Submission October 2021

Northern Territory Greenhouse Gas Emissions Offsets Policy and Technical Guidelines Submission

To: environment.policy@nt.gov.au
CC: chief.minister@nt.gov.au

Northern Territory Greenhouse Gas Emissions Offsets Policy and Technical Guidelines Submission: The Wilderness Society

INTRODUCTION

The Wilderness Society is pleased to have this opportunity to provide a submission into the Northern Territory's Greenhouse Gas Emissions Offsets Policy and Technical Solutions (The Offsets Policy).

From the outset we wish to state that every State and Territory Government and the Australian Government must act quickly and make decisions to transition away from fossil fuel exploration and production which are driving dangerous climate change. This is in line with global recommendations by groups like the International Energy Agency (IEA), and Intergovernmental Panel on Climate Change (IPCC). Given these warnings from the IEA and the IPCC, we fundamentally do not support offset emissions from the fossil fuel industry as they delay meaningful action from this sector.

In summary we provide the following recommendations:

1. No new oil and gas projects in the Northern Territory;
2. All lifecycle emissions must be fully offset where they are unavoidable;
3. Where emissions are unavoidable, offsets should be of the highest quality;
4. Land sector carbon isn't the same as carbon emissions from the fossil fuel sector.

RECOMMENDATION 1: NO NEW OIL AND GAS PROJECTS IN THE NORTHERN TERRITORY

In May this year the International Energy Agency (IEA) released its Net Zero by 2050 Report.[1] It clearly states that oil and gas exploration beyond 2021 is inconsistent with a roadmap to net zero emissions by 2050 and the Paris Climate Agreement, to which Australia is a signatory.

[1] IEA (2021), Net Zero by 2050, IEA, Paris. Available at: https://www.iea.org/reports/net-zero-by-2050 [Accessed: 12 October 2021]

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For Australia to express genuine commitment to averting climate risk as a nation and seek to reach net zero emissions as soon as possible, then new fossil fuel projects like the 'Beetaloo Basin' cannot proceed.

A climate impact report on shale gas in the Northern Territory (NT) concludes that the scale of proposed production of the 'Beetaloo Basin' and adjacent deposits across the NT could contribute directly about 600 million tonnes of carbon dioxide equivalent per year to Australia's National Greenhouse Gas Inventory (NGGI), without including any calculations of fugitive emissions. To put that figure in context, Australia's total emissions—the highest ever recorded—were 630 million tonnes.[2]

Shale gas extraction and production from reserves like the Beetaloo Basin are some of the most emissions intensive due to the massive potential for 'fugitive emissions' of methane gas (CH4), which has a global warming potential 25 times higher than carbon dioxide (CO2) over a 100 year period.[3]

The Wilderness Society recommends that from a climate perspective, the risks of opening new Basins like the Beetaloo Basin are simply unacceptable and inconsistent with any roadmap to net zero by 2050.

RECOMMENDATION 2: ALL LIFECYCLE EMISSIONS MUST BE FULLY OFFSET WHERE THEY ARE UNAVOIDABLE

Offsets are a very poor substitute for keeping fossil fuels in the ground, and first and foremost the Government should prevent the extraction and burning of coal, oil and gas. Where they are completely unavoidable, all lifecycle emissions must be fully offset.

The Northern Territory fracking inquiry deemed that emissions from developing the Beetaloo Basin would have 'unacceptable' climate impacts, unless they were fully offset. [4] Climate impacts arising from the exploration phase of fossil fuel extraction are not just

[2] Prof Low, I. (Oct , 2012) Climate change impacts of proposed shale gas developments in the NT. Available at: https://www.protectcountrynt.org.au/climate_change_impacts_of_shale_gas [Accessed: 5 July 2021]
[3] Prof Low, I. (Oct , 2012) Climate change impacts of proposed shale gas developments in the NT. Available at: https://www.protectcountrynt.org.au/climate_change_impacts_of_shale_gas [Accessed: 5 July 2021]
[4] Pepper, R. (March, 2018) Scientific Inquiry into Hydraulic Fracturing in the Northern Territory, Final report. Available below [Accessed: 5 July 2021]: https://frackinginquiry.nt.gov.au/inquiry-reports/final-remarks-from-honourable-justice-rachel-pepper

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the fugitive emissions once wells are drilled, but the landscape scale deforestation of exploration for seismic testing. This involves clearing thousands of hectares of globally significant intact tropical savanna, which is part of the largest living cultural landscape on our planet, and has been managed First Nations people for over 60 millenia.

A report from the Australian Institute (TAI) stated that the emissions from just one field in the 'Beetaloo Basin' would cause up to 117 million tonnes of CO2 equivalent[5]—that's larger than all offset credits ever issued by the Australian Government.[6]

In 2018 Chief Minister Gunner committed to implement all recommendations of the Scientific Inquiry into Hydraulic Fracturing in the Northern Territory (the Fracking Inquiry)[7], including the critically important Recommendation 9.8: that there should be no net increase in Australia's greenhouse gas emissions from fracking in the Northern Territory[8].

Currently however, the Offsets Policy does not require gas companies to offset their life cycle emissions. Instead, that is at the discretion of the relevant government decision-maker. The Offsets Policy should require gas companies to estimate their life cycle emissions generated in Australia and to say how they propose to offset their scope 3 emissions - combustion emissions - whether produced in Australia or elsewhere.

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 [9]. Scope 3, or combustion emissions, are absolutely a part of lifecycle emissions and attempting to ignore these is simply dishonest. It would be appalling if the Government is trying to avoid requiring companies to offset their emissions.

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[5] Swann, T. (Sept, 2020) Weapon of gas destruction. The Australia Institute. Available at: https://australiainstitute.org.au/wp-content/uploads/2020/12/Weapons-of-Gas-Destruction-WEB.pdf [Accessed: 5 July 2021]
[6] Bardon, J. (Feb 2021) How the Beetaloo gas field could jeopardise Australia's emissions target. Background Briefing. Available below [Accessed: 5 July 2021]: https://www.abc.net.au/news/2020-02-29/beetaloo-basin-gas-field-could-jeopardise-paris-targets/12002164
[7] Pepper, R. (2018) Scientific Inquiry into Hydraulic Fracturing in the Northern Territory. Available at: https://frackinginquiry.nt.gov.au/inquiry-reports?a=494327 [Accessed: 13 Oct 2021)
[8] The Australia Institute (September 2021). Over 60 scientists & experts call on NT Chief Minister Gunner to honour commitment to net-zero fracking. Available at emissionshttps://nb.australiainstitute.org.au/fully_offset_nt_fracking [Accessed: 13 Oct 2021)
[9] Pepper, R. (2018) Scientific Inquiry into Hydraulic Fracturing in the Northern Territory. Available at: https://frackinginquiry.nt.gov.au/inquiry-reports?a=494327 [Accessed: 13 Oct 2021)

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The Wilderness Society recommends that the Offsets Policy ensure there is no net increase in Australia's emissions from fracking in the NT by requiring all life cycle emissions (scope 1, 2 and 3 emissions) generated be offset.

RECOMMENDATION 3: WHERE EMISSIONS ARE UNAVOIDABLE, OFFSETS SHOULD BE OF THE HIGHEST QUALITY

As stated earlier, offsets are a very poor substitute for keeping fossil fuels in the ground, and first and foremost the Government should prevent the extraction and burning of coal, oil and gas in the first place [10]. Where they are completely unavoidable, offsets should be of the highest quality.

As it is currently written, the proposed Offsets Policy enables offsets of a very low quality and questionable validity, including through a new category of "indirect offsets". Indirect offsets may consist of funding research and development into technologies or practices that might reduce emissions in the future. Such an approach would be without precedent, particularly as decision-makers only need to have "reasonable confidence" that the new technology or practice will actually work. Indirect offsets may undermine the integrity of the Northern Territory carbon market and create confusion in the market.

The Offsets Policy also opens the door to carbon capture and storage (CCS) being recognised as an "indirect offsets" category. Carbon capture and storage is unproven and extremely expensive [11]. Despite billions of dollars being spent here and overseas, no CCS project has yet been delivered on time, on budget, or to agreed performance. It is a method of further entrenching the gas industry, not moving away from fossil fuel extraction.

The Draft Offsets Policy might enable gas companies to say that their expenditure on unproven CCS research and development "offsets" their exorbitant greenhouse gas emissions, a perverse outcome.

The Wilderness Society recommends that all reference to "indirect offsets" be removed and that The Northern Territory Government not accept CCS, or research and development

[10] The Climate Council (2020) What is carbon offsetting and is it worthwhile? Available at: https://www.climatecouncil.org.au/resources/carbon-offsetting-worthwhile/ [Accessed: 12 October 2021]
[11] The Climate Council (2021) What is Carbon Capture and Storage? Accessed here: https://www.climatecouncil.org.au/resources/what-is-carbon-capture-and-storage/ [Access date: 13 Oct 2021]

about CCS, as a category of offset.

RECOMMENDATION 4: LAND SECTOR CARBON ISN'T THE SAME AS EMISSIONS FROM THE FOSSIL FUEL SECTOR

If emissions are completely unavoidable they should ultimately be of the highest standard and like-for-like. Currently the Offsets Policy allows emissions from the fossil fuel industry to offset using the land sector. If the source of greenhouse gas emissions is burning fossil fuels, then this should be offset through projects that legitimately avoid the consumption of fossil fuels elsewhere. For example by funding community based renewable energy projects[12].

The "active" land carbon cycle is different to the fossil carbon cycle and needs to be treated differently in climate policy. In the global "active" carbon cycle, carbon regularly cycles between the land, the atmosphere and the ocean. Fossil fuels, in contrast, have been locked away permanently underground and are not part of the "active" carbon cycle. Mining and combustion of fossil fuels, in contrast, releases new fossil carbon to the active carbon cycle that was never in that cycle before.

The primary difference between the two cycles is that carbon that is stored in the land stock is vulnerable to being returned back to the atmosphere through deforestation, fire, etc. In contrast, if fossil fuels are not burned in the first place, that carbon is never added to the active carbon cycle. Storing carbon in land can be counterproductive if policy settings allow it to delay or replace fossil fuel emissions.

However, sequestering carbon in land systems is still very useful and The Wilderness Society recommends the establishment of a government administered Land Restoration Fund (LRF) over land sector "offsets" for fossil fuel emissions.

The Wilderness Society recommends that there be no offsetting of fossil fuel emissions through an increase in land carbon.

- ENDS

For more information contact:

[12] The Climate Council (2020) What is carbon offsetting and is it worthwhile? Available at: https://www.climatecouncil.org.au/resources/carbon-offsetting-worthwhile/ [Accessed: 12 October 2021]

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Gemma Plesman
Senior Campaigner, The Wilderness Society
gemma.plesman@wilderness.org.au