

PETROLEUM AND GEOTHERMAL ENERGY LEGISLATION AMENDMENT BILL 2013

Receipt and First Reading

Bill received from the Assembly; and, on motion by **Hon Ken Baston (Minister for Agriculture and Food)**, read a first time.

Second Reading

HON KEN BASTON (Mining and Pastoral — Minister for Agriculture and Food) [2.30 pm]: I move —

That the bill be now read a second time.

The purpose of the bill is to amend the Petroleum and Geothermal Energy Resources Act 1967 for onshore geological storage of greenhouse gases. These amendments 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 issues. The bill also amends the Petroleum Pipelines Act 1969 to provide for the transport of greenhouse gas substances via pipelines.

As the commonwealth and some of the other states have similar legislation to the contents of the bill, Western Australia needs to have a legislative framework in place to maintain its competitive edge, capitalising on the state's geology and petroleum regulatory expertise. Although the storage of greenhouse gas is often referred to as carbon capture and storage, the bill does not cover the capture of greenhouse gases, as this takes place at industrial plant or power station sites. The greenhouse gases that are the subject of the bill will be predominantly carbon dioxide. Potential sources of greenhouse gas suitable for storage occur at major industrial sites such as fossil fuel-fired power stations and oil and natural gas processing facilities, and in cement, iron and steel manufacture and the petrochemical industry. Storage of the greenhouse gases will occur at depths of some 2 000 to 3 000 metres. Greenhouse gas capture and storage projects help to position this state as a leader in low-emission technology and assist Western Australia to make a significant cut to its greenhouse gas emissions. This bill will provide the framework for greenhouse gas storage projects such as the South West Hub—the South West CO₂ Geosequestration Hub project—to proceed with legal certainty.

The injection and permanent storage of greenhouse gases in underground geological formations is currently not regulated in Western Australia other than for the Gorgon gas project. The Gorgon project will be the world's largest commercial carbon capture and storage project and is regulated via the Barrow Island Act 2003 state agreement. This bill follows a similar approach to the Barrow Island Act 2003 state agreement.

The state's petroleum legislation has been adopted as the vehicle for the bill because greenhouse gas storage uses many of the same technologies as the petroleum industry. Many of the provisions in the bill follow the existing petroleum legislative regime. These include work program-based acreage releases and title types, and also allow for existing petroleum safety case and environment plan regulations to be amended to include greenhouse gas operations following the passage of the bill. Legislation of a similar nature has been enacted in other jurisdictions either as a stand-alone act modelled on the petroleum regime or as amendments to the petroleum legislation. Approaches to the treatment of long-term liability and other matters differ between the states and commonwealth; however, there is a common recognition that the government will ultimately assume long-term liability for stored greenhouse gases after the government is satisfied with the behaviour of the stored greenhouse gases and the completion of the site closure process.

The South West Hub project is an alliance formed by the state government with regional industry participants and aims to be a leading initiative in the attempt to reduce greenhouse gas emissions in the state. The south west of Western Australia is a major industrial region, generating billions of dollars of domestic and export revenue. If the testing and studies for the South West Hub project are successful, this project will develop the region as a greenhouse gas storage hub and collect carbon dioxide from surrounding industry, including coal-fired power stations.

The main provisions of the bill are briefly outlined as follows. Part 1 of the bill sets out the short title and the commencement provisions. Part 2 covers the amendments to the Petroleum and Geothermal Energy Resources Act 1967; sets out the terms used; establishes the structure for the release of acreage, greenhouse gas title types, the regulation of interests, the declaration of the identified storage formations, the requirements for the injection site plan and the site closure process; and addresses long-term liability. Part 3 sets out the amendments to the Petroleum Pipelines Act 1969 to allow for the transport of greenhouse gases by pipeline. Part 4 contains the consequential amendments to other state acts in which references to petroleum and geothermal energy need widening to include greenhouse gases and/or the name changes to the two petroleum acts occur. Among the consequential amendments are also amendments to the Dampier to Bunbury Pipeline Act 1997 to allow for access to the pipeline corridor for pipelines carrying greenhouse gas if required.

On the subject of long-term liability in the bill, as noted for the Gorgon project, the state will assume long-term liability post-surrender. 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 is 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 centre on the stored greenhouse gas substance behaving as predicted and posing no significant risks. The licensee must also have lodged a specified security to cover the estimated costs of post-site closure monitoring.

During the updating of the bill for printing in 2013, the long-term liability provisions in proposed sections 69JS and 69JT were amended to allow for the standing requirement for an amount of any indemnity to be charged to Treasury's consolidated account. This requirement is in keeping with other state legislation for which there may be a future need to draw on the consolidated account.

With coal-fired power stations remaining a vital part of Western Australia's energy mix, together with proposed industrial developments, implementing carbon capture and storage technology is a crucial component of the state's response to climate change. As part of this response, the bill provides the legislative certainty to encourage exploration and the development of the greenhouse gas storage industry and associated research.

Pursuant to standing order 126(1), I advise that this bill is not a uniform legislation bill. It does not ratify or give effect to an intergovernmental or multilateral agreement to which the government of the state is a party. This bill does not, by reason of its subject matter, introduce a uniform scheme or uniform laws through the commonwealth.

I commend the bill to the house and I table the explanatory memorandum.

[See paper 510.]

Debate adjourned, pursuant to standing orders.