



Name: Australian Energy Producers

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1. Reduce the cost of meeting carbon targets

1. What could be done to improve the cost-effectiveness and alignment of policies to reduce emissions across the industrial, electricity and transport sectors?

Natural gas and CCUS are key elements of a least-cost transformation to net zero but are currently largely excluded from Australia's climate policies. Overlooking the role of natural gas and CCUS will make reaching net zero in Australia harder and more expensive, and impact Australia's productivity and global competitiveness. Natural gas is critical to reaching net zero. Natural gas supports the transition away from coal, provides the firm dispatchable energy required to unlock large-scale renewable energy deployment, and fuels Australian industries across the economy including those processing the critical minerals necessary for net zero. The Australian Government Future Gas Strategy clearly states that "Under all credible net zero scenarios, natural gas is needed through to 2050 and beyond."

The AEMO Integrated Systems Plan sees gas power generation increasing by 170 per cent from current levels over the next two decades in the Orchestrated Step Change scenario. Gas demand in manufacturing is higher in the Orchestrated Step Change scenario relative to the less ambitious Progressive Change scenario. The Net Zero Australia study shows how constraints in renewable deployment could necessitate a doubling of natural gas demand across the Australian economy to meet net zero. This aligns with global net zero analysis from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), both of which see a significant and ongoing role for natural gas beyond 2050. However, natural gas is consistently excluded from policies to support Australia's transition, such as the Capacity Investment Scheme. Natural gas investment is also increasingly discouraged through initiatives such as the Treasury-led Sustainable Finance Taxonomy.

Similarly, Australia cannot reach net zero without CCUS. CCUS plays a unique role among a portfolio of emissions reduction technologies as it can address emissions from existing facilities, mitigate emissions from hard-to-abate industry and underpin large-scale carbon removal. Natural gas combined with CCUS is currently the lowest cost and most technically advanced pathway to low-carbon hydrogen production. Australia is also a world leader in CCUS technology, hosting two of the world's largest CCUS projects – the Chevron Gorgon CCS Project and the Santos and Beach Energy Moomba CCS Project.

Findings from the Net Zero Australia study show CCUS is an integral part of the least-cost pathway to net zero in Australia – no scenario can achieve net zero without CCUS. Across the five scenarios in the Net Zero Australia study, the lowest demand for CCUS in 2050 is over 80 MtCO₂ stored per year – almost double the current CCUS capacity globally. However, there is no national CCUS strategy and CCUS continues to be excluded from emissions reductions policies and programs such as the Clean Energy

Finance Corporation and the Hydrogen Head Start program. Allowing CCUS projects the flexibility to generate Australian Carbon Credit Units would also support the scaling up of this key technology.

Australia must prioritise a least-cost approach to net zero, through broad-based, cross-sector frameworks that avoid 'picking winners'. Australia's current emissions reductions policy landscape consists of highly fragmented, overlapping and sector-specific policies. It also involves policy mechanisms that 'pick winners' by targeting very specific technology options, such as renewable energy and renewable 'green' hydrogen. Such an approach reduces the ability of the market to find the least-cost emissions reductions options across the economy, driving up abatement costs and injecting inefficiencies into the market. A more productive approach would be to prioritise national, market-based and technology-neutral mechanisms that drive efficient, least-cost, economy-wide abatement.

Robust, high-integrity offsets are critical to smoothing the transition and to addressing residual emissions across the economy. High-integrity offsets provide a credible means to address the most challenging and expensive emissions across the economy. Offsets also smooth the transition for many facilities and mitigate some of the steep economic and technical hurdles inherent in reaching near-zero emissions. Australian emissions reductions policies must continue to ensure access to high-integrity offsets in compliance schemes to ensure flexible cost-effective compliance options.

2. Are there gaps in the emissions-reduction policies in the industrial, electricity and transport sectors which should be addressed?

The participant did not respond to this question.

3. Are there any duplicative emissions-reduction policies in the industrial, electricity and transport sectors which could be streamlined?

Natural gas and CCUS are key elements of a least-cost transformation to net zero in Australia but are currently largely excluded from Australia's climate policies. Overlooking the role of natural gas and CCUS will make reaching net zero in Australia harder and more expensive, impacting Australia's productivity and global competitiveness.

2. Speed up approvals for new energy infrastructure

1. Are planning and approvals processes for large energy infrastructure taking too long? If so, what causes the most delay?

Current planning and approval processes and timelines for natural gas and CCUS projects are inconsistent with delivering secure and affordable energy and with meeting climate mitigation targets. Intersecting and overlapping federal and state planning and approval processes are impacting the delivery of large-scale energy and emissions reductions projects. The EPBC Act urgently requires reform to streamline and simplify environmental approvals. This includes ensuring no undue use of Requests for Information requests, 'stop the clock' and reset provisions that extend the duration of project approvals. Approvals and approval progress under the EPBC Act should also be transferable if ownership of a project is transferred during the approval process. The consultation requirements in the Offshore Petroleum and Greenhouse Gas Storage Act Environmental Regulation are ambiguous and are causing critical gas projects to face lengthy delays and greater risk of legal challenges.

2. How can planning and approvals processes be sped up without unduly compromising regulatory standards?

Greater harmonisation and the rigorous time-bounding of approval processes would support improved planning and approval timelines. Planning and approvals can be accelerated through nationally harmonised standards and mutual recognition of regulatory decisions across jurisdictions. Public administration assessments should remain rigorous but be time-bound, with stronger coordination between agencies to reduce duplication and delay.

3. Should clean energy projects be treated differently to other projects for the purpose of environmental and other approvals? If so, how?

Energy projects that align with national priorities and support energy security, affordability and emissions reductions objectives should be fast-tracked. Current project approval timelines are inconsistent with maintaining energy security and affordability and reaching national emissions reductions targets. It would be beneficial to streamline approval pathways for projects that demonstrably support these objectives.

4. What can be done to build local community support for new energy infrastructure projects?

The participant did not respond to this question.

5. Please outline any evidence showing the productivity benefits of faster approvals for energy projects.

The natural gas industry is a key contributor to the Australian economy and to Australia's productivity. Natural gas is a cornerstone of the Australian economy, contributing over \$100 billion annually in economic value and supporting more than 215,000 jobs across the country. The gas sector is also one of the most productive sectors across the Australian economy, contributing approximately \$2.8 million of value-add to the national economy per full time equivalent worker in 2021-22. Faster approvals for natural gas projects provide a boost to productivity both directly as well as indirectly through improving energy reliability and affordability across the economy. Timely approvals are also critical to averting projected gas shortfalls, with the ACCC highlighting that "Governments at all levels should focus on removing unnecessary impediments to developing new gas resources." Specifically, the ACCC identify "policy uncertainty and regulatory barriers" as a significant risk for project developers and for the timely delivery of critical new gas supply.

3. Encourage adaptation by addressing barriers to private investment

1. What are the barriers and enablers impacting decisions by owner-occupiers, landlords and developers about how housing is built and updated over time so that it is resilient to the effects of climate change?

The participant did not respond to this question.

2. What information do people need to make decisions about where to live, how to build and how to upgrade their homes to appropriately factor in climate change?

The participant did not respond to this question.

3. What are the most cost-effective retrofitting options for improving the resilience of Australia's existing housing stock? What are their costs and benefits?

The participant did not respond to this question.

4. What role might minimum standards play in ensuring the resilience of Australia's housing stock?

The participant did not respond to this question.

5. The impacts of climate change are being factored into the regulation of where and how houses are built in different ways around Australia. What does leading practice look like? Where is there room for improvement? Are there lessons we can learn from other countries?

The participant did not respond to this question.