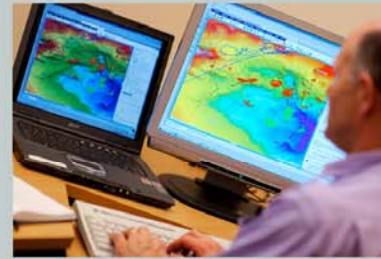


DEPARTMENT OF
PRIMARY INDUSTRIES

FINANCIAL MECHANISMS FOR THE MANAGEMENT OF LONG TERM LIABILITIES - AN AUSTRALIAN APPROACH



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IEA CCS Regulators Network
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Australia - a leader in the regulation of CCS

Australian waters (>3 nautical miles offshore)

- *Offshore Petroleum Amendment (Greenhouse Gas Storage) Act 2008 (Cth)*

State waters (<3 nautical miles offshore)

- *Offshore Petroleum and Greenhouse Gas Storage Act 2010 (Vic)*



Onshore

- *Greenhouse Gas Storage Act 2009 (Qld)*
- *Greenhouse Gas Geological Sequestration Act 2008 (Vic)*
(GGGSA)

Victorian approach – context

Australian Regulatory Guiding Principles (2005)

- Current regulatory principles and common law should continue to apply to liability issues for all stages of CCS
- Governments' overall consideration for post-closure storage must aim to minimise exposure to environmental, health and financial risks

3 phase approach – AHR Standing Committee & ors

- Full financial liability and responsibility rests with operators during injection and defined period post-injection;
- shared financial liability and responsibility for specified period (time period determined by specific site risk analysis)
- Full financial liability and responsibility for site safety and monitoring transferred to State in perpetuity

Victorian approach – the GGGSA

Like operators under other State resources legislation, CCS operators must:

- Obtain & maintain insurance (s.218 GGGSA)
- Obtain a rehabilitation bond before carrying out any injection & storage activities (s.220 GGGSA)
- Pay royalties (s.224 GGGSA)

Victorian approach – the GGGSA cont...

Unique requirements for CCS

- Following end of injection CCS operators must undertake post-injection monitoring and verification - at own cost
- Licence may only be surrendered where Minister satisfied:
 - Stored carbon dioxide is behaving (and will continue to behave) in a predictable manner
 - Risks associated with storage reduced to as low as reasonably practicable
 - Storage will not present a risk to public health or the environment

and a long-term M&V plan is approved

(ss.170-171 GGGSA)

Victorian approach – the GGGSA cont...

- Effect of surrender
 - Ownership of stored GHG transfers to State (s.16 GGGSA)
 - Responsibility for long-term M&V transfers to State
- Estimated cost of long-term M&V provided to State by CCS operator during life of licence (ss. 112 & 174 GGGSA)
- Common law liabilities remain with CCS operator – even after surrender of licence

Further information:

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