

PETROLEUM LEGISLATION AMENDMENT BILL 2023

Introduction and First Reading

Bill introduced, on motion by **Mr W.J. Johnston (Minister for Mines and Petroleum)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

MR W.J. JOHNSTON (Cannington — Minister for Mines and Petroleum) [12.30 pm]: I move —

That the bill be now read a second time.

The purpose of the Petroleum Legislation Amendment Bill 2023 is to amend the Petroleum and Geothermal Energy Resources Act 1967, the Petroleum Pipelines Act 1969 and the Petroleum (Submerged Lands) Act 1982 to provide a framework for permanent geological storage and transport of greenhouse gases, and provide for the exploration and production of naturally occurring hydrogen as a regulated substance. These amendments are important for our state's future and will allow the resources sector opportunities to decarbonise. The greenhouse gas provisions in the bill will provide property rights for greenhouse gas storage formations, acreage release provisions, and exploration, retention and injection licences, and will address injection, site closure and long-term liability requirements in the state's onshore and offshore petroleum legislation. In addition, the bill will also amend the onshore and offshore pipeline legislation to provide for the transport of greenhouse gas substances via pipelines.

Currently, the injection and permanent storage of greenhouse gas in underground geological formations is regulated in Western Australia for only the Gorgon gas project under the Barrow Island Act 2003. The Gorgon project is the world's largest commercial carbon capture and storage project and will continue to be regulated separately via the Barrow Island Act 2003. The state's existing suite of petroleum legislation has been adopted as the vehicle for the greenhouse gas regulatory regime because greenhouse gas storage uses similar technologies to that of the petroleum industry. Many of the provisions in the bill follow the existing petroleum legislative regime, including work program-based acreage releases and title types, as well as allowing for existing well integrity and environment plan regulations to be amended to include greenhouse gas operations following the passage of the bill.

Similar to the Gorgon project, the state will assume long-term liability for the stored greenhouse gas. Approaches to the treatment of long-term liability and other matters differ between the states and the commonwealth; however, there is a common recognition that government will ultimately assume long-term liability for stored greenhouse gas after the government is satisfied with the behaviour of the stored greenhouse gas, and the completion of the site closure process. Once greenhouse gas injection operations have ceased and the site closing work program has been completed, the greenhouse gas injection licensee can apply for a site closing certificate. The greenhouse gas injection licensee must also lodge a specified security to cover the estimated costs of post-site closure monitoring. A greenhouse gas injection licence will remain in force until the minister has granted the site closure certificate. The minister will have up to five years to decide whether a site closure certificate will be issued and may refuse the application. The decision point for the state to assume liability will be at least 15 years after the site closing certificate is issued. The state will also assume long-term liability if the licensee has ceased to exist.

As part of this staged approach to the transfer of long-term liability, if stringent conditions are satisfied over at least a 20-year period after injection ceases, the state will take over common law liabilities. The conditions for acceptance of liability will centre on the stored greenhouse gas substance behaving as predicted and that there is no significant risk that the greenhouse gas will have a significant adverse impact on geological integrity of the formation, the environment, human health or safety.

The introduction of greenhouse gas storage and transport legislation is one of a number of options for the state's response to climate change. As part of this response, the bill will provide the legislative certainty to encourage greenhouse gas storage projects and the development of the greenhouse gas storage industry.

The other core objective of the bill is to enable the exploration and production of naturally occurring hydrogen, which will be achieved through the introduction of the new concept of "prescribed regulated substances" in the Petroleum and Geothermal Energy Resources Act and the Petroleum (Submerged Lands) Act. Naturally occurring hydrogen shares many similar properties to petroleum and, accordingly, the government considers the petroleum legislative framework to be appropriate to regulate the exploration and production of naturally occurring hydrogen that is intended to be prescribed in regulations as a "regulated substance". Under the proposed framework, a regulated substance will be defined as a naturally occurring substance in a natural geological formation and will be prescribed by regulations. Once a substance has been prescribed in regulations, the existing petroleum framework will be made available for the exploration and production of regulated substances through the granting of additional rights; that is, existing petroleum titleholders and prospective petroleum title applicants may elect to apply for additional rights

to pursue a regulated substance or, alternatively, may continue their existing petroleum operations unencumbered by these amendments.

A further general amendment will allow additives to be added to petroleum. This amendment will formally permit additives such as anti-corrosive chemicals and safety-related odorants to be added and will also have the benefit of permitting the blending of hydrogen with petroleum and the conveyance of a blended substance. The government is aware that industry is interested in exploring for naturally occurring hydrogen as an alternative source of energy, and this government is committed to reducing emissions. Together, this amendment will assist both government and industry to progress towards the goal of reaching net zero greenhouse gas emissions by 2050.

Further amendments proposed in this bill occur in the form of general or operational amendments. Amongst other things, these amendments seek to expressly recognise “care and maintenance, decommissioning and rehabilitation” as specific and distinct phases of a petroleum operation; introduce the “polluter-pays principle” to ensure titleholders are financially responsible for any escape of petroleum; enable third party processing of petroleum by revising requirements for the ascertainment of the quantity of petroleum; revise the manner of approving the underground storage of petroleum; and introduce amendments to facilitate electronic transactions.

The amendments within the bill align with the plans and actions in the *Western Australian climate policy* and the greenhouse gas emissions policy for major projects to achieve net zero greenhouse gas emissions by 2050. Greenhouse gas storage projects will help to position this state as a leader in low-emission technology, and assist Western Australia to make a significant cut to its greenhouse emissions.

I commend the bill to the house.

Debate adjourned, on motion by **Ms M.J. Davies**.