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Santos welcomes \$1.9 billion technology-neutral investment to reduce carbon emissions

The Federal Government's announcement today to invest \$1.9 billion to reduce carbon emissions paves the way for large-scale carbon capture and storage (CCS), which the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) have identified as a critical technology to achieve the world's climate goals.

"Despite the welcome growth in renewable energy, the world remains heavily reliant on oil, coal and natural gas and will continue to demand these fuels for at least the next two decades," Santos Managing Director and Chief Executive Officer Kevin Gallagher said.

"Therefore, a mature debate about climate change and emissions reduction must address technologies to make these fuels cleaner and eventually zero emissions.

"This is necessary to have any chance of meeting global climate aspirations.

"Combined with accelerated deployment of renewables, zero-emissions technologies for hydrocarbon fuels and for industries such as power generation, cement and steel, may well provide the fastest, lowest-cost pathway to meet the world's emissions reduction targets.

"Today, CCS projects store around 40 million tonnes per year of carbon dioxide, far short of the more than two billion tonnes of carbon dioxide the IEA forecasts that CCS projects will need to store each year by 2040.

"Australia has a natural competitive advantage in CCS with known high-quality, stable geological storage basins capable of injection at a rate of 300 million tonnes per annum for at least 100 years – the same basins that have safely and permanently held oil and gas in place for tens of millions of years.

"Australia needs low-cost abatement to maintain our position as a leading energy exporter and manufacturer of energy-intensive materials, and to enable new industries like hydrogen.

"Just as private investment in renewable energy deployment was accelerated through public policy and funding over the last two decades, we now need to focus on accelerating CCS in similar ways to achieve the scale and experience that will not only drive costs down but will also deliver real scale when it comes to emissions reduction.

"We want to be ready to take a final investment decision on our 1.7 million tonne per annum Moomba Carbon Capture and Storage Project by the end of this year, so the announcement that the Clean Energy Regulator will take over methodology development to enable CCS to generate carbon credits and halve methodology development times is very welcome."

Santos has been consulting with the Department on this methodology since March.

"We will need an approved methodology for CCS to be in place before we can take a final investment decision on our Moomba CCS Project because carbon credits are essential to make it

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stack up economically with the cost of abatement still at around A\$30 per tonne. Our aim is to drive these costs lower with scale and experience, but the first step is to generate carbon credits to enable initial development.”

Mr Gallagher acknowledged not only the support of the Federal Government, but that of the South Australian Government, which is driving towards development of a new hydrogen industry for the State, enabled by renewables and natural gas in association with CCS.

“Last year, Moomba celebrated its 50th birthday as a provider of reliable, affordable energy to the eastern seaboard. We are growing production in the Cooper Basin again, and that, combined with the Moomba CCS Project, has the potential to make Moomba a vital supplier of cleaner energy for Australia for another 50 years, supporting thousands of skilled, secure, well-paying jobs and decarbonising energy at its source.

“CCS is also the fastest route to a hydrogen economy.

“The support and forward-looking approach of the South Australian Government has ensured Moomba and Port Bonython are both on the map to take full advantage of the new and exciting opportunities enabled by the Morrison Government’s \$1.9 billion clean energy package announced today.

“Bipartisanship in the event of legislation for these recommendations will be vital. We are committed to creating jobs, creating new industries such as hydrogen and reducing our emissions, but real progress on emissions reduction will be at risk without bipartisanship as the last decade or more has shown.”