

# Policy Statement

## Management of Greenhouse Gas Emissions from the Onshore Gas Industry

### Background

The Northern Territory Government (NTG) established an independent Scientific Inquiry into Hydraulic Fracturing of Onshore Unconventional Reservoirs in the Northern Territory (NT) in 2016 (the Inquiry). The Final Report of the Inquiry was released in March 2018. The Final Report made 135 recommendations to mitigate to acceptable levels identified risks associated with any onshore shale gas development in the NT.

In April 2018, after carefully considering the Final Report, the NTG determined that hydraulic fracturing of onshore unconventional shale gas reservoirs may proceed in the NT under strict conditions and in tightly prescribed areas. The NTG has committed to implementing all of the recommendations of the Inquiry prior to the consideration of production approvals.

The NTG has also adopted a development goal of a \$40 billion economy by 2030 and committed to decarbonising the economy to achieve a target of net zero emissions by 2050. It is also committed to a target of 50% renewable energy from grid connected installations by 2030. These commitments frame the NT's approach to growing and decarbonising the economy and implementing the recommendations of the Inquiry.

### Recommendation 9.8

Recommendation 9.8 of the Inquiry states:

*That the NT and Australian governments seek to ensure that there is no net increase in the life cycle [greenhouse gas] emissions emitted in Australia from any onshore shale gas produced in the NT.*

The recommendation requires both the NT and Australian governments to use their best efforts to ensure that emissions resulting from onshore shale gas production in the NT are offset by, or balanced against, emissions reduction elsewhere across the national economy to result in no net increase in life cycle emissions in Australia.

The Inquiry charged both the NT and Australian governments with implementing Recommendation 9.8. The Inquiry Panel recognised that the NTG has limited control over full life cycle emissions from onshore gas production in the NT. A shared commitment from the Australian Government is required to implement the recommendation.

The NTG acknowledges the range of policy options the Inquiry Panel identified as being available to the governments on a national, economy-wide scale, including the early retirement of coal fired power stations; increased deployment of renewable energy; changes in vehicle emissions standards. These options were identified in addition to both national and international carbon credit units.

## Greenhouse gas emissions management

The NTG recognises that meaningful emissions reductions from the onshore gas industry will be required to achieve its economy wide target of net zero emissions by 2050, and contribute to Australia's emissions targets.

The NTG has taken significant action to address greenhouse gas emissions from the onshore gas industry within its sphere of control. Measures introduced to manage emissions from the onshore gas industry include:

- reforming legislation to ensure greenhouse gas emissions can be regulated under the *Environment Protection Act 2019*, and that requirements for offsets can be imposed as a condition for granting environmental authorisations;
- requiring the petroleum industry to comply with a Code of Practice that establishes minimum standards for monitoring and managing emissions from upstream infrastructure;
- adopting the 'Greenhouse Gas Emissions Management for New and Expanding Large Emitters' policy (Large Emitters Policy) to set expectations for the management of emissions from development projects, including the onshore gas industry;
- establishing a NT Offsets Framework and adopting the 'Greenhouse Gas Emissions Offsets Policy';
- collaborating with industry and the Commonwealth Government to progress carbon capture, use and storage technology in the NT; and
- amending the *Petroleum Act 1984* to enable industry applications for Government to consider the use and sale of appraisal petroleum in preference to flaring or venting to reduce greenhouse gas emissions at the source.

The Australian Government has a major role to play in seeking to ensure there is no net increase in the life cycle greenhouse gas emissions emitted in Australia from any onshore shale gas produced in the NT, and the achievement of national emissions targets. The Australian Government is implementing reforms to the Safeguard Mechanism to ensure that the scheme contributes to national targets. Those reforms require all new gas entrants in the Beetaloo Basin to have net zero scope 1 emissions from entry.

## Policy Statement

The NTG has prepared this Policy Statement to clarify its expectations for the management of greenhouse gas emissions from the onshore gas industry and the delivery of recommendation 9.8.

The NTG recognises the importance of the NT's onshore gas industry to foster national energy security and transition Australia to a low carbon future.

To support the achievement of the NTG's target of net zero greenhouse gas emissions by 2050 and contribute to Australia's 2030 and 2050 emissions targets, the NTG:

- will regulate the requirement for all interest holders applying for approvals for onshore gas production to prepare and submit a greenhouse gas abatement plan (GGAP) demonstrating how the interest holder will contribute towards delivery of the NT's net zero emissions by 2050 target;
- require that, at a minimum, the GGAP demonstrate that collectively the interest holders' NT onshore gas production operations will be net zero by 2050; and

- require, in all other respects, the GGAP to be prepared in accordance with the Large Emitters Policy.

For the avoidance of doubt, all applications for onshore gas production will require a GGAP regardless of the 100 000 tCO<sub>2</sub>-e scope 1 emissions in a financial year threshold contained in the Large Emitters Policy. The threshold in the Large Emitters Policy will continue to apply to the industry when seeking approvals for exploration, including appraisal, activities.

These requirements will be reflected in regulatory decisions made under the *Environment Protection Act 2019* and *Petroleum (Environment) Regulations 2016*. The commitments made in a GGAP will be the subject of appropriate environmental authorisation conditions in accordance with regulatory powers. Regulators will undertake compliance and enforcement activities in accordance with regulatory powers and responsibilities.

The NTG will amend its legislative framework for the onshore gas industry to incorporate the requirements of this Policy Statement.

The requirements of this Policy Statement complement the Australian Government's reforms to the Safeguard Mechanism and ensure a comprehensive and stringent approach to managing greenhouse gas emissions from onshore gas production in the NT.