

## Second progress report on Gas Supply Strategy (GSS) Implementation

The COAG Energy Council agreed to the Gas Supply Strategy (GSS) Implementation Plan for Collaborative Actions on 19 August 2016. This second report provides detail on progress made during the period **1 November 2016 to 31 May 2017**.

Officials note that in May 2017, Tasmania gained an exemption from contributing to the implementation of GSS Collaborative Actions 9, 11, 12 and 13 and Victoria advised the following:

- Victoria will be involved in the implementation of the Gas Supply Strategy and associated Implementation Plan, with the exception of any actions relating to onshore unconventional gas (Collaborative Actions 5, 11, 12 and 13), following the commencement of legislation to ban onshore unconventional gas activities.
- Victoria proposes that actions to investigate potential onshore conventional gas resources and support the development of offshore gas and underground gas storage be incorporated explicitly and progress reported, as part of a holistic Gas Supply Strategy and associated Implementation Plan.
- Victoria will contribute funding for Collaborative Action 8 in the 2017/18 SCO budget.

Work to implement all 14 collaborative actions has been steady, however implementation of some milestones have been delayed due to the delay in establishing an administrative solution for the Department of Industry, Innovation and Science to access funds from the Energy Special Account (ESA) following Machinery of Government (MoG) changes in 2016 which included responsibility for the ESA being transferred to the Commonwealth Department of the Environment and Energy. Relevant progress updates were provided at UPR, LARWG and GMPIT meetings.

No additional collaborative actions were approved by COAG Energy Council Ministers during this period. However, the following individual jurisdictional announcements relating to gas development and/or supply were made during the period:

- On 25 January 2017, [Queensland Minister for Natural Resources and Mines, Dr Anthony Lynham, announced](#) the release by a competitive tender process of 58 square kilometres for a highly prospective P&G (CSG) area in the Surat Basin to be made available for production. Tenders closed on 20 April 2017 and the tender assessment process is under way.
- On 27 February 2017, Victorian Resources Minister Wade Noonan announced \$10m funding for extensive scientific, technical and environmental studies over three years to study the potential for conventional gas discoveries in the state.
- On 14 March 2017, [South Australian Premier Jay Weatherill announced](#) the [South Australian Power for South Australians](#) plan, which includes a \$360 million investment in a new gas-fired power plant and incentivising gas development via a royalties sharing scheme for landholders.
- On 15 March 2017, the [Prime Minister announced](#) details of its agreement with the gas industry on measures that will help deliver cheaper and more reliable energy to Australian households and increase gas supplies for businesses.
- On 17 March 2017, [South Australian Minister for Mineral Resources and Energy, Tom Koutsantonis, announced](#) the first round grant recipients which will share in \$24 million under the PACE Gas Program. A further \$24 million will be offered in Round 2 of the PACE Gas Program.
- On 27 April 2017, the [Prime Minister announced](#) the Australian Government will secure domestic gas supplies by introducing the Australian Domestic Gas Security Mechanism by 1 July 2017.

- On 2 May 2017, [Victorian Treasurer Tim Pallas announced](#) a \$42.5 million Victorian Gas Program, to undertake extensive scientific, technical and environmental studies on the risks, benefits and impacts of onshore conventional gas to inform future decisions by the Victorian Government. The program will also support commercial exploration for further offshore gas discoveries in Victorian waters and the potential to develop further underground gas storage sites. Additionally, the program includes related community engagement, resource planning and regulatory improvements.
- On 9 May 2017, the [Australian Government Minister for Resources and Northern Australia, Matthew Canavan, announced](#) a \$28.7m funding package over four years to accelerate the responsible development of onshore gas for the domestic market, helping to address the predicted forecast east coast gas shortfalls of 10PJ – 54PJ to 2024 while encouraging increased benefits to landowners. This funding is part of the broader, more than \$90 million package to address gas supply and affordability.
- On 15 May 2017, [Queensland Minister for Natural Resources and Mines, Dr Anthony Lynham, announced](#) that the Government would soon release another 395 square kilometres of land for gas development for the east coast market, with the expectation that the tenders would be awarded before the end of the year.

## **ACRONYMS**

|              |   |
|--------------|---|
| <b>GMPIT</b> | Gas Major Projects Implementation Team  |
| <b>GWG</b>   | Geoscience Working Group<br>(formerly known as the Exploration Investment and Geoscience Working Group – EIGWG) |
| <b>LARWG</b> | Land Access for Resources Working Group   |
| <b>SCO</b>   | Senior Committee of Officials   |
| <b>UPR</b>   | Upstream Petroleum Resources Working Group  |

|          | <b>GSS Collaborative Action</b>  | <b>Lead</b>                           | <b>Progress report</b>   |
|----------|--|---------------------------------------|--|
| <b>1</b> | Ensure that pre-competitive science and geological programs, including petroleum and water, continue to be developed in consultation with industry and other relevant stakeholders     | GWG in cooperation with UPR           | On 8 December 2016, Senator the Hon Matt Canavan, Minister for Resources and Northern Australia, <a href="#">announced</a> the commencement of the \$100 million Exploring for the Future programme. The Exploring for the Future Programme has been widely communicated to a broad range of stakeholders in industry, including APPEA’s Exploration Sub-Committee, and state/NT governments.<br><br>Geoscience Australia’s broader petroleum pre-competitive program is being continually evaluated in light of Geoscience Australia’s current priorities and ongoing discussion with the petroleum exploration industry. |
| <b>2</b> | Agree on detailed geoscience data standards to support inter-operability of data management systems, reduced submissions costs, and enhance data search and integration capability for | UPR in cooperation with GWG and LARWG | Geoscience Australia, NOPTA and the Department of Industry, Innovation and Science examined petroleum data standards to assist the Offshore Petroleum Resource Management Review. An issues paper on technical data management requirements will be distributed for public comment by the end of 2017.   |

|   |   |   |  |
|---|---|---|--|
|   | exploration study analysis and interpretation.  |   |  |
| 3 | Define programs that will enhance the characterisation of interactions between hydrocarbon and water resources, and the ready access to this information to increase inform project plans and stakeholders' knowledge.  | UPR & GWG   | Planning for <i>Exploring for the Future</i> projects continues in consultation with state and NT stakeholders.  |
| 4 | Look at options to develop a database to provide a mechanism for jurisdictions to share a nationally agreed set of statistical data on industry activity, including the addition of environmental data to improve public availability of baseline environmental and monitoring results.       | UPR   | The development of the Resources Data Initiative (RDI) continues. The aim is to deliver a data portal that provides access to a broad range of resources-related data and information. Proof-of-concept testing demonstrates the potential of the system.  |
| 5 | Agree on a statistical dataset that can be shared and compiled for UPR's Coal Seam, Shale and Tight Gas in Australia: Resources Assessment and Operation Overview including expansion to cover all onshore gas reserves, resources, drilling activity, well performance, and production data. | UPR   | <a href="#">2016 report</a> completed, endorsed by SCO and published on Energy Council website.<br><br>Potential scope of expanded report under consideration.   |
| 6 | Expand the Gas Industry Social and Environmental Research Alliance (GISERA) model into New South Wales and ensure arrangements/framework allows for other jurisdictions to join the alliance in the future.   | Australian Government – CSIRO in cooperation with jurisdictions | The second tranche of GISERA NSW projects was approved by NSW Regional Research Advisory Committee in November 2016 and research is underway. Information about individual projects can be viewed at <a href="https://gisera.org.au">https://gisera.org.au</a> .<br><br>The Department of Industry, Innovation and Science defining scope of work with CSIRO for Australian Government's new \$4 million funding commitment. |
| 7 | Coordinate the development of a common set of FAQs for use by all jurisdictions, including hosting a forum of representatives from relevant agencies such as  | UPR in cooperation with LARWG and GMPIT                         | Request for quote process relating to engaging a forum facilitator completed. UPR subsequently agreed to the following alternative approach to implementation: <ul style="list-style-type: none"> <li>• No government forum on FAQs to be held</li> <li>• UPR officials to prepare content and the Department of Industry, Innovation and Science</li> </ul>   |

|   |  |  |
|---|--|--|
|   |  | <p>(DIIS) to manage FAQ design and copy-edit services procurement</p> <ul style="list-style-type: none"> <li>• Seek SCO approval to transfer a proportion of the allocated budget to LARWG for the GSS#8 community engagement forum.</li> </ul> <p>Collation of FAQ information from jurisdictions has commenced. SCO approved the transfer of funds from UPR to LARWG in May 2017. Consultation with LARWG and GMPIT will occur over the next reporting period to complete the FAQ development process in late-2017.</p>  |
| <p>8 Continue efforts to encourage better community engagement, particularly in respect to land access case studies and community acceptance research through sharing communications tools and resources that have proven to be successful. This will include: hosting a forum and development of a better practice case studies document, which will include, CSIRO community engagement and acceptance research, review of jurisdictional approaches to native title issues and pursue better visibility of LARWG on COAG Energy Council website.</p> | <p>LARWG in cooperation with UPR and GMPIT</p> | <p>SCO approved the transfer of funds from UPR to LARWG in May 2017 to be used for the purposes of the community engagement forum costs. LARWG to re-approach market via new request for quote process for forum facilitator in next reporting period.</p> <p>First draft of the case studies booklet has been delivered and is being reviewed by LARWG members.</p> <p>CSIRO research is underway. Most elements are expected for completion by end-2017.</p>   |
| <p>9 Host a forum of Government officials to discuss pursuing Australian standard(s) on relevant onshore gas issues that will underpin productivity.</p>  | <p>UPR</p>                                     | <p>On 17 January 2017, <a href="#">Standards Australia and National Energy Resources Australia (NERA) announced</a> the establishment of a new Australian Technical Committee to mirror the International Organization for Standardization (ISO) Technical Committee ISO TC 67. A South Australian UPR member is also a mirror committee member, therefore provides UPR with regular updates on the mirror committee's work.</p> <p>As per UPR agreement in March 2017, the UPR Chair wrote to Ms Miranda Taylor, CEO of NERA, in April 2017 to invite her to Chair the GSS#9 standards forum. Ms Taylor accepted the invitation and an initial forum planning discussion was held in May 2017. The forum is now being planned for October 2017.</p> |

|    |  |  |   |
|----|--|--|---|
| 10 | Develop and share work-flow diagrams to document the robustness and equivalence of upstream petroleum licensing and activity approval processes across Australian jurisdictions.                                       | UPR in cooperation with LARWG  | The first milestone is incomplete. Following the initial information provided by South Australia, only the Northern Territory provided work-flow diagrams during the reporting period and Queensland indicated it will be in a position to provide its petroleum input in May 2017.   |
| 11 | Review of the National Harmonised Regulatory Framework for Natural Gas from Coal Seams (NHRF).   | UPR  | A limited Request for Tender process for consultant to undertake review and request for revised quote for the legal services component for the review prepared for release in June 2017 , with commencement of review streams expected to occur in parallel in July 2017.   |
| 12 | Review of relevant Inquiry reports (e.g. into hydraulic fracturing) to identify common recommendations that could be addressed in the NHRF update and/or point to further work that could be done at a national level. | UPR  | Analysis of initial information is complete and the Australian Government Department of Industry, Innovation and Science’s drafting of final report is near completion.   |
| 13 | Lead development of a paper to seek national alignment of objectives for the regulation of shale and tight gas developments.   | UPR  | <p>The Energy Council approved the “Key Principles for the National Harmonised Regulatory Framework for Petroleum” in December 2016. A paper proposing metrics and report format for States and the Northern Territory to report was provided to UPR for consideration and comment in March 2017.</p> <p>Feedback from jurisdictions has raised the issue of the scope of this report as not all states/Northern Territory have fully aligned legislation for petroleum, environment and safety. In addition, the legislation is administered by different agencies within their governments. Further work is required to define the scope of the national alignment and the format of the report, which will cause previously agreed timelines to be adjusted.</p> |
| 14 | Support and promote the National Energy Resources Australia (NERA) and METS Ignited Growth Centres.  | Australian Government – Department of Industry, Innovation and Science | <p>METS Ignited launched the first <a href="#">METS Sector Competitiveness Plan</a> at the International Mining and Resources Conference (IMARC) on 8 November 2016.</p> <p><a href="#">NERA 10-year Sector Competitiveness Plan</a> released on 22 February 2017 at the Australasian Oil and Gas exhibition and conference (AOG 2017), Perth.</p> <p>NERA and METS Ignited promote their upcoming events on their websites</p> <p><a href="http://www.nera.org.au">www.nera.org.au</a></p> <p><a href="http://www.metsignited.org">www.metsignited.org</a></p>   |