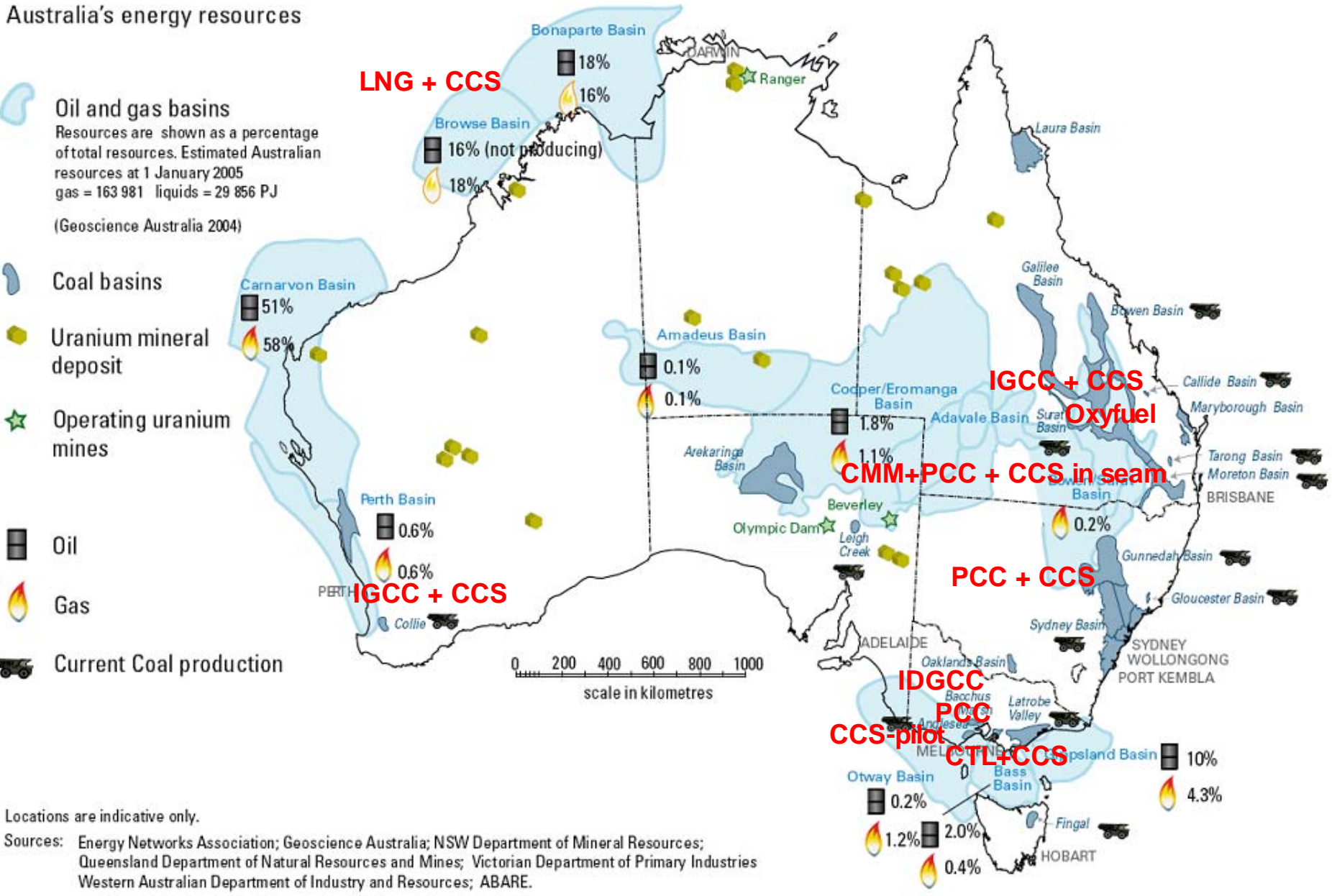
Oil

Gas

Current Coal production

Locations are indicative only.

Sources: Energy Networks Association; Geoscience Australia; NSW Department of Mineral Resources; Queensland Department of Natural Resources and Mines; Victorian Department of Primary Industries Western Australian Department of Industry and Resources; ABARE.



Domestic Snapshot

- **Commonwealth** – *Offshore Petroleum Act 2006* amendment proposed to allow for access, transport and property rights to be created for CCS, accompanying regulations expected to cover assessment approvals, monitoring and verification, post closure and financial issues.
- **Queensland** – *Petroleum and Gas (Production and Safety) Regulation 2004* amended to allow for CCS testing. Current Act allows for transportation of CO₂ (prescribed storage gas) by pipeline and storage by petroleum lease holder in underground reservoir. Draft Bill expected 2008.
- **South Australia** – *Petroleum Act 2000* amended to include CO₂ as regulated substance which can be transported by pipeline. Amendment under consideration to provide the granting of gas storage license for CCS. Draft Bill under consideration.
- **Western Australia** – *Barrow Island Act 2003* introduced to facilitate the Gorgon Project and in effect has amended definitions around “petroleum” and “pipeline” in the *Petroleum Pipelines Act 1969* to allow for disposal of CO₂ in underground reservoir or subsurface formation.
- **Victoria** – *Petroleum Act 2000* covers some aspects however further discussion paper expected later 2007.
- **New South Wales** – currently undertaking storage assessment workplan with further work on dedicated legal and regulatory framework anticipated later 2007 early 2008.

House of Representatives – CCS Inquiry

Recommendations

- Funding to CSIRO /CO2CRC to assess storage potential in NSW.
- Australian Government fund one or more large scale projects to demonstrate operation and integration of CCS (competitive basis).
- Australian Government implement rigorous environmental risk mitigation framework for CCS.
- Australian Government employ financial incentives both direct and tax based to encourage development and testing of CCS technology.
- Australian Government in consultation with industry develop legislation to define financial liability and ongoing monitoring responsibilities at CCS sites.
 - *Full liability (industry operators) during injection phase*
 - *Shared liability (industry & government) longer term*
 - *Full liability (state & federal government) in perpetuity*

Key Issues

- CCS project investors require a framework that establishes clear rights and responsibilities at each stage of the CCS chain.
- Nationally consistent legal and regulatory regime that
 - Covers both onshore and offshore CCS activities
 - Creates a level playing field
 - Streamlines approvals where appropriate to accelerate deployment and reduce compliance costs
 - Flexibility through the “learning by doing” demonstration phase = interim or evolving regime that will deliver certainty for future large scale commercial projects
 - Capable of fostering and encouraging an emerging CCS market
 - Reflects the underlying public good rationale for CCS and the associated national public interest considerations

Working Questions

- Near term and long term CCS opportunities?
- Are we “storage ready” ?
- Is there a valid argument for a government led CCS storage hub?
- Elements of a National Low Emission Technology Strategy for Australia?
- What are the implications for CCS with the introduction of an emissions trading scheme?

