

PEPANZ Policy Summary: Climate Change

Climate change is a serious global challenge requiring a global response. Major efforts are underway to reduce emissions and the oil and gas industry is committed to playing our part in this.

How can we use oil and gas with fewer emissions?

- Substituting coal with natural gas (which has half the greenhouse gas emissions)
- Pricing carbon through the Emissions Trading Scheme (ETS)
- Using carbon capture and storage technology
- Using natural gas as a feedstock for hydrogen fuel
- Offsetting emissions through planting trees
- Reducing the emissions that occur in the production of oil and gas (such as flaring gas)

Won't we stop using oil and natural gas in future?

- No. Forecasts show oil and gas will still make up around half of the world's energy needs by 2040, but will be used in different ways with fewer emissions.¹ For example, electric vehicles and lower-emitting fuels like hydrogen will increasingly replace oil for petrol in motor vehicles, while natural gas will replace coal for industrial use and power generation.
- There are many uses of oil and natural gas which don't involve burning and releasing any emissions, such as in plastics, building materials, clothing and medical products.

Why are we still looking for new reserves if we can't afford to burn most of what has already been discovered?

- Because most of these reserves are coal, and it will be much better to use natural gas instead which has half the emissions.²
- The world's population will reach 9 billion by 2040 and renewable energy sources alone cannot meet this increased need for energy. This is why even in the Paris two-degree scenario more oil and gas will be required.

Policies and principles for tackling climate change

- The ETS should be the Government's primary tool applied to all sectors including agriculture.
- Policies should avoid causing 'carbon leakage' – where production shifts to other countries with lower standards, and net global emissions rise.
- Legislation to enable carbon capture and storage should be introduced.

¹ International Energy Agency *World Energy Outlook 2018* (page 38)

² See for example <http://www.eniscuola.net/en/mediateca/fossil-fuels-world-reserves/>