

The importance of natural gas as a future clean energy source for eastern Australia

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As Australia moves towards a carbon constrained future, a future that sees us meeting our energy requirements in a relatively high greenhouse gas emitting way is no longer viable. Rather, the way forward for Australia is to embrace the opportunities that have been presented to us to achieve our growth and development aspirations and to assist the region to do likewise, but to do so in a way that sees us operating in harmony with a carbon-constrained future.

The upstream industry faces a watershed year, full of challenges that will shape both the industry's future and the role that natural gas will play in Australia's energy mix and our economy.

As part of this, APPEA has long advocated that increased natural gas use could make a much bigger contribution to reducing Australia's greenhouse gas emissions, at the same time as generating substantial economic benefits for Australia. The place for natural gas is not just anywhere. It is at the forefront of Australia's quest for early greenhouse action.

In addressing the issue in the short to medium term, Australia's natural gas has a very large role to play:

- natural gas is abundant and reliable – Australia has more than 110 years' worth of proven and probable reserves with

- much more to be found, particularly on the east coast;
- the technology to use natural gas for a variety of applications is here, now, we do not have to wait 10 or more years;
- natural gas is flexible – it can be turned on and off readily and lends itself to small distributed power generation facilities;
- compared to most other forms of power generation, particularly in a base load context, gas is relatively inexpensive to build and can be built relatively quickly;
- natural gas provides diversity for energy-importing countries seeking to spread their import risks, secure access to low-cost energy, and at the same time address climate change. As part of this, Australia is extremely well-placed to tap into the rapidly growing Asia Pacific market;
- natural gas is versatile. Not only is it an efficient source of heat and peak and base load stationary power generation, it can power transport in the form of LNG, LPG, natural gas and GTL. Not tomorrow, but today;
- an efficient user of water – an air cooled combined cycle gas fired power station uses as little as 1% of the water used in coal fired power generation.

Through the Australian Upstream Oil and Gas Industry Strategy, the industry is seeking to better understand the new energy paradigm within which the industry is working, identify the potential of Australia's oil and gas industry within that paradigm and, out to 2017, explore the actions that were needed to realise its potential and retain its position as one of Australia's most significant industries for the long-term.

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