



Gas-Fired Recovery: Infrastructure and Investment

Consultation Note

Overview:

The Australian Government's Gas-Fired Recovery Plan was announced on 15 September 2020 and is being delivered through actions that work to: **unlock supply, deliver an efficient pipeline and transportation network, and empower gas customers.**

As part of our ongoing engagement with stakeholders, we are undertaking further consultation to inform two key Gas-Fired Recovery measures:

- the National Gas Infrastructure Plan (NGIP)
- the Future Gas Infrastructure Investment Framework

Why we are consulting:

This consultation builds on the previous consultations the Department undertook from 1 December 2020 to 31 March 2021 as well as our ongoing engagement to inform the delivery of the Gas-Fired Recovery Plan. This is an additional targeted opportunity to provide your views. Your feedback will help us better understand issues that require consideration in finalising the NGIP and designing the Future Gas Infrastructure Investment Framework.

There will be separate consultation opportunities for other measures, including on the development of Wallumbilla as Australia's Gas Hub. Information on plans for further stakeholder consultation for additional Gas-Fired Recovery reforms will be made available in due course.

National Gas Infrastructure Plan (NGIP):

Gas is a critical enabler of economic prosperity for Australians and plays a key role in supporting the reliability and security of our electricity system. The outlook for supply and demand on Australia's east coast gas market during the period out to 2040 presents both new opportunities and uncertainties. Supply volumes are less certain as production shifts away from long established gas basins. The Government's Interim NGIP focuses on supply and infrastructure requirements for the east coast market and identifying priority gas infrastructure projects needed to alleviate forecast southern gas supply shortfalls in the near-term. The Interim NGIP was released on 7 May 2021 and is accessible [here](#).

The Government is planning ahead and continuing the work of the Interim NGIP by developing the first full NGIP. This will signal to the market priority infrastructure investments needed to ensure adequate gas supply over the medium to longer term. The full NGIP, due to be completed later this year, will consider broader gas supply and infrastructure needs out to 2040. To support the development of the NGIP, we are seeking your views on the future development of Australia's east coast gas market over the next 20 years.

Analysis undertaken to inform the NGIP is examining the long-term supply and infrastructure options based on information available today, and will explore the critical decisions needed to be made by market participants to ensure adequate gas is available to meet the needs of Australian businesses and households.

Building on the findings of the Interim NGIP we are seeking your views on least-cost supply and infrastructure pathways to meet expected demand, including opportunities to:

- Maximise supply in the south (and from existing basins in the north) in the short term
- Optimise new supply and infrastructure sequencing from new basins, predominantly in the north, to deliver adequate gas at least cost to Australian consumers over the medium to longer term

- Examples could include unlocking additional supply from Queensland, connecting Narrabri to the east coast market, and the development of new basins such as the Beetaloo Sub-Basin in the Northern Territory
- Expand north-south pipeline capacity to transport gas supply from new northern basins to southern markets

Feedback is welcome on items broader than those listed above also.

The Department is seeking information from stakeholders to inform development of the NGIP, particularly feedback in relation to:

- How do you consider domestic and international demand for Australian LNG may affect production from existing and new basins?
- In what sequence should new basins (and associated infrastructure) be developed, having regard to uncertainties in the LNG outlook, and what are the most appropriate infrastructure solutions needed to connect these new basins to the market?
- What infrastructure options will help ensure sufficient gas is available to southern demand centres? What are the most critical actions that need to be taken in the short term to provide greater clarity and certainty to support timely infrastructure investment in the east coast gas market?
- How will infrastructure investments be influenced by the potential future demand for new gas technologies (e.g. hydrogen, biogas) that can be blended into these assets, alongside natural gas?

Future Gas Infrastructure Investment Framework:

The Government [announced on 7 May 2021](#) that it would design and develop a Future Gas Infrastructure Investment Framework. The Framework aims to support critical infrastructure projects reach a Final Investment Decision (FID). This will focus on undertaking pre-FID, early project activities where there may be barriers in undertaking work that would enable a timely investment decision. Critical gas infrastructure targeted for support could include gas pipelines, storage projects, compression facilities and other infrastructure on a network that can support the supply of gas to domestic consumers.

The framework will aim to:

- Set a clear process and provide certainty for industry on potential future project support
- Establish criteria for when Government investment in or support for a gas infrastructure project could be provided
- Set guidelines for establishing the types of support that would be available and the delivery of that support

This consultation seeks to inform the design of this Framework, especially in regards to developing principles that will guide when government support is needed, the types of activities that government could support, and specific market gaps or failures that government support may address.

The Department is seeking advice to identify the barriers to investment that could be addressed through government support, including:

- What conditions are required to support investment in long term gas infrastructure assets?
- In what circumstances would government support of critical infrastructure projects assist projects to reach FID?
- What technical, regulatory and financial risks do proponents encounter in seeking to reach FID and how may government support help investigation and management of these risks?
- What types of activities may proponents need to undertake in developing a project to FID and what barriers do they face in undertaking these activities?
- How could support be provided to enable timely investment decisions?

Timing and next steps

Submissions are open now until 2 August 2021.

The Department remains committed to engaging with stakeholders on the Government's Gas-Fired Recovery Plan. Please contact the Gas Taskforce should you wish to discuss or require additional information.

Contact

Gas Taskforce

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