



21 August, 2020

Thank you for the opportunity to again have input into this project.

We will respond to just one section in Santos' reply to submissions, one which we believe is of the utmost importance:-

3. The role of natural gas in a low-carbon economy.

“Some submitters suggested that the Project should not be approved as it would contribute to an unacceptable increase in greenhouse gas emissions and that any forecast shortage in energy demand (sic) could be met by renewable sources of energy generation.”

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Santos' opening sentence in this section claims:

“These submissions ignore the critical role of natural gas in the transition to a low-carbon economy, recognised by the International Energy Agency, or the relative contribution of the Project to Australia's overall greenhouse gas (GHG) emissions, which is not significant.”

This is a very surprising statement if the author was actually listening to the presentations at the hearing. The submissions did not ignore the question of the supposed critical role of gas in the transition but disputed it. Claiming a critical role doesn't make it so. So many of the speakers, using very reputable, **independent** sources, dealt with these issues in great detail. They decisively showed that gas was not a desirable nor needed 'transition fuel' and also that this project would contribute considerably to Australia's overall greenhouse gas emissions, often noting that the frequently uncounted methane emissions were blowing a hole in emissions goals. Santos has chosen not to engage with the evidence given by numerous speakers at the hearing showing that over a 20 year period, methane emissions have a greater global warming impact than the burning of coal.

Santos cites research by the International Energy Agency to support its argument that gas is a suitable transition fuel mainly on the basis that emissions would have been higher if gas hadn't replaced coal fired generation. So much of Santos' argument seems to rely on gas replacing coal. It is a curious and inadequate argument as we

will discuss further below but the choice of data source to back its claims is worth noting. Santos seems to have a habit of cherry picking its sources to back its arguments and its use of I.E.A. data in this case seems to have suited their purposes. If speakers at the hearing didn't refer to I.E.A. findings it is for a very good reason: I.E.A. research is unreliable. In a studyⁱ conducted by Oil Change International the I.E.A. was found to produce inaccurate figures which they claim are pushing governments whose policies are based on them off track to reach their Paris climate targets. The study found the agency's investment projects were massively skewed towards oil and gas. Research Director at Oil Change International says

“The IEA provides an energy roadmap that is supposed to lead us to safety, but in fact it takes us over the cliff. Any government or financial institution that uses these scenarios as a basis for investments in oil and gas is getting seriously bad information. It's shocking how far off the Paris agreement they are.”

Oil Change International claims that the I.E.A. is closely wedded to the fossil fuel industry and two of the authors of a recent IGA publication, World Energy Outlook, were on secondment and receiving salaries from Shell.

Santos' response again relies on repeating its claim that gas is a relatively clean fuel and a low emitter compared to coal. As mentioned above, when methane emissions are taken into account this argument does not hold. However, it is a fairly irrelevant argument at this point in time. The gas vs coal question has now been supplanted by the gas vs renewables one. Santos needs to follow the investments trail. Arguments at the hearing made these points. If Santos did not agree with them, they needed to produce evidence to refute them, not use the now redundant coal smokescreen. They can't really think investors today are considering investment in coal generated power?

Santos aims to position itself as an important part in the Australian government's (much criticised) gas led emissions reduction strategy. In its response to submissions it relies on a dubious argument from an Australian Government report to suggest that emission reductions were falling and we are on our way to meeting our Paris target – with the help of more gas. The report claimed that the emissions were 12.9 per cent lower in 2018 than in 2005. Emissions have not, however, been on a constant downward trend and have fluctuated over that period. Santos chose not to report that emissions data to March 2019 are actually showing the highest annual rate since June 2012ⁱⁱ nor did they mention that the volume of emissions has increased gradually since 2015.ⁱⁱⁱ If those statistics were reported it might signal that much more drastic action is actually required for Australia to meet its very modest but, on current projections, seemingly unreachable 2030 Paris commitment. Santos is implying all is well with Australia's emission reductions and that we can afford to add a few more. Santos has, however, avoided addressing the arguments and supporting evidence put by many speakers that Australia's emissions are far higher than they need to be at this point in time and would need to drop dramatically if Australia is to have any hope of meeting its Paris agreed target. Speakers made the point that absolutely no new

emission increases which would result from projects like Narrabri could be permitted if we have any hope of meeting that target. However, Santos by use of a little sleight of hand avoided addressing this issue.

In relation to the 2030 commitment Santos simply repeats the claim:

“Natural gas will perform an important role to achieve this commitment while ensuring reliable and secure energy supply, as recognised by the Australian Government.”

This reads a lot like Santos saying this is so because the government says so and no other supporting evidence is therefore required. It also hints that the project should be approved on that basis. We would disagree. We believe the Independent Planning Commission’s role is to make decisions based on the merits of a proposal and not the desires of industry or government and have confidence they will do so.

So much of Santos’ response deals with the coal vs gas debate. Santos and has not addressed the issue raised by many speakers at the hearing that “any forecast shortage in energy demand could be met by renewable sources of energy generation.” Speakers talked about the huge uptake of investment opportunities in renewable energy generation and notably the renewable energy zones (REZs) already under way. They talked of the current employment of battery storage in conjunction and the dramatic improvements in this technology about to be employed. The uptake of these technologies is far exceeding expectations with new projects being over-subscribed. Speakers explained how upgrading of inter-state connectors would deliver electricity nationwide irrespective of weather conditions. They talked about how multiple pumped hydro sites around Australia could meet changing demand needs. Santos has not addressed any of these alternatives to gas raised by speakers in its reply but merely repeated the mantra that Australia needs gas as a transition fuel.

Similarly Santos argues

“The relatively small increase (less than 0.2 per cent) in Australia’s annual GHG emissions should be considered in terms of the net environmental benefit of the natural gas generated by the Project. In the transition to a lower-carbon economy, natural gas offers a unique opportunity for Australia by providing a lower-carbon alternative to existing fossil fuel energy sources.”

Given that gas from new projects are most unlikely to be replacing coal generation as they would be competing with renewable power generation, the “relatively small increase” would need to be added to Australia’s emissions rather than subtracted from them as this argument implies.

Santos has not addressed the issue made by speakers that it has essentially missed the boat. By the time the project is up and running renewables generation and storage will be advanced and renewably produced power will be cheap and rendering the

Narrabri project a stranded asset, no doubt after the injection of public funds. Other energy producers have seen the writing on the wall. AGL's plans for a 500 megawatt battery at its ageing Liddell power station is just the first stage in its plans to invest in battery storage around Australia to meet the needs of the growing renewables industry. With LNG prices dramatically falling and predicted to keep doing so, the likelihood of more gas producers deserting the energy and investing in renewables will see a faster move in that direction.^{iv} It was expected the battery at Liddell would be operating within 18-24 months.^v Unfortunately for Santos this is well before the 3 year completion date of its Narrabri project, not allowing for the time the pipeline necessary for the project would take to be approved (if it is) and built. Speakers made the point that these are the sorts of projects to which investment is already going. Santos argues the project is necessary because Australia needs a transition fuel. However, one wonders how long Santos believes it will take to transition to renewables – longer than the 20-25 year life of the project plus construction time. All the evidence points to the contrary but in the short term speakers pointed to the ready availability of cheap LNG that can be abandoned at any time (certainly in less than 25 years) when the renewable projects come on line. These very important issues have not been addressed by Santos in its response but they should be when assessing the viability of this project in particular and the issue of whether more gas is needed at all or specifically as a transition fuel.