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Submission to the Northern Territory Government's Draft Greenhouse Gas Emissions Offsets Policy

Friends of the Earth (Australia) is a national, membership based environmental campaign organisation which has been active for more than 45 years. We appreciate the opportunity to provide comments on the Draft Greenhouse Gas Emissions Offsets Policy.

The policy, in it's current form, would represent a deep failure by the NT government to take its responsibilities on climate change seriously.

In 2018, the Pepper Inquiry recommended that life cycle emissions in Australia from fracking shale gas in the Territory be completely offset. The Gunner Government lifted its moratorium on fracking on the basis that this would occur, but this critical promise remains unimplemented. And it would appear that the Northern Territory Government's Draft Policy retreats from this recommendation. It contains no concrete mechanisms to ensure that fracking emissions will be completely offset.

With the Federal Government offering grants for carbon capture and storage (CCS) and the NT Government proposing indirect offsets for Research and Development into CCS, it is difficult to overstate the need to ensure that an offsets policy explicitly rules out this option.

The precautionary principle

In a time of climate change, it is essential that all government's act responsibly to reduce their contribution to further global heating. As noted by the International Energy Agency (IEA) in their recent report *Net Zero by 2050: a Roadmap for the Global Energy Sector*, 'the world has a viable pathway to building a global energy sector with net-zero emissions in 2050, but it is narrow and requires an unprecedented transformation of how energy is produced'.

The IEA says 'climate pledges by governments to date – even if fully achieved – would fall well short of what is required to bring global energy-related carbon dioxide (CO₂) emissions to net zero by 2050 and give the world an even chance of limiting the global temperature rise to 1.5 °C'.

Further, the IEA notes that ‘key uncertainties’ about how to reach net zero emissions, includes the use of carbon capture, because the technology has under delivered to date.

To have a hope of meeting the 1.5 °C target, the IEA says that, “from today, (there can be) no investment in new fossil fuel supply projects, and no further final investment decisions for new unabated coal plants”.

Emissions from the proposed Beetaloo and Barossa gas projects would not only make it impossible for the Northern Territory to reach its target of net zero emissions by 2050, it would jeopardise Australia’s ability to meet its emissions reduction commitments. It would certainly be at odds with global efforts to hold overall warming below 1.5oC. Estimates suggest that fracking the Beetaloo alone could produce up to 117 million tonnes of greenhouse gas each year, almost a quarter of Australia’s current annual emissions.

Given the climate impacts of these new projects, and the uncertainty of offsets being able to guarantee that emissions will be completely offset, the government should apply the precautionary principle and not approve any further gas operations that cannot be 100% offset with existing technology.

The policy lacks certainty

The draft policy would allow for a high level of discretion in how offsets are applied. For instance,

- It does not require gas companies to offset their life cycle greenhouse gas emissions.
- It leaves up to the discretion of the relevant government decision-maker whether offsets are required at all, and for what emissions. For example, it would be possible for a decision-maker to rule that offsets are not required at all for an onshore shale gas project, or that only offsetting of scope 1 (upstream) emissions is required.
- It enables offsets of a very low quality and questionable validity, including through the invented category of “indirect offsets” which are not recognised anywhere else in the world.

Offsets are coming under increasing scrutiny. The recent fires in western Canada, which saw large areas of forests that had been reserved as ‘offsets’ burnt highlights the dilemma with our efforts to store carbon. There are examples of unscrupulous operators offering offsets. There are also many allegations of environmental destruction and human rights abuses attached to offsets occurring overseas. If the NT government wishes to pursue an offset model for gas projects, it needs to ensure there are robust, transparent and non flexible rules that govern these offsets and how they are managed.

The danger of relying on carbon capture and storage

The draft policy would open the door to carbon capture and storage (CCS) being recognised as an “indirect offsets” category.

Relying on CCS working, at scale and at an affordable cost, is a high risk strategy. As a technology, CCS has consistently over promised, under delivered, and always gone over cost estimates. It is essential that the NT government apply the Precautionary Principle in this instance. This means no further development of any fossil fuels unless it can be guaranteed that CCS is ready to be deployed at scale and at an affordable cost.

Any impartial assessment of CCS will acknowledge that

- The technology is unproven and expensive
- Despite billions of dollars being spent here and overseas, no CCS project has yet been delivered on time, on budget, or to agreed performance
- The quickest and cheapest way to reduce greenhouse gas emissions is to stop burning coal, gas and oil and replace them with renewables and storage.

When we consider existing programs, we can see the problems that arise in the real world. For instance, in the case of the Chevron Gorgon Gas Plant in Western Australia, which is the biggest attempted CCS project anywhere in the world, the project has been plagued by [leaks](#) and [cracks](#). It has become an [expensive failure](#). As of July 2021, [Gorgon has reached a milestone with five years of failure](#), falling millions of tonnes short of its emissions capture promises.

Why would the NT government decide it can proceed with a major fossil fuel development on the assumption that a technology that has consistently failed will work this time?

The Draft Offsets Policy might enable gas companies to say that their expenditure on unproven CCS research and development ‘offsets’ their greenhouse gas emissions. This would be a perverse outcome. The Northern Territory Government should rule out CCS, or research and development about CCS, as a category of offset.

The offset policy must be re-written

In it’s current form, the draft policy is not acceptable. It would provide too little certainty and not enough oversight.

For the NT government to be taken seriously in terms of meeting climate change commitments, it is essential that the current policy be re-written and circulated for further community input.

It must require all life cycle emissions generated in Australia to be determined, and genuinely offset for onshore gas projects, in accordance with recommendation 9.8 of the Pepper Inquiry.

It must make clear that requiring only scope 1 and 2 emissions from onshore gas projects to be offset is insufficient. All life cycle emissions generated in Australia (scope 1, 2 and 3 emissions) must be offset to comply with Recommendation 9.8.

All references to “indirect offsets” must be removed.

It must explicitly state that carbon capture and storage (and research and development for carbon capture and storage) is not a recognised category of offset.