

## LEGISLATIVE COUNCIL

### Question On Notice

**Tuesday, 14 August 2018**

**1445. Hon Robin Chappie to the Minister for Regional Development representing the Minister for State Development, Jobs and Trade**

- (1) Has any modelling of the potential financial liability of the long-awaited CO2 injection project on Barrow Island post-closure been done?
- (2) If yes to (1), which agencies or organisations did the modelling and when?
- (3) If yes to (1), will the Minister please table the modelling?
- (4) If no to (3), why not?
- (5) If no to (1), why not, given it is nearly nine years since the State and Federal governments jointly accepted long-term liabilities associated with geo-sequestration of CO2 under Barrow Island?
- (6) Does the Minister expect that the total amount of CO2 to be stored below ground on Barrow Island by the time project closes will be around 120 million tonnes?
- (7) If no to (6), why not?
- (8) If yes to (6), does the Minister agree that, at today's prices for Australian Carbon Credit Units (ACCU) of around \$15 per tonne, the potential total liability for the CO2 injected at Barrow Island could be as much as \$1.8 billion?
- (9) If no to (8), why not?
- (10) Does the Minister agree that the cost of carbon pollution abatement and ACCU is likely to rise over coming decades?
- (11) If no to (10), why not?
- (12) If yes to (10), does the Minister agree that the total potential liability could be worth in excess of \$1.8 billion?
- (13) If yes to (12), what is the Government's estimate?
- (14) If no to (12), why not?
- (15) Following project closure, what due diligence processes will be followed by the State Government before it accepts its share of the potential liability for the stored CO2?
- (16) Given the Gorgon joint venture partners' significant delays and difficulties in starting CO2 injection at Barrow Island, does the Minister agree that stricter due diligence processes than those outlined in answer to (15) may be warranted?
- (17) If no to (16), why not?
- (18) What percentage of the total potential liability is to be carried by:
  - (a) the State Government; and
  - (b) the Federal Government?
- (19) In relation to (18), what binding measures are in place to ensure the Federal Government accepts its share of the total liability should a significant amount of CO2 be found to escape?
- (20) How much revenue in dollars has the State Government received from the Gorgon project to date?

---

**Answer**

The Department of Jobs, Tourism, Science and Innovation advises:

- (1) No.
- (2)-(4) Not applicable.

- (5) The State and Commonwealth Governments have accepted, subject to conditions, the long term post closure third party public liability relating to the storage of the injected CO<sub>2</sub>.
- (6) No.
- (7) The Gorgon project was approved in September 2009 subject to the development proposals submitted at the time. Chevron publicly announced around this time that about 120 million tons of CO<sub>2</sub>, or about 108 million metric tonnes, was expected to be injected over the life of the Project. Chevron's current estimation is that 100 million tonnes of CO<sub>2</sub> will be injected into the Dupuy Formation.
- (8)-(9) Not applicable.
- (10) Unable to answer due to the speculative nature of the question.
- (11) The future costs of carbon pollution abatement and Australian Carbon Credit Units is unknown. These are dependent upon the take-up of alternative energy sources, government policy, the implementation of new technology and other matters. Estimation of future prices is speculative.
- (12)-(14) Refer to question 11.
- (15) The International Energy Agency defines a 'Closure period' as the period between the 'Operation (Injection) Period' and the 'Post-closure period'. At the end of the closure period, the liability will transfer to the State and Commonwealth, 20% and 80% respectively. During the closure period, which will be for a minimum of 15 years, the Gorgon Joint Venturers will continue to monitor the behaviour of the CO<sub>2</sub> plume to satisfy the requirements for a 'Site Closure Notice' that there is no significant risk of an adverse impact from the injected CO<sub>2</sub>. The Department of Mines and Industry Regulation and Safety (DMIRS) will continue to carry out its due diligence of the Gorgon CO<sub>2</sub> project during the closure period to ensure that there is no significant residual risk at the time of site closure and transfer of liability. The due diligence to be carried out by DMIRS during operational and closure periods will include:
- Review of the Gorgon Joint Ventures's (GJV) predictive models and its subsequent revisions.
  - Ongoing review of the geophysical monitoring data.
  - Ongoing review of the near surface groundwater and soil gas monitoring data.
  - Review of the post-injection decommissioning and wells plugging and abandonment (P&A) plans and monitor its implementation.
  - As technology related to Green House Gas (GHG) storage will evolve over the next 40 years, due diligence by DMIRS will make sure that the modelling of the plume behaviour and monitoring of the injected CO<sub>2</sub> is based on the industry best practice prevalent at that time.
  - DMIRS currently has in-house capability for conducting due diligence reviews of complex GHG storage projects.
- (16) No. The current due diligence processes in place are considered adequate.
- (17) The Gorgon Joint Ventures' are undertaking the CO<sub>2</sub> injection project at their own risk and have indemnified the State against all third party claims during the course of the injection project in accordance with clause 5 of the Collateral Deed. Due diligence will apply as per that outlined in question 15 following the cessation of injection.
- (18)(a) On issue of the CO<sub>2</sub> injection site closure notice; 20% of the third party liability, subject to the terms of the Intergovernmental Agreement dated 13 February 2015. A copy of the Intergovernmental Agreement was tabled in Parliament for the *Barrow Island Amendment Bill 2015*.
- (18)(b) The Federal Government will assume 80% of the long term liability post closure in accordance with the terms of the Intergovernmental Agreement.

- (19) Prior to the 'Site Closure Notice', full liability rests with GJV subject to the Collateral Deed. Following the site closure, the Federal Government is bound by the terms of the Intergovernmental Agreement.
- (20) The Department does not have direct access to all the information that has been requested, however, payroll tax receipts represent the bulk of the revenue received by the State during the projects construction period. An Acil Allen report of 2015 estimated this figure to total \$670,000,000, and the information provided to date by Chevron supports this figure. In addition to payroll tax, more than \$25,000,000 has been received from land tenure rentals and administrative fees. In regards to other revenues, including land tax receipts, these are impossible to calculate without allocating additional resources across multiple departments.

A handwritten signature in black ink, consisting of a stylized, cursive letter 'M' followed by a small flourish.