

## **Maules Creek Country Women's Association of NSW submission to the Independent Planning Commission's Narrabri Gas Project assessment process.**

This project is still offering too much risk to the host community and is even less relevant today, than it was 3 weeks ago based on the information presented by Santos and DPIE.

The economic analysis of a lowering of the price of the gas at the well head is optimistic and cannot be certain. This project has already had enough government support and it is not realistic to use corona virus stimulus on such a jobs-poor industry as gas. Per million dollars spent, there are better ways to support jobs. For example the fertiliser plant does not exist- and should not be considered. We understand that using the NGP as a vehicle for other possible and unlikely investment is outside the assessment of this project.

From the most recent submission from the Government and industry stakeholders, we are of the view more than ever, that this project is not needed by us or our State, country or the environment and its sole purpose is for private profit- one way or another. It will lock in new gas for many years to come and kill the foundations of our region- climate, environment, community and create an opportunity cost caused by upscaling carbon intensive economies- to benefit a very few.

We ask that the IPC reject the project and eliminate the hazards and threats we have outline in previous submissions. We see rejection as the most effective risk control, given the potential consequences associated with the risks posed by the Narrabri Gas Project. The issues remain so do the management risks strategies.

We disagree that the DPIE can minimise or replace the hazard or threat with adaptive management as outlined by DPIE in response to IPC questions. Our experience of this management strategy as applied to State Significant developments in our region- Leard Forest mines- has left our region with a heavy public burden of reporting harm and participating in the project modifications process in order to minimise harm.

Adaptive management ultimately relies upon visible and not visible actions and government approvals that make it easier to operate, while incidentally the proponent impacts the community and environment. The nature of the Narrabri Gas Project application means the project "build" and operations required- result in gas and also community and environmental destruction. This is what a fossil fuel development is.

Right now, this gas-field does not exist except in this application, and we recommend the Commission reject it and end the Narrabri Gas Project due to the fact that the price of gas is too high and too expensive and when the cost and demand forecasts are balance for this project- it is really just optimistic guess work in a world of a gas glut with hydrogen tipped as the alternative by NSW State Government. There are too many things that can go wrong with this optimistic take- for example Bass Strait has a huge supply of existing infrastructure and conventional gas. The economics from this analysis rely too much on ifs and buts. "the NGP is the next cheapest source of supply from 2C contingent resources as indicated in the supporting documentation to AEMO's 2020 Gas Statement of Opportunities report. Furthermore, with these Bass Strait sources likely to be much smaller sources of supply.."

(pg 1

<https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2020/03/narrabri-gas-project/correspondence/santos-submission/200810-ngp-economics-report-acil-allen.pdf> )

Spending on renewables will be a better use of any government stimulus.

The latest round of public submissions from the proponents - highlights the alternatives that exist and the opportunity cost of locking this project into the NSW energy future must be considered. Further, the delays in the implementation of fossil fuel alternatives is becoming more urgent - as we head towards another angry summer.

Engineering or best practice policy guidelines will not replace the human mistakes or the long-term risks caused by failing wells over time. Procedures and policies may look good on paper, but the impacts to the environment are on-ground.

The Chief Scientist's role has been undermined by the DPIE. It is confident in its management advocacy, but not competent in execution (for many reasons)- at meeting community expectations of project management in our region. What is promised, is not what is delivered and "make good" is an action for the proponent- not a positive outcome for the community. Therefore we say, it is not prudent or just to approve the Narrabri Gas Project.

The DPIE are recommending a government "*develop a centralised Risk Management and Prediction Tool for extractive industries in NSW,*" is meaningless. Why now? Why does this not already exist for fossil fuel projects in the North West? Here, the DPIE is simply filling up a table- making recommendations. These are just for the IPC approval. The tool won't happen and if it does, it won't protect environment.

Working with the DPIE we are aware that if the strategy is not in the approval it gets down to what ever can be gotten away with in the Project Approval wording. And if it can't be gotten away with through this or via the secretary's approval, then a modification to the PA- will occur- this way or that.

Here is another example:

"If it is approved, the Narrabri Gas Project will be subject to strict conditions that:

- ● set clear limits and performance standards
- ● require regular monitoring and public reporting on compliance
- ● require detailed management plans to be submitted for approval prior to each stage of the project
- ● require regular independent environmental audits to be carried out. "

<https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2020/03/narrabri-gas-project/correspondence/department/200814-in-dpie-responses-to-ipc-questions.pdf>

From Maules Creek, a fossil fuel zone subject to this failed process, it gives us no confidence that the same, unrealistic management strategy will be used for the Narrabri Gas Project. It benefits the proponent- but destroys the community and the environment. We have many active and some past court cases from mining due to the lack of care that adaptive

management afford the community and environment via negative impacts. This is a win model- for the proponent alone.

The recent DPIE submission in response to IPC questions may appear useful today, for the proponent's approval sake however, out of sight of the Commission, adaptive management means permission for whatever it takes to get the fossil fuel resource out cheaply.

<https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2020/03/narrabri-gas-project/correspondence/department/200814-in-dpie-responses-to-ipc-questions.pdf>

The security of supply argument from Narrabri (pg iii) will create nothing but a larger glut. The Santos' submission after the Public hearing is not really acknowledging that the State wants gas replaced with hydrogen to the Commission on the value of this project to the state. It is clear that the State is no longer keen on the Narrabri Gas project. The 70 pjs are already accounted for in the Zero Emissions Plan through Methane capture.

"Methane released during coal mining is a potential energy source equal to the entire residential gas use in New South Wales each year. Capturing some of the methane from underground mines and using it on-site or via the gas system could help offset emissions from gas used in homes and businesses across New South Wales.

Waste methane from the Appin and Tower coal mines in the Illawarra already feeds two power stations with a combined annual generation capacity of 654 gigawatt hours – enough to power approximately 60,000 homes." (pg 22)

In reality, today 21 August 2020, we don't need new coal or gas. The State's Net Zero Plan only uses the word "aspirational" once in the documents-

"The NSW Government will set an aspirational **target of up to 10% hydrogen in the gas network by 2030.**" Pg 30 <https://www.environment.nsw.gov.au/-/media/OEH/Corporate-Site/Documents/Climate-change/net-zero-plan-2020-2030-200057.pdf>

There is the sense that it would like the figure to be greater.

Santos argue that there are "Several proposed initiatives as outlined in the Memorandum of Understanding – NSW Energy Package executed by the NSW and Commonwealth Governments." (pg.5)

However, proposed initiatives are only proposed. The government is still scoping. And when delving further into these proposed initiatives, they are to support the state's Energy through

- Support market reform to deliver safe, reliable and cost-competitive energy to consumers
- Provide financial assistance through customer programs to energy consumers
- Support growing investment in renewable energy in NSW
- Monitor electricity and gas networks and licensed pipelines.

It is clear from the lack of emphasis on the role of gas, that the Energy and Environment Minister understands that the role of gas is in decline and this decline is being monitor not expanded.

This final submission from Santos, makes it clear, that Santos is pitching the Narrabri Gas Project for a role in the State's energy, but the State already has a Plan- without the Narrabri Gas Project. For example the Net Zero Plan Stage 1: 2020–2030 Santos relies on in this submission, states that gas will be replaced with hydrogen as soon as possible as a means of improving reliability, reduce cost and security. "Hydrogen can be used as a fuel to generate electricity in gas turbines or to power vehicles and is a feedstock in industrial processes." (pg 30) It is too late for this new gas and since raised by Santos, it is an important reason to not approve this project. There is an approval risk that the State would have to buy the project out.

Methane has been identified by the NSW State government as a huge problem in NSW and it has become the preferred source of gas. If fossil fuel gas must be used, the State government has determined that this methane already exists. It intends to get this gas through the fugitive emissions of existing coal mines. The Plan has two existing powerplants namely the Net Zero Plan Stage 1: 2020–2030 Case study of waste methane in the Illawarra," (pg 22) <https://www.environment.nsw.gov.au/-/media/OEH/Corporate-Site/Documents/Climate-change/net-zero-plan-2020-2030-200057.pdf>

Clearly, the State government is moving away from gas. it is to be replaced by hydrogen according the NSW Net Zero State Plan. This newer Plan is an inclusive plan not simply a fossil fuel blueprint. We determine that this plan is approved by NSW Government, is not aspirational and is designed to replace the previous fossil fuel exclusive energy plan – whose foundations are in the 1994 Report prepared by the Coal Development Committee- "Effects of Land Use on Coal resources," <http://www.otfordeco.com/coalseamgas/EffectsOfLandUseOnCoalResources1994byCoalResourcesCommittee.pdf>

We think that the socio-economic appraisals in this additional analysis, cannot be trusted for accuracy because it is heavily dependent on demand and cost forecasts. "The number of jobs created for NSW is 17 per cent higher in the Moree-Narrabri region than in the original EIS and 78 per cent higher for NSW," (pg vi.) Jobs creation will mean nothing if we are dead.

We live here and understand the impacts to our community from bushfire and climate warming and the damage to our local regional economy that will occur, if for example the region burns down. This is not a facetious statement- but a reality- heading into an angry summer with knowledge of the current increased lightening strikes in California. Something our region also attracts.

Due to the risks posed by this projects, rejecting the project is the most reasonable and feasible way for the State and our region to manage the risks posed to our lives and our environment and meet the needs of the public and Santos. By eliminating the hazard, by removing the posed economic, social and environmental threats from the NGP, the damage will not be exacerbated because we won't have new gas in the environment. On balance, the IPC decision must operate for the benefit of the stakeholders and reject this project.

It appears from the document “Narrabri Gas Project (SSD 6456) Submission to IPC following public hearing,” it does not meet even Santos’ objective and goals. Santos clearly state that it is committed to a lower carbon future. “We are committed to a lower carbon future and taking practical measures to reduce our emissions, including at Narrabri where our appraisal gas is already being beneficially used for power generation at Wilga Park.” As Santos is committed to a lower carbon future, then opening up a gasfield is counter to this stated objective.

The multinational company’s “appraisal gas,” at Narrabri is conventional gas. This must not be mistaken for being a similar product or process to what is proposed by the Narrabri Gas Project. The fact is, that the Wilga Park gas station approvals and the wells approved for it are run on conventional gas- a known isolated pocket of conventional gas.

In summary, Wilga Park gas is not unconventional gas as is proposed by the Narrabri Gas project. Unconventional gas must not be directed into this facility. Santos must not confuse the Commission with this.

It is important to note that the key “beneficial’ user of the power generation at Wilga Park is Santos itself- as it pays no tax on this gas. There is no economic benefit to the State of NSW as it pays no royalties. Further, it does not even sit with Santos’ state goal of a lower carbon future- because- gas is not a transition fuel in 2020 or is it acknowledged by the NSW State government’s Net Zero Plan. Wilga Park contributes to an increase in greenhouse gas emissions. This document attempts to provide statements to misdirect the decision-making process.

The IPC rejection of the NGP application eliminate the carbon dioxide hazard posed by this project. Approval and engineering will not address fugitive emissions- particularly in light of Santos’s extensive gas portfolio. This commitment to a lower carbon future is a signal to reject this project.

Santos’ reliance on the, AEMO suggestion is not a reason to approve this project. “AEMO’s 2020 ISP suggests gas-fired power generation may have a more substantive role once coal generators are retired from 2030 onwards.” (pg 6.)

It is not in the public interest to establish an unconventional gas field in Narrabri based on the suggestion by AEMO above. A suggestion is not a strong basis for approving a new unconventional gas industry in Narrabri.

Rejecting this approval will assist Santos is taking the practical measures to reduce its emissions. Santos is a multinational company. It will seek a different investment direction if supported by the government to do so.

This is counter to the move of the NSW Net Zero Plan and the direction the renewable energy consumers of NSW are headed. An equal suggestion is that Australia is primed with the opportunity to become a Global Renewable Energy Superpower.

And that the people of NSW can free themselves from the whims of global energy markets by undertaking and supporting renewable energy initiatives in the Beyond Zero Emissions Million Jobs plan!

Here there is less risk of unaffordable power prices due to the nature of the developments, there are affordable power prices, this will bring down the cost of living for the people of NSW, it will improve our security by reducing our dependence on foreign oil markets, there will be a resurgence in manufacturing, creating many thousands of quality jobs especially in suburban and regional Australia. We include this particularly because the government of NSW Environment minister supports these very words.

We believe this image below from twitter- 18 August 2020 supports the contemporary view that this project does not stack up. The direction for covid19 recovery path and increased inaccuracy in this assessment's forecast increased demand for fossil fuel gas makes this project redundant and not economic.



The needs of our world, country and state are changing rapidly. The 2016 *NSW Gas Plan* <https://www.theland.com.au/story/4710610/nsw-begins-fresh-gas-search-amid-price-hike-warnings/> as used by Santos for justification of need is out of date and not a reason to approve gas for NSW. The gas shortage is well understood - as a need for implementation of the Federal powers to order companies to reserves conventional gas for local use. This NSW Gas Plan cannot be relied upon by the IPC as justification for this project. It is based on the false fact that there exists a gas shortage.

Further, in such a rapidly changing environment, it is yesterday's thinking. The MOUs are aspirational for the proponent- but the MOU must not become the reason for the project. The executive summary claims that Santos would not have invested in the Narrabri Gas Project if it wasn't viable.

“The economics of the Narrabri Gas Project stack up – Santos would not have already invested \$1.5 billion in the Narrabri Gas Project if they didn't. Narrabri is an economically robust investment

opportunity for Santos and one that will deliver numerous economic benefits for the community. “  
pg. 3.

Santos has invested in this project, but the statement implies that it would not have risked loss. But to what extent has this investment been subsidised and what are tax offset used for if is not to recognise and compensate for this risk?

It is our understanding that this risk is subsidies by government. “Research and development tax incentives: Another significant transfer to the fossil fuel industry comes in the form of the research and development tax incentive. As with the fuel tax credit system, the question of whether the incentive — offering a tax offset for research and development activities — constitutes a "subsidy" is disputed. The argument for the incentive is that research and development activities have broader economy-wide benefits that extend beyond the private interests of individual businesses. The tax offset is designed to recognise this.

Mr Pearce said subsidies were usually designed with specific policy objectives in mind, but the "unintended consequences" of a policy such as tax concessions for research and development could be "that you do end up subsidising a particular industry relative to others".

According to the Productivity Commission data, the mining sector (which as mentioned includes some but is not limited to fossil fuel producers) benefited to the tune of \$288 million in 2018-19.

Coal, petroleum and chemical businesses collectively received \$101 million in 2018-19. Electricity, gas, water and waste businesses claimed a further \$41 million.

Although the tax break is widely available and is designed to encourage research and development with economy wide benefits, it too arguably fits the definition of "subsidisation", given it results in forgone revenue directly lowering costs for private companies.

Further, “University of Queensland Professor of Economics John Quiggin adopted a broader definition of "subsidy", more closely aligned with the IMF report.

He said "by far the most important subsidy of the fossil fuel industry is the absence of a carbon price".

"If we had a carbon price that reflected the social cost of CO2 emissions, generating electricity with fossil fuels would be uncompetitive compared to new solar and wind, with storage."

<https://www.abc.net.au/news/2020-07-29/fact-check-matt-canavan-fossil-fuel-industry-subsidies/12496310>

**In summary**, we are concerned that the DPIE has again failed to set health baselines effectively and is relying on adaptive management. We have previously stated at this inquiry that recommendations by the Chief Scientists, the implementation of the full 16 recommendations would have given our members a level of confidence, but it has gone beyond this now.

The Chief Scientist’s recommendations were an expensive taxpayer funded exercise- that provided the host community with a level of confidence. Being reduced to a DPIE “yardstick,” is a poor response that has not been improved this time around. We say reject this project.

The DPIE and Santos arguing that management for risk will be “rigorous and stringent” does not provide confidence especially as the operation is largely in a public forest over 95,000 ha. This NGP is incompatible with the climate and nature respectful needs of the host community and region.

Our region must not bear the burden of fossil fuels projects that leave us exposed environmentally and economically. Our region must be freed to join the majority of the country regions and world and quickly decarbonise. We must transition the energy economy for the benefit of current and future generations- and this proposal’s estimates of viability are too uncertain as their accuracy is heavily dependent on demand and cost forecasts which relies on too many uncertain factors to ensure this project succeeds. We do not support this project or the local problems leading to deterioration in our finances, local infrastructure, social connections and labour force skills.