

**Supplementary Submission to Independent Planning Commission
Narrabri Gas Project
Ian Maloney on behalf of Climate Action Pittwater
August 17 2020**

My original submission (August 4 2020) focused on gas supply and demand, and the need for the Narrabri project. This submission is in response to the additional material submitted by Santos, including the ACIL-Allen Report.

ISSUE 1 – GAS SUPPLY FOR NSW

A major argument put by Santos in support of the project is that it will add to gas supplies in NSW, and put downward pressure on prices.

I put to the Commission that Santos, by omission, is potentially misleading the Commission.

Santos/ ACIL acknowledge:

- That the Eastern gas market is integrated over the States
- That LNG exports from Gladstone dominate demand
- That gas is easily switched between exports and domestic markets

Santos' Cooper Basin project is, historically, the major gas supplier to NSW.

Santos is undertaking to dedicate Narrabri gas to NSW – obviously easy to satisfy physically as it is there.

Nowhere in Santos' material does it reveal that its own Gladstone LNG plant is operating below capacity due to Santos' own supply shortfall (6mtpa production in 2019 v's 7.8mtpa capacity). Why is Santos silent about its own exports, which are larger than NSW gas demand?

Nowhere does Santos' material discuss Santos' intentions concerning gas supply to NSW from sources outside NSW. Either from its own supplies, or by purchase from other producers, Santos could divert current NSW supplies to export.

I have not been able to identify any material put to the Commission which addresses the question of whether the outcome for NSW will be supply increase, OR, the gas from Narrabri will be offset by less gas from other sources to allow more exports. The outcome could be no net NSW supply increase.

Santos' whole argument on supply and price is invalid if that is the outcome. Why has Santos not mentioned its own need for export supply? Is Narrabri a disguised export project?

I submit that Santos' omission is significant and potentially misleading, and the Commission should reject Santos' arguments on supply and price.

Please see the more complete argument on how gas supply for NSW can be assured in the original submission.

ISSUE 2 – GAS DEMAND AND NSW’S NET ZERO POLICY

Section 2.2 of the ACIL-Allen report states, drawing data from AEMO:

“The outlook for demand for natural gas in the eastern Australian gas market is shown in Figure 2.2. Domestic demand is projected to decline from 546 PJ per annum from 2020 to around 522 PJ per annum by 2039. The key aspects of this outlook are:

- Residential and commercial is expected grow from 192 PJ/a in 2020 to 204 PJ/a by 2039.
- Industrial demand is expected to be relatively flat at around 252 PJ/a over the period “.

NSW has a “Net Zero” policy. It’s policy release on March 14, 2020 stated “the NSW Government’s plan to reach net zero emissions by 2050”.

It has not yet set a detailed plan to achieve the net zero outcome.

However, the outcome cannot be achieved without transition of most gas use to renewable fuels – principally electricity. Obviously, this must be done in a planned and cost-effective way.

By 2050, residential and commercial use will need to be minimal. Industrial use will be much lower than at present, remaining only for those applications where renewables have not by then proved viable.

IPC should not accept that gas demand will remain at the levels quoted by ACIL. The demand for gas will be greatly reduced if the NSW policy objective is to be achieved.

It is disappointing that DPIE, in its initial assessment, did not even mention its Government’s widely promoted policy. In its additional response of August 14, it makes no attempt to consider the policy’s impact on gas demand. DPIE appears to deliberately avoid the stated 2050 objective by quoting only the interim 2030 target.

It was clear from the Commission’s initial inquiries that it was not satisfied with DPIE’s work on the strategic aspects of this project. Despite having a second chance, DPIE has failed to provide quality advice.

Ian Maloney
On Behalf of Climate Action Pittwater