



Media Release

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ACA AND MCA WELCOME INQUIRY REPORT INTO CARBON STORAGE

The Australian Coal Association and Minerals Council of Australia today welcomed the report of the House of Representatives Standing Committee on Primary Industries and Resources Inquiry into the *Offshore Petroleum Amendment (Greenhouse Gas Storage) Bill 2008*.

“The Committee has made recommendations which, if adopted, will promote greater transparency and certainty for investment in offshore storage facilities and will ensure the legislation provides a more effective framework for the development of a carbon storage industry,” ACA Executive Director Ralph Hillman said.

These included greater transparency in the release of potential storage areas for exploration and injection and the inclusion of an Objects clause for the new law that stresses the need for certainty for investors in greenhouse gas storage operations.

The ACA and MCA particularly welcome the Committee’s key recommendation of empowering the Minister to direct GHG storage proponents and petroleum operators to the negotiating table where there are potential conflicts. This would be central to ensuring the co-existence of storage and petroleum operations in areas such as the Gippsland basin, a prime site for both activities.

Carbon capture and storage is the only available means of significantly reducing emissions from fossil-fuel based power generation. Deployment of CCS will be critical to meeting Australia’s emissions reduction targets without compromising our energy security. It will also be essential to address emissions from coal-reliant economies of China and India.

“There is a critical intersection between the proposed emissions-trading scheme and the development of clean coal technologies. An emissions trading system that prices carbon beyond the markets capacity to adjust for want of commercially available technologies will give rise to self-induced ‘market failure’. Creating the correct legislative framework for CCS to succeed is a critical hurdle,” MCA chief executive Mitchell Hooke said.

The Committee’s recommendations for financial incentives for early movers will help kick-start what will be an important part of the nation’s efforts to deal with climate change. For many years the black and brown coal industries have been proactive in supporting the development and deployment of carbon capture and storage technologies, including through the \$1 billion COAL21 Fund established by the black coal industry.

The ACA and the MCA note the proposal to allow existing petroleum licences holders a “one-off” opportunity to bid for a GHG assessment licence in their existing licence areas. The ACA and MCA urge caution over adoption of this measure by government, highlighting the importance of promoting an open and competitive CCS industry.

If adopted, any “one-off” opportunity must be limited to existing petroleum *production* licence areas and not the substantially larger *exploration* licence areas. It is also essential that the proposed “one off” opportunity does not create a barrier for proponents of CCS who can demonstrate a readily available carbon dioxide stream.

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