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Secretary:	..... <i>Bill Puck</i> .....

30 June 2008

Committee Secretary  
House of Representatives Standing Committee on Primary Industries and Resources  
[pir.reps@aph.gov.au](mailto:pir.reps@aph.gov.au)

Dear Sir/Madam

**Offshore Petroleum Amendment Bill 2008 (Greenhouse Gas Storage)**

Loy Yang Power (LYP) owns and operates the Loy Yang open-cut brown coal mine, which supplies both the LYP owned Loy Yang A Power Station and the adjacent International Power/Mitsui Loy Yang B Power Station, both of which are major energy suppliers in the National Electricity Market.

To secure the long-term viability of the Loy Yang brown coal resource as a fuel for low-emission power generation and other potential uses in the context of the proposed Emissions Trading Scheme, LYP has been actively pursuing a number of future clean coal technologies, including technologies for carbon capture and storage.

The development of commercially viable carbon storage technology is a fundamental pathway to a low emissions future for Australia, but it can only be implemented if the emitter has robust access to long-term CO2 storage facilities with long term indefeasible title.

The scope of potential locations for the long term storage of CO2 is still uncertain, but clearly includes geological formations which are prospective for petroleum or gas, and over which exploration licences exist, or could be the subject of competing applications for such licences, or where CO2 injection could have an impact on petroleum or gas production.

We appreciate the need to balance the competing interests of hydrocarbon producers and explorers and those requiring a facility for the storage of greenhouse gases, but in our submission it is important that the legislation recognise the importance of carbon capture and storage by ensuring that the generation plant operators have certain, long term, and indefeasible title to their facilities. In fact, the objectives of the Bill should be modified to recognise the importance of greenhouse gas sequestration alongside that of petroleum exploration.

Since the Gippsland Basin is the key site in the Nation for sequestering carbon, it is essential to future energy security that Carbon Capture and Storage happen otherwise the massive coal resources of the Latrobe Valley will essentially be sterilised. A public interest test, giving underlying power to advance CCS and which demands that existing licence holders negotiate in good faith, should be applied.

At this time, the long term consequences of subterranean and submarine storage of CO<sub>2</sub> and other greenhouse gases is not known, and is unlikely to be known until the process has been tested in actual operation over a considerable period of time. While we acknowledge that the risks and liabilities associated with transportation to and operation of storage facilities is a matter for commercial allocation among emitters and operators of the relevant facilities, we submit that given the uncertainties associated with long term consequences of storage, and the long term public benefit to be obtained from successful storage, those long term liabilities and risks should be borne by the community as a whole through the States and Commonwealth, as appropriate.

We would therefore request that due consideration be given to the future development of coal resources in an environment where low-emission operation is mandated in the development of policy for this important area of legislation.

Yours faithfully

Richard Elkington  
General Manager Power & Environment