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20 March 2018

Senator Jonathon Duniam
Committee Chair, Environment and Communications Legislation Committee
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Senator

RE: *CLEAN ENERGY FINANCE CORPORATION AMENDMENT (CARBON CAPTURE AND STORAGE) BILL 2017*

Since 1959, the Australian Petroleum Production & Exploration Association (APPEA) has been the peak national body representing the upstream oil and gas exploration and production industry. APPEA has more than 60 member companies that explore for and produce Australia's oil and gas. In addition, APPEA's more than 140 associate member companies provide a wide range of goods and services to the industry. Further information about APPEA can be found on our website, at www.appea.com.au.

APPEA welcomes the opportunity to provide comment on the Committee's Inquiry into the *Clean Energy Finance Corporation Amendment (Carbon Capture and Storage) Bill 2017*, referred to the Committee on 8 February 2018 for inquiry and report by 8 May 2018.

In addition to the APPEA submission, a number of APPEA members have made individual submissions to the Inquiry. This response should be read in conjunction with submissions from individual APPEA members.

Allowing gas projects access to financing, through the proposed amendments to the *Clean Energy Finance Corporation Amendment (Carbon Capture and Storage) Bill 2017* (subject to appropriate investment tests) could help overcome some of the capital and financing obstacles facing projects¹.

In a similar way, removing the prohibition on investment in carbon capture and storage projects through the amendments proposed by the *Clean Energy Finance Corporation Amendment (Carbon Capture and Storage) Bill 2017* would offer tangible support for this potentially important technology. Accelerating the roll-out of CCS projects could assist in reducing emissions from the generation sector.

The International Energy Agency (IEA), in its 2017 *World Energy Outlook*², highlights the important role CCS can play in meeting global greenhouse gas emissions reduction targets.

¹ See also www.appea.com.au/media_release/cefc-carbon-capture-storage.

² See www.iea.org/weo2017 for more information.

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The global oil and gas industry is leading the world in the practical deployment of this technology. For example, Norway's Statoil has developed large carbon capture and storage (CCS) projects at Sleipner and Snøhvit³. In Canada, Shell has developed the Quest CCS project⁴.

In Australia, the oil and gas industry has been at the leading edge of researching and deploying CCS and greenhouse gas storage technologies. The industry instigated significant research efforts into greenhouse gas storage in the late 1990s through the Australian Petroleum Cooperative Research Centre (which has continued through the CO2CRC Limited)⁵. Since that time, several hundred million dollars has been invested in assessing large greenhouse storage projects. The Gorgon Carbon Dioxide Injection Project⁶ – soon to be commissioned – is the world's largest greenhouse gas mitigation project undertaken by industry.

Support for CCS projects is consistent with the CEFC's function to finance Australia's clean energy sector using financial products and structures to address the barriers inhibiting investment.

Yours sincerely

Malcolm Roberts
Chief Executive

³ See www.statoil.com/en/what-we-do/new-energy-solutions.html# for more information.

⁴ See www.shell.com/inside-energy/capturing-carbon-in-the-quest-for-cleaner.html for more information.

⁵ See www.co2crc.com.au for more information.

⁶ See www.chevronaustralia.com/our-businesses/gorgon/carbon-dioxide-injection for more information.