
THE CASE FOR GAS

***Belinda Robinson, Chief Executive
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**CEDA International Counterparts 07
Sydney, 16 November 2007**

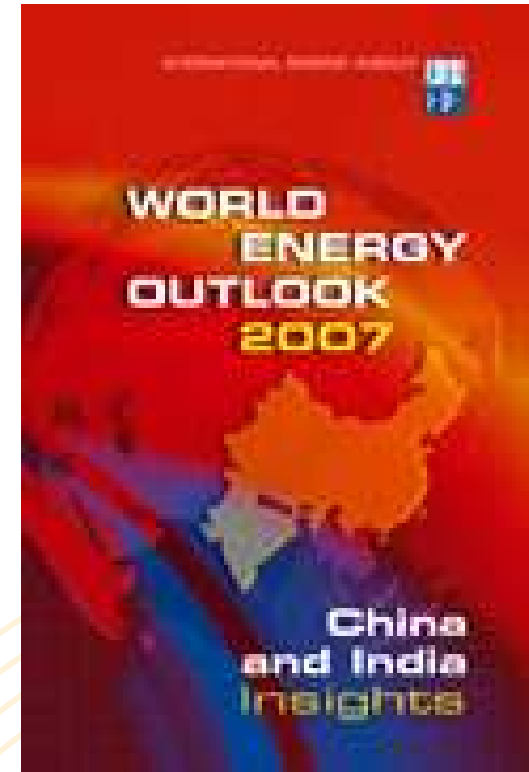


1. The Energy 'Beauty Pageant'



2. Energy Policy at a cross-road

- Unrelenting energy demand
- Energy source contraction
- Declining Australia oil production
- Climate change



**Perth could become the
first ghost metropolis of
the 21st century.**

Sunday Times, 17 Feb 07

LIB SCORNS MASS 'PANIC' ON CLIMATE

The Age, 17 FEB 07

**Climate change anxiety the hot
new disorder? I'm afraid so.**

The Canberra Times, 14 FEB 07

Some answers would be better

Sydney Morning Herald, 08 FEB 07



Australian of the Year Tim Flannery



***“...first we need to build the bridge to
the new energy future. ”***

ABC Lateline 07 Feb 2007





Creating a bridge out of thin air...



Using Australia's Natural Gas

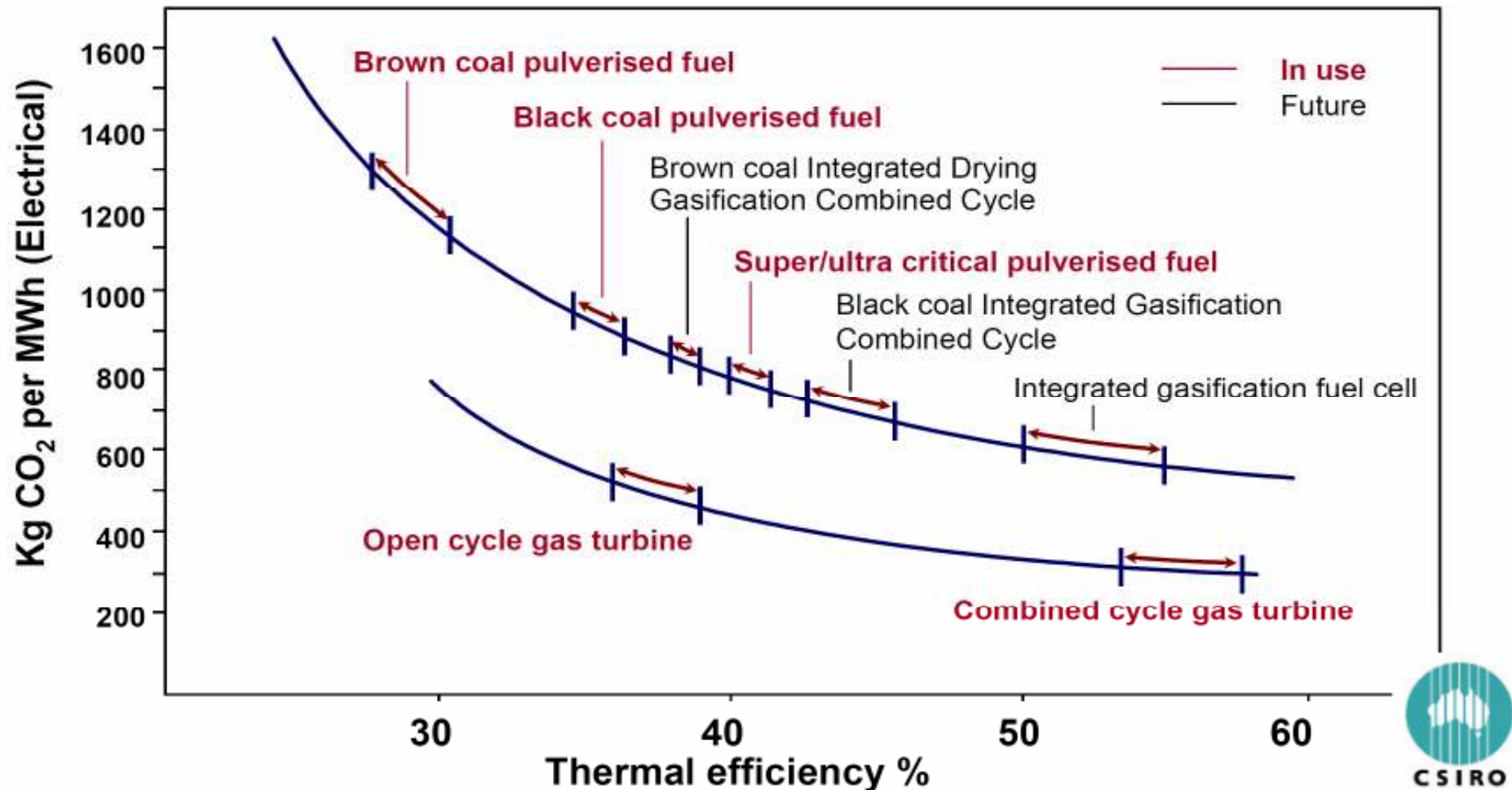
6. The Benefits of Australian Natural Gas

- Reliable and abundant – more than 110 years' at current production levels not including CSM.
- Technology here and now.
- Flexible – can be turned on and off readily and lends itself to small distributed generation facilities.
- Gas-fired power generation is relatively inexpensive to build and can be built relatively quickly.

7. Benefits of Australian Natural Gas

- Provides diversity – for energy-importing countries seeking to spread their import risks, secure access to low-cost energy, and to address climate change.
- Versatile – an efficient source of heat and peak and base-load power generation and for transport fuels.
- An efficient user of water – an air cooled CCGT power station uses as little as 1 per cent of the water used in coal fired power generation.
- Natural gas has greenhouse advantages compared to other fossil fuels.

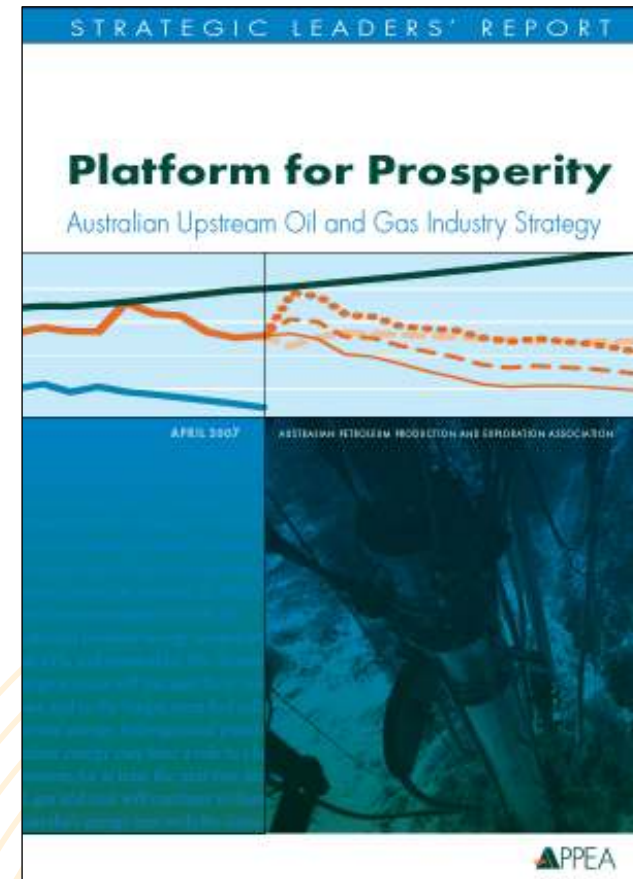
8. CO₂ emissions reduced per unit electrical output



Source: Wright, Dr J (2007), CSIRO – Energy Transformed Flagship

9. Strategic Leaders' Report: *Platform for Prosperity* Australian Upstream Oil and Gas Industry Strategy

A government/industry partnership to ensure the value of Australia's oil and gas resources to the Australian people is maximised, petroleum energy security delivered and the long-term sustainability of an Australian oil and gas industry assured.



10. Vision and Targets

In the decade to 2017:

- oil and condensate production as a proportion of liquid fuels consumption is, on average, maintained at the 2006 level of 57% or better;
- **LNG production capacity increases from 20 Mt a year (in 2008) to at least 50 Mt a year;**
- **natural gas use for industrial purposes and as a competitive feedstock for resources processing doubles;**
- **in a competitive electricity market, 70% of all new electricity generation capacity installed in Australia is gas-fired.**

11. Benefits for Australia

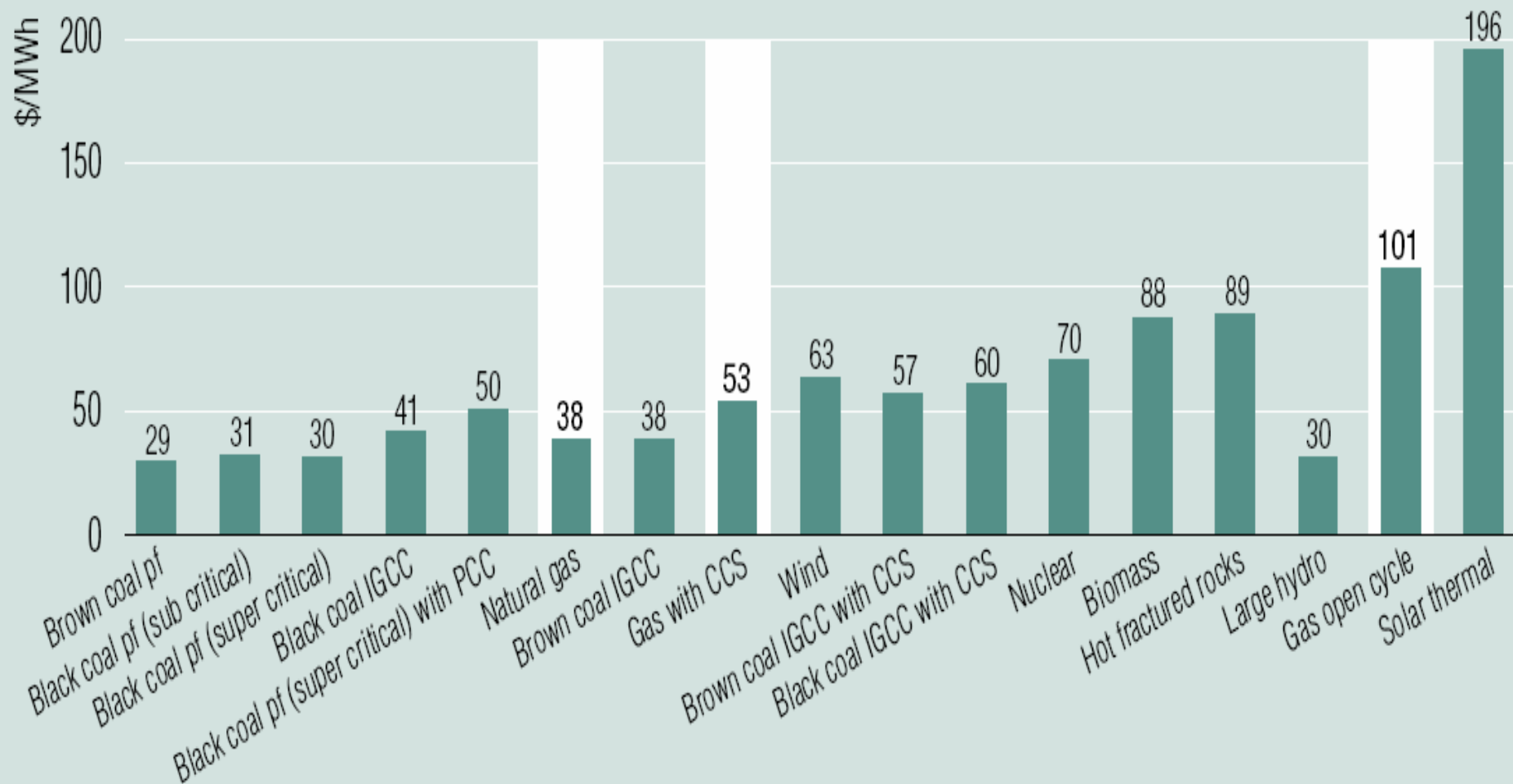
- Wealth – an additional \$20 billion worth of trade in petroleum products.
- Greater energy supply security.
- Substantial increased revenue to governments \$40 billion dollars per 2-train LNG plant.
- Jobs, infrastructure and regional development.
- Greenhouse gas reductions of 180 Mt per year by 2017, roughly 30% of Australia's total 2007 forecast emissions.



12. Greenhouse Gas Reductions

- Reduce domestic emissions against the “business as usual” case by 50 million tonnes of CO₂ equivalent per year;
- Reduce global emissions against the “business as usual” case by 130 million tonnes of CO₂ equivalent per year.

13. Estimated electricity generation costs



Source: Wright, Dr J (2007), CSIRO – Energy Transformed Flagship

14. ET Design Focus

Framework established, design work still to do:

- Mechanisms for addressing trade-exposed emissions-intensive industries
- Points of acquittal – how far upstream?
- Credits for offsets – treating CCS?

15. Industry keys to success

Industry challenges:

- **Maintaining community & political support**
 - Safety performance
 - Environmental performance
 - Community contribution
- **Maintaining strong skills base**
 - Investing in training

16. Conclusion – Delivering in the National Interest

- The case for Australia's natural gas as the building material for a bridge to a new energy future has never been so strong.
- Natural gas enables us to make a significant difference – to tackle the challenge of greenhouse decisively and immediately.



THE INCREASING IMPORTANCE OF NATURAL GAS AS AN ENERGY SOURCE

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