

COAG Energy Council Gas Supply Strategy

Third Implementation Progress Report

1 June 2017 to 31 October 2017

24 November 2017



COAG
Energy Council

Third 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 third report provides detail on progress made during the period **1 June 2017 to 31 October 2017**.

Work to implement the original 14 collaborative actions has continued throughout this period. In August 2017, COAG Energy Council Ministers agreed to amend the GSS and add three additional collaborative actions to the GSS implementation plan to:

- a. include onshore conventional gas more explicitly, offshore gas, and underground gas storage;
- b. include references to the western and northern gas markets;
- c. in response to the 2017-18 Federal Budget, communicate information for landholders and communities about the onshore gas industry, including information to assist landholders in negotiating access to land for gas developments.

Ministers also agreed to officials commencing a review in January 2018 of the effectiveness of GSS implementation, to inform future discussion about whether additional new actions are required.

ACRONYMS

GMPIT	Gas Major Projects Implementation Team
GWG	Geoscience Working Group
RPEWG	Resources Policy and Engagement Working Group [formerly known as the Land Access for Resources Working Group (LARWG)]
SCO	Senior Committee of Officials
UPR	Upstream Petroleum Resources Working Group

	GSS Collaborative Action	Lead	Progress report
1	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	<p>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.</p> <p>The GWG is developing a National Petroleum Exploration Strategy to address the technical risk and the science of petroleum discovery in Australia's sedimentary basins with a focus on frontier basins, and challenge current perceptions of prospectivity to ensure that Australia maintains its status as a premier investment destination.</p> <p>Victoria has commissioned a 3D geological model of the onshore and offshore Otway Basin as part of the \$42.5 million Victorian Gas Program. The program includes geoscientific, environmental and related studies to properly assess the potential for any onshore conventional gas exploration in the future. The program will also examine Victoria's prospectivity for offshore gas and underground gas storage options.</p>

2	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 exploration study analysis and interpretation.	UPR in cooperation with GWG and RPEWG	<p>An issues paper reviewing Commonwealth offshore petroleum data submission and release requirements is planned for public consultation in Q2 2018. This issues paper is an example of work the Government is undertaking to agree revised geoscience data requirements for offshore petroleum activities in Commonwealth waters.</p> <p>At its September 2017 meeting, the Government Geoscience Information Committee agreed to prepare a scoping report for GWG discussing options and opportunities for the expansion of existing geological survey precompetitive mineral resource data systems into petroleum.</p>
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	<p><i>Exploring for the Future</i> projects for energy, minerals and groundwater have commenced in northern Australia. The programme will run until mid-2020.</p> <p>Victoria has commissioned a 3D geological model of the onshore and offshore Otway Basin. The Victorian Gas Program also includes environmental benchmarking (to be completed by March 2020) to identify the key environmental factors relevant to each stage of the life cycle for onshore conventional gas (i.e. exploration, development, production, decommissioning, rehabilitation stages).</p>
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	<p>The development of the Resources Data Initiative (RDI) is on hold pending further funding. In October 2017, UPR agreed to prepare and consider a new business case in the future. The aim is to deliver a data portal that provides access to a broad range of resources-related data and information.</p>
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	<p>Consistent with Ministerial agreement in August 2017 to include onshore conventional gas and offshore gas more explicitly, in October 2017, the UPR agreed to expand the scope of the report to include conventional and unconventional gas resources, both onshore and offshore. The report is expected to be completed in January 2018.</p>

<p>6</p> <p>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.</p>	<p>Australian Government – CSIRO in cooperation with jurisdictions</p>	<p>Completed</p> <p>The Australian Government’s \$4 million funding agreement to support the national expansion of GISERA was executed.</p> <p>A number of GISERA research reports were released during the period for the following projects:</p> <ul style="list-style-type: none"> • Spatial design of groundwater monitoring network in the Narrabri Gas Project area – Review of groundwater monitoring and opportunities for optimal network design for the Narrabri Gas Project area (June 2017) • Constraining water flows in the Surat Basin – Hydrochemical assessment of the Hutton and Precipice sandstone aquifers in the northern Surat Basin (June 2017) • Analysing Economic and Demographic Trajectories in NSW Regions Experiencing CSG Development – Economic baseline for NSW CSG regions (August 2017). • Regional Methane Emissions in NSW CSG Basins– final report (October 2017). • Impacts of CSG depressurisation on the Great Artesian Basin (GAB) flux - Uncertainty analysis of CSG- induced GAB flux and water balance changes in the Narrabri Gas Project area (Interim report – October 2017) <p>Information about individual projects can be viewed at https://gisera.org.au.</p>
<p>7</p> <p>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 Geoscience Australia and state and territory based regulators to consider and publish agreed facts and answers to FAQs.</p>	<p>UPR in cooperation with RPEWG and GMPIT</p>	<p>Completed</p> <p>The FAQ text has been finalised and will be published on the COAG Energy Council’s website and shared with RPEWG, GWG and GMPIT to inform their work priorities, in particular, the implementation of new GSS collaborative action #17.</p> <p>The FAQs will be revised on a six-monthly basis and take into account a forthcoming update to Geoscience Australia’s resource map and the recent expansion of the GSS to include onshore gas more explicitly, offshore gas and underground gas storage.</p>
<p>8</p> <p>Continue efforts to encourage better community engagement, particularly in respect to land access case studies and community acceptance research through sharing communications tools and</p>	<p>RPEWG in cooperation with UPR and GMPIT</p>	<p>First draft of the case studies booklet was finalised by RPEWG members.</p> <p>CSIRO research is underway. Most elements are expected for completion by end-2017.</p> <p>Victoria has established a Stakeholder Advisory Panel, chaired by the Victorian Government’s Lead Scientist, which</p>

	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 RPEWG on COAG Energy Council website.		covers a broad range of views, including farmers, industry, local government and the community. The results of the Victorian Gas Program's geoscientific and environmental studies will be made public.
9	Host a forum of Government officials to discuss pursuing Australian standard(s) on relevant onshore gas issues that will underpin productivity.	UPR	<p>Completed</p> <p>The standards forum was held in Darwin on 13 October 2017, chaired by Ms Miranda Taylor, CEO of NERA. Key issues discussed included:</p> <ul style="list-style-type: none"> • Context is really important, especially in the onshore landscape, in terms of the lens you look at standards through. • To create safe environment, need a minimum level of standards. • Involving the whole supply chain to help boost confidence in onshore gas industry, improve minimum level of practices, greater awareness of standards and achieve better consistency in practice. • Use of external standards and importance of interpreting them consistently. <p>UPR have considered the outcomes of the forum and individual jurisdictions will participate in further NERA-led work as appropriate.</p> <p>Tasmania is observing this action.</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 RPEWG	<p>Implementation of Step 1 has been completed, however given recent regulatory changes some jurisdictions will provide updated information.</p> <p>UPR members have committed to complete Steps 2 and 3 in 2017-18 and agreed a consultant does not need to be engaged after all.</p>
11	Review of the National Harmonised Regulatory Framework for Natural Gas from Coal Seams (NHRF).	UPR	<p>Progress and draft reports on the legal framework and an assessment of leading practice were considered by UPR in October 2017. The leading practices and legal consultants are expected to finalise their reports by the end of November 2017.</p> <p>Victoria and Tasmania are observing this action.</p>

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	<p>Completed</p> <p>Officials note that this report will be updated with the independent Scientific Inquiry into Hydraulic Fracturing of Onshore Unconventional Reservoirs in the Northern Territory, once published.</p> <p>The information arising from this action will feed into the GSS implementation effectiveness review scheduled to commence in January 2018.</p> <p>Victoria and Tasmania are observing this action.</p>
13	Lead development of a paper to seek national alignment of objectives for the regulation of shale and tight gas developments.	UPR	<p>UPR continued discussions on proposed metrics and reporting format for States and the Northern Territory. Additional information is required from some jurisdictions in regards to their existing annual reporting processes, to enable consideration of completion of this collaborative action by the end of 2017.</p> <p>Victoria and Tasmania are observing this action.</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>In July 2017, NERA completed its foundation project work towards greater use of trusted international standards by Australia’s oil and gas industry and regulators. The project was supported with \$60,000 Australian Government funding under the Industry Growth Centres Initiative and in kind support from Standards Australia, the South Australian Government and industry partners. A key outcome was the establishment and ISO recognition of a new Standards Australia mirror committee ME-092. ME-092 is progressing a substantive work program on baseline mapping of standards in common use across the oil and gas industry Australia and their alignment with international standards. This work links with GSS Collaborative Action #9.</p> <p>NERA is working with NOPSEMA (the National Offshore Petroleum Safety and Environmental Management Authority) and industry on stakeholder engagement and transparency initiatives. The Australian Government has provided \$60,000 funding support towards this initiative, which involves development of a first suite of Environmental Impact Assessment reference cases.</p> <p>On 15 June 2017 the Hon Niall Blair MLC, NSW Minister for Trade and Industry, announced the launch of a new Energy NSW initiative under the NSW Government’s Energy and Resources Knowledge Hub led by the Newcastle Institute of Energy and Resources and in collaboration with NERA. METS Ignited growth centre is a strategic partner on the sister initiative METS NSW.</p> <p>NERA is partnering with the Northern Territory Government to jointly fund an analysis of the territory’s current and future education and skills development requirements</p>

		<p>within the oil and gas industry. Opportunities for working with neighbouring countries will also be scoped. The final report is expected by late 2017.</p> <p>NERA, with support from the Western Australian Government, is working with the subsea services sector towards the proposed establishment of an Australian subsea IMR (inspection maintenance and repair) innovation cluster modelled on successful overseas approaches. Workshops were held in Perth in May and September 2017.</p> <p>On 8 June 2017, METS Ignited and the Queensland Government launched the Igniting METS Accelerator which seeks to bring late-stage start-ups and SMEs together with leading resources sector corporates focused on innovative solutions and greater industry collaboration and commercialisation.</p> <p>On 9 October 2017 METS Ignited and the Queensland Government launched the Bowen Basin Cluster Program in Mackay. The initiative aims to bring together METS companies with complementary areas of expertise to collaborate to solve challenges for mining and resources companies.</p>	
15	Develop broad principles for collaborative cross-jurisdictional programs to inform future offshore acreage releases and facilitate gas exploration and development in priority areas in Commonwealth offshore and State and Territory offshore waters.	UPR	<p>New Collaborative Action agreed by Energy Council in August 2017</p> <p>The Australian Government Department of Industry, Innovation and Science finalised its report on the Offshore South East Australia Future Gas Supply Study in early September 2017. The government is actively considering its finding with a public version of the study that excludes confidential information on specific titles, anticipated to be released in the coming month.</p>
16	Identify geological formations that have the potential to be developed for gas storage to improve security of gas supply	GWG	<p>New Collaborative Action agreed by Energy Council in August 2017</p> <p>Victoria's underground gas storage investigations incorporate analysis and modelling of geoscientific information to assess the potential of known subsurface geological structures for underground gas storage, including rock characterisation studies (e.g. porosity, permeability). The investigations will also assess the economic potential of these geological formations.</p> <p>The Geological Survey of Victoria is now working with industry in order to explore potential partnership opportunities, particularly in the offshore exploration and onshore gas storage components.</p>

17	Communicate information for landholders and communities about the onshore gas industry, including information to assist landholders in negotiating access to land for gas developments	RPEWG	<p>New Collaborative Action agreed by Energy Council in August 2017</p> <p>This action will utilise FAQ information developed under GSS collaborative action #7.</p> <p>RPEWG discussed this action in October 2017 and clarified a number of matters in regard to its scope including state and territory legislation and regulation. RPEWG will proceed to develop proposals for engaging procurements for this activity.</p>
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ATTACHMENT – INDIVIDUAL JURISDICTIONAL ANNOUNCEMENTS

The following individual jurisdictional announcements and key events relating to gas development and/or supply occurred during the reporting period:

- On 6 June 2017, the [New South Wales Minister for Resources Don Harwin announced](#) that the NSW Government had identified the Bancannia Trough north of Broken Hill and Pondie Range Trough north of Wilcannia as the first areas that would be assessed for potential release for onshore gas exploration through the state's Strategic Release Framework.
- On 9 June 2017, the [Final Report of the Independent Review into the Future Security of the National Electricity Market](#) was released. The report acknowledges that gas plays an essential role in providing secure and reliable electricity for Australians and includes four recommendations (Recs 4.1 to 4.4) in relation to adopting evidence based regulatory regimes to manage the risk of individual gas projects on a case-by-case basis and improving efficiency and transparency in gas markets.
- On 1 July 2017, the then [Minister for Resources and Northern Australia announced](#) the Australian Domestic Gas Security Mechanism (ADGSM) took effect. The ADGSM framework sits within new Division 6 of the [Customs \(Prohibited Exports\) Regulations 1958](#). Formal stakeholder consultation [commenced on 24 July 2017](#).
- On 12 July 2017, [Northern Territory Chief Minister Michael Gunner welcomed](#) the official start of construction of Jemena's \$800 million Northern Gas Pipeline from Tennant Creek in the Northern Territory to Mt Isa in Queensland. Queensland Minister for State Development and Minister for Natural Resources and Mines [turned the first sod in Mt Isa on 13 September 2017 and is expected to be completed in 2018](#).
- On 14 July 2017, the then [Minister for Resources and Northern Australia announced](#) the Australian Government will begin working with the States and Territories that are prepared to develop their own gas resources through the new \$26 million [Gas Acceleration Program \(GAP\)](#) to fast track new gas to the east coast market.
- On 14 July 2017, the [interim report](#) of the Scientific Inquiry Northern Territory into Hydraulic Fracturing in the Northern Territory was released. The draft and final Reports are expected to be released by the end of 2017.
- On 1 August 2017, bids closed for Round 2 of [South Australia's Plan to Accelerate Exploration \(PACE\) Gas program](#). Round 2 attracted 15 applications on behalf of 11 companies through six operators, representing a strong diversity of projects. Applications in aggregate represent considerably more than is budgeted in the PACE Gas Round 2 (\$24 million) which bodes well for the contestability of what will be determined to be the highest ranked projects. Announcements of grants are expected to be made before year-end 2017.
- On 5 September 2017, [Western Australia Minister for Mines and Petroleum Bill Johnston announced](#) the Western Australian government has implemented its ban on hydraulic fracturing for existing and future petroleum titles in the South-West, Peel and Perth metropolitan regions; and the future of hydraulic fracturing in the state will be decided following an independent scientific inquiry.
- On 5 September 2017, [Queensland Minister for State Development and Minister for Natural Resources and Mines Dr Anthony Lynham announced](#) Senex as the successful Petroleum Lease tenderer for 58 square kilometres of land near Miles to develop gas from the Surat Basin.
- On 6 September 2017, [Queensland Minister for State Development and Minister for Natural Resources and Mines Dr Anthony Lynham announced](#) the opening of tenders for almost 400 square kilometres of highly prospective land in the Surat and Bowen Basin.

- On 3 October 2017, the Hon Malcolm Turnbull MP, Prime Minister of Australia, signed the [*Heads of Agreement – The Australian East Coast Domestic Gas Supply Commitment*](#) (the Agreement) with the east coast LNG exporters.
- On 11 October 2017, Queensland Minister for State Development and Minister for Natural Resources and Mines, Dr Anthony Lynham announced Annual Exploration Program 2017-18 which provides a forward schedule of areas being opened up for resources exploration including more than 17,500 square kilometres of land in developed basins and new frontier areas in Queensland for petroleum and gas exploration. For more information visit www.business.qld.gov.au/industries/invest/mining/exploration-incentives/annual-exploration.
- On 31 October 2017, the [Victorian Minister for Resources, The Hon Tim Pallas, announced](#) the Victorian Government's plan to support further commercial investment in offshore gas exploration and development by the Geological Survey of Victoria conducting an airborne gravity survey covering 18,000 square kilometres of the Otway geological basin over State and Commonwealth waters. The Minister also announced the plan to release offshore acreage in State waters within the Otway Basin for tender in early 2018.