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We could store all the Amazon's carbon, says Santos

The company is proposing compressing CO₂ and transporting it by pipe to underground reservoirs which held oil and gas in place for 85 million years.

Phillip Coorey *Political editor*



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KEY POINTS

The gas giant says Australia could be a world leader in carbon capture and storage.

It proposes compressing CO₂ and piping it to underground reservoirs.

It initially wants to store 300,000 tonnes of CO₂ from its Moomba gas plant in South Australia.

Gas giant Santos says it could sequester within four decades the amount of carbon dioxide stored in the Amazon rain forest, should it receive adequate government assistance to establish carbon capture and storage.

Santos, which is among a number of [Australia's fossil fuel providers seeking government help](#) for carbon capture and storage, is initially looking for ways to store 300,000 tonnes of carbon dioxide every year from its Moomba gas plant in South Australia.



Santos CEO Kevin Gallagher wants to sequester 300,000 tonnes of carbon a year. **Ben Searcy**

This would build to 20 million tonnes a year over time - the equivalent of about 2.5 per cent of the carbon stored each year in the Amazon rainforest.

The Cooper Basin has the potential to store 20 million tonnes of CO₂ per year for more than 50 years, with a total storage capacity of about 16 gigatonnes of CO₂.

"Australia could be a world leader in carbon capture and storage – the climate solution acknowledged by the International Energy Agency is absolutely critical to achieving global climate goals," Santos chief executive officer Kevin Gallagher told *The Australian Financial Review*.

"In the Cooper Basin alone, we could safely inject and permanently store the CO₂ stored in Amazon rainforests today."

"Carbon capture and storage is also an exciting new high-skilled industry for Australia, enabling development of a hydrogen economy and ensuring the sustainability of existing industries such as oil and gas, coal, steel cement and chemicals."

Executives from Santos and Glencore have been in Canberra recently to seek assistance from the climate fund or other incentives to help with carbon capture and storage.

Glencore wants to [use the technology to prolong the life of existing coal-fired power stations](#) as well as use it to increase the attractiveness of building new high-efficiency, low-emissions plants.

To make initial investment viable, we would need to be able to sell abatement and receive carbon credits or equivalent.

— Kevin Gallagher, Santos CEO

Tony Wood of the Grattan Institute said while carbon capture and storage could play a role in the liquefied natural gas industry, there was "no sensible case" for public funding for coal-fired power.

"The potential role that carbon capture and storage was hoping for in supporting coal power stations, old or new, has been destroyed by the falling costs of solar and wind," he said.

Santos is proposing compressing the CO₂ from its Moomba plant and transporting it by pipe to underground reservoirs which held oil and gas in place for 85 million years "and can now provide safe and permanent storage of carbon".

"We estimate the cost of abatement at around \$26 per tonne today but with scale and experience, this is expected to decrease," the company says.

"To make initial investment viable, we would need to be able to sell abatement and receive carbon credits or equivalent."

The average price of a carbon credit is \$12 per tonne, leaving a gap of \$14 per tonne.

Santos says this gap could be covered by a combination of equity funding from sources such as the Climate Solutions Fund, debt funding from the Clean Energy Finance Corporation, or investment incentives such as tax credits, accelerated depreciation or an investment allowance.

In a speech to be delivered today, Mark McCallum, the chief executive of COAL21, a \$500 million fund supported by black coal producers, will announce additional funding for a final investment decision into the construction of a carbon capture and storage plant adjacent to the Millmerran coal-fired power station. The gas would be stored in the Surat Basin.

Phillip Coorey is the political editor based in Canberra. He is a two-time winner of the Paul Lyneham award for press gallery excellence. *Connect with Phillip on [Facebook](#) and [Twitter](#).*
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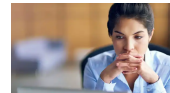


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