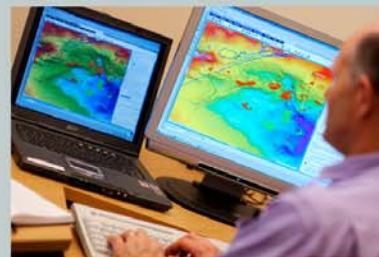


# LEGAL FRAMEWORK FOR THE OPERATION OF THE OTWAY PROJECT IN VICTORIA AND BEYOND



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# Overview

- Policy context
- Regulating Victoria's CO2CRC Otway Project
- Lessons learned from Otway Project
- Development of a specific CCS regulatory framework

# Current Victorian position

- Victoria has world class CO<sub>2</sub> storage facilities – onshore and offshore, but primarily in the Gippsland Basin



Potential capacity – Gippsland Basin depleted reservoirs  
2,000 MT (37.8 TCF)

Potential capacity – Gippsland Basin deep saline aquifers  
33,300 MT (630 TCF) or 275 years of Victorian emissions

# Policy context

- Victorian Government is committed to reducing greenhouse gas emissions from the production and use of its fossil fuel resources
  - Target to reduce greenhouse gas emissions by 60% from 2000 levels by 2050
- Carbon capture and geological storage (CCS) is part of a package of initiatives to reduce Victoria's CO<sub>2</sub> emissions

# The CO2CRC Otway Project

- Australia's first demonstration of the injection and underground geological storage of CO<sub>2</sub> – commenced injection April 2008
- Also involves development and implementation of rigorous monitoring and verification regime
- Regulated under existing Victorian environment, petroleum and water law

# Regulation of Otway project (1)

## **Petroleum Act**

- Installation of pipelines
- Well operations
- Transportation of gas by pipeline
- Project closure, decommissioning and rehabilitation bond

## **Water Act 1989**

- Water usage

# Regulation of Otway project (2)

## **Environment Protection Act 1970**

### (a) Project activities

- Injection of gas
- Storage of gas, monitoring & verification

### (b) Categorisation as scheduled premises

- research & development project approval

# Regulation of Otway project

## **Environment Protection Act 1970 (cont)**

### (c) Approval conditions

- Pre-injection phase monitoring report
- Environment Improvement Plan
- Notification of incidents
- Activities must not cause any discharge or seepage to land, groundwater or surface waters or discharge odour.

## **Greenhouse Gas Geological Sequestration Bill**

- Property rights and access
- Managing public health and environmental risks
- Managing long term liabilities and monitoring and verification (M&V) requirements
- Community consultation and local government involvement in decision-making

# Property rights and access

- Modelled on tenure system for petroleum operations, includes:
  - exploration permit
  - retention lease
  - injection and monitoring licence
- Requires referral to other key government/ departments agencies for recommendation prior to approval of:
  - injection testing plan under an exploration permit
  - injection and monitoring plan under an injection and monitoring licence
- Minister may only approve plans where no risks to public health and/ or the environment

# Managing public health & environmental risks

- Public health and environmental risks to be managed through:
  - Need to satisfy Minister of specified environmental criteria
  - Referral of applications to relevant environmental agencies/ departments before any decision is made about injection operations
  - Post-injection M&V to be undertaken by operator until stored carbon dioxide behaving in predictable manner and risks reduced to as low as reasonably practicable
  - The requirement for an Environmental Effects Statement under the *Environment Effects Act 1978* where a proposed project is capable of having a significant adverse effect on the environment in either a regional or State context.

# Competing right and interests

- Enables application of public interest test where there is a resource use conflict and no agreement between titleholders
- Public interest test may only be applied where the Minister considers that proposed injection and storage operations pose a significant risk of contaminating or sterilising other resources
- Minister must refer to relevant government agency/ department/ or independent panel as appropriate for recommendation prior to making a public interest determination
- Proponent must provide compensation where rights of other titleholder are in fact impacted upon

# Managing long-term liabilities and M&V

- CCS operators to undertake post-injection monitoring and verification until:
  - Stored carbon dioxide behaving in a predictable manner, and
  - Risks associated with storage reduced to as low as reasonably practicable
- Licence then surrendered
- Responsibility for long-term M&V transfers to the State
- Costs associated with long-term M&V provided to the State over time

# Community consultation and local government involvement in decision-making

- Proponent must prepare and submit community consultation plan at time of applying for exploration permit
- Proponent has duty to consult with any affected community, including relevant municipal councils, throughout the period of the authority
- Where application is not the subject of an EES, the regulator must publish a notice advising of an application for approval of injection testing plan or injection and monitoring plan, inviting public comment.

# Contacts & Further Information

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## **Greenhouse Gas Geological Sequestration Bill**

[www.legislation.vic.gov.au](http://www.legislation.vic.gov.au) (look in parliamentary documents)

## **Environment Protection Authority**

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