

## **TELL THE GUNNER GOVERNMENT – IF YOU BACKFLIP ON YOUR PROMISE TO OFFSET LIFE CYCLE EMISSIONS FROM FRACKING THE BEETALOO, THEN FRACKING MUST NOT PROCEED**

### **The issue**

In 2018, the landmark Pepper Inquiry recommended that life cycle emissions in Australia from fracking shale gas in the Territory be completely offset. The Gunner Government lifted its moratorium on fracking on the basis that this would occur, but this critical promise remains unimplemented.

The Gunner Government has now shown signs of backflipping on its promise, including via the release of its draft greenhouse gas emissions offsets policy (Draft Offsets Policy),<sup>1</sup> off the back of the release of a weak Greenhouse Gas Emissions Management for New and Large Emitters Policy (the Large Emitters Policy).<sup>2</sup> The Draft Offsets Policy is flimsy and discretionary, and does not impose any requirement for gas companies to offset fracking emissions. It may also enable companies to game the offsets system to further entrench the gas industry (including through the invention of “indirect” offset categories that are not recognised anywhere else in the world and enabling research for unproven and expensive carbon capture and storage methods to be counted as offsets).

Writing a submission about the Draft Offsets Policy is an opportunity to tell Michael Gunner once and for all that fracking, and the massive greenhouse pollution that would come from fracking, is unacceptable. Offsets are no substitution for keeping polluting oil and gas in the ground. Yet now, Michael Gunner is even backflipping on his promise to offset the lifecycle emissions from fracking. This Draft Offsets Policy signals failure by the NT Government to stand firm against the fracking industry and betrays the Pepper Inquiry recommendations. With a flimsy offset policy like this, Gunner has broken his promise to Territorians, and the fracking industry must not proceed.

### **What do you need to know to write your submission?**

#### How did we get here?

- The shocking warning from the Intergovernmental Panel on Climate Change<sup>3</sup> should be the end of new gas projects, including fracking the Beetaloo Basin (the most prospective area for shale gas in the Territory). Drastic changes are needed to address the climate crisis – even the conservative International Energy Agency has recommended that there be no new fossil fuel projects if we are to keep to the 1.5°C target under the Paris Agreement.<sup>4</sup>
- The planned production of gas in the Beetaloo would be a carbon bomb that could increase Australia’s greenhouse gas emissions by as much as 20%.<sup>5</sup> This would have catastrophic effects on the climate and could undermine the possibility of Australia achieving its already-too-weak Paris Agreement targets.

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<sup>1</sup> [https://depws.nt.gov.au/\\_data/assets/pdf\\_file/0004/1041970/draft-nt-ghg-emissions-offsets-policy-v0.1.pdf](https://depws.nt.gov.au/_data/assets/pdf_file/0004/1041970/draft-nt-ghg-emissions-offsets-policy-v0.1.pdf).

<sup>2</sup> [https://depws.nt.gov.au/\\_data/assets/pdf\\_file/0008/1041938/ntg-large-and-expanding-emitters-policy-2021-version-1.0.pdf](https://depws.nt.gov.au/_data/assets/pdf_file/0008/1041938/ntg-large-and-expanding-emitters-policy-2021-version-1.0.pdf).

<sup>3</sup> <https://www.theguardian.com/environment/2021/aug/11/no-place-to-hide-pressure-on-australia-to-end-support-for-new-fossil-fuel-projects-after-ipcc-report> and <https://www.abc.net.au/news/2021-08-11/what-does-the-ipcc-report-mean-for-australia/100364884>.

<sup>4</sup> <https://www.iea.org/reports/net-zero-by-2050>.

<sup>5</sup> <https://www.abc.net.au/news/2020-02-29/beetaloo-basin-gas-field-could-jeopardise-paris-targets/12002164>.

- Given the seriousness of global heating, shale gas development in the Territory should not be going ahead at all. The quickest and cheapest way to cut emissions is to stop burning fossil fuels such as gas and replace them with renewables. That means no fracking the Beetaloo.
- However, in 2018 the Gunner Government decided to proceed with fracking on the basis that life cycle emissions from fracking the Beetaloo would be completely offset. The Pepper Inquiry found that onshore shale gas production would have “unacceptable” climate impacts and should not go ahead unless life cycle emissions were offset in full, including domestic combustion emissions (recommendation 9.8 of the Pepper Inquiry).
- Life cycle emissions include all emissions from the production, processing and ultimate combustion of the gas within Australia, which are known as scope 1, 2 and 3 emissions. At current low offset prices in Australia, the emissions would cost half a billion dollars every year to offset. At projected Paris Agreement targets, it could be closer to \$4 billion.<sup>6</sup>
- It has now been 3.5 years since this promise was made, but Territorians still have no idea how it will be achieved, or if it can be achieved. Recently, over 60 climate scientists and experts wrote an open letter to Michael Gunner calling on him to fulfill his commitment to fully offset all emissions or abandon fracking.<sup>7</sup>
- The Northern Territory Government has set an aspirational target of net zero emissions by 2050, but has produced very few enforceable policy or regulatory parameters to achieve this outcome. Calls to enact a Climate Change Act that would require accountability in moving towards this target have gone unheeded.<sup>8</sup> In any case, it is increasingly clear that reaching net zero emissions by 2050 is far too late and helps “perpetuate a belief in technological salvation and diminishes the sense of urgency surrounding the need to curb emissions now”.<sup>9</sup>

#### What’s in the Territory’s new Draft Offsets Policy?

- The purpose of the Draft Offsets Policy is to establish how and when to use offsets in the Territory to compensate for emissions. Offset requirements can be applied to environmental approvals by decision-makers as a condition of an approval. The Draft Offsets Policy is proposed to be used to guide such offset conditions.
- The Draft Offsets Policy should be read together with the recently released Greenhouse Gas Emissions Management for New and Large Emitters Policy (the Large Emitters Policy).<sup>10</sup> The Large Emitters Policy requires companies to prepare a Greenhouse Gas Abatement Plan if they are likely to pollute over a certain amount.<sup>11</sup> The Large Emitters Policy was only put out for a limited “targeted” consultation, and has many flaws, including:
  - It does not require gas companies to offset their life cycle emissions. Instead, that is at the discretion of the relevant government decision-maker.

<sup>6</sup> <https://australiainstitute.org.au/wp-content/uploads/2020/12/Weapons-of-Gas-Destruction-WEB.pdf>.

<sup>7</sup> <https://australiainstitute.org.au/post/over-60-scientists-experts-call-on-chief-minister-gunner-to-honour-commitment-to-net-zero-fracking-emissions/>.

<sup>8</sup> <https://www.edo.org.au/wp-content/uploads/2020/06/A-Climate-Change-Act-for-the-NT-FINAL.pdf>.

<sup>9</sup> <https://theconversation.com/climate-scientists-concept-of-net-zero-is-a-dangerous-trap-157368>.

<sup>10</sup> [https://depws.nt.gov.au/\\_data/assets/pdf\\_file/0008/1041938/ntg-large-and-expanding-emitters-policy-2021-version-1.0.pdf](https://depws.nt.gov.au/_data/assets/pdf_file/0008/1041938/ntg-large-and-expanding-emitters-policy-2021-version-1.0.pdf).

<sup>11</sup> Estimated scope 1 emissions of 100,000 tonnes per annum of carbon dioxide equivalents, in the case of industrial projects like gas production.

- It does not require gas companies to estimate their life cycle emissions generated in Australia (which would be required at a bare minimum to know the size of the offset for those life cycle emissions);<sup>12</sup>
- It does not require gas companies to say how they propose to offset their scope 3 emissions (whether produced in Australia or elsewhere).

The Draft Offsets Policy comes into play if a decision-maker decides that offsets are required. It sets out the requirements for offsets if they form part of an environmental approval.

- To comply with recommendation 9.8, the Draft Offsets Policy should require life cycle emissions to be genuinely offset for onshore gas projects. Instead, it is a flimsy draft policy that (together with the Large Emitters Policy) will not prevent worsening dangerous global warming caused from fracking the NT. This draft policy is not in line with the promised Pepper Inquiry recommendation.
- Some key problems with the Draft Offsets Policy are:
  - It does not refer to recommendation 9.8 of the Fracking Inquiry.
  - It does not require gas companies to offset their life cycle greenhouse gas emissions.
  - It leaves up to the discretion of the relevant government decision-maker whether offsets are required at all, and for what emissions. For example, it would be possible for a decision-maker to say that offsets are not required at all for an onshore shale gas project, or that only offsetting of scope 1 (upstream) emissions is required. Such an outcome would be inconsistent with recommendation 9.8;
  - It enables offsets of a very low quality and questionable validity, including through the invented category of “indirect offsets” which are not recognised anywhere else in the world. Indirect offsets consist of funding research and development into technologies or practices that might reduce emissions in the future. Such an approach would be without precedent, particularly as decision-makers only need have “reasonable confidence” that the new technology or practice will actually work. Indirect offsets may also undermine the integrity of the Northern Territory carbon market and create confusion in the market.
  - It opens the door to carbon capture and storage (CCS) being recognised as an “indirect offsets” category. Carbon capture and storage is unproven and extremely expensive. Despite billions of dollars being spent here and overseas, no CCS project has yet been delivered on time, on budget, or to agreed performance. It is a method of further entrenching the gas industry, not moving away from fossil fuel extraction.<sup>13</sup> The Draft Offsets Policy might enable gas companies to say that their expenditure on unproven CCS research and development “offsets” their exorbitant greenhouse gas emissions, a perverse outcome. The Northern Territory Government should not accept CCS, or research and development about CCS, as a category of offset.

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<sup>12</sup> The Large Emitters Policy does require large emitters to estimate their scope 1, 2 and 3 emissions. However, there is no requirement to estimate scope 3 emissions generated in Australia (which are what the Pepper Inquiry recommended should be offset). Further, companies are only required to say how they intend to avoid, mitigate or offset their scope 1 and 2 emissions in their GGAP. There is no requirement to say how they will offset their scope 3 emissions generated in Australia.

<sup>13</sup> <https://www.climatecouncil.org.au/resources/what-is-carbon-capture-and-storage/>.

- The Draft Offsets Policy (and Large Emitters Policy) must be completely redrafted as follows:
  - It must require all life cycle emissions generated in Australia to be estimated and genuinely offset for onshore gas projects, in accordance with recommendation 9.8 of the Pepper Inquiry.
  - It must make clear that requiring only scope 1 and 2 emissions from onshore gas projects to be offset is insufficient. All life cycle emissions generated in Australia (scope 1, 2 and 3 emissions) must be offset to comply with Recommendation 9.8.
  - All references to “indirect offsets” must be removed;
  - It must explicitly state that carbon capture and storage (and research and development for carbon capture and storage) is not a recognised category of offset.
  - All of these changes must be made to the Draft Offsets Policy. Otherwise this is nothing short of a backflip from the Gunner Government’s commitment to ensuring that there is no net increase in emissions in Australia from the Territory’s onshore shale gas industry.

### Tips for writing your submission

1. Make it personal, and speak from your own unique perspective – this will give you the best shot of being taken seriously. Say who you are and why you care about the issue.
2. Address your submission to [environment.policy@nt.gov.au](mailto:environment.policy@nt.gov.au), and send a copy to the Chief Minister at [chief.minister@nt.gov.au](mailto:chief.minister@nt.gov.au). We want to make sure Michael Gunner gets the message loud and clear.
3. Explain why you think the Draft Offsets Policy is not good enough (including using the information above), demand that the Gunner Government do not backflip on its promise to offset life cycle emissions from fracking in the Northern Territory. You could also reiterate calls made by independent scientists in an open letter to Chief Minister Gunner recently, that: *“Offsets are not a real solution. We should not be allowing fracking to go ahead in the first place.”*<sup>14</sup>
4. The Departments consultation page can be found at <https://depws.nt.gov.au/environment-information/northern-territory-offsets-framework/greenhouse-gas-emissions-offsets-policy>
5. Make sure you lodge your submission by the deadline, **Friday 15 October 2021**.

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<sup>14</sup> See the Open Letter and petition here [https://nb.australiainstitute.org.au/fully\\_offset\\_nt\\_fracking](https://nb.australiainstitute.org.au/fully_offset_nt_fracking)