Mining and fossil fuel interests will have a disproportionate influence on how Australia handles the Covid-19 pandemic. Prime Minister Scott Morrison has suspended Parliament for most of the year and installed a new National COVID-19 Coordination Commission (NCCC).

The NCCC comprises mostly people with big business backgrounds, and its chairman is former Fortescue Metals executive Neville Power. The Executive Board comprises Greg Combet, Jane Halton, Paul Little, Catherine Tanna and David Thodey (Deputy Chair).

They will be joined by the Secretaries of the Department of the Prime Minister and Cabinet, Philip Gaetjens and Home Affairs, Mike Pezzullo. Neville Power is a board member of Andrew Forrest’s Fortescue Metals Group, oil and gas explorer Strike Energy, and Westralia Airport.

Nifty Nev and his fossil mates

Commentator David Tyler, writing for the AIM Network, said: “Nifty Nev will get on well with Morrison’s Chief of staff, John Kunkel, a former CEO at the Minerals Council of Australia, (MCA) who fits in like Flynn with Scotty’s senior adviser, Brendan Pearson, another former MCA CEO, who once worked for ecocidal monster US coal miner Peabody Energy.

"Pearson provided Morrison’s infamous lump of coal escapade. Photo: AAP/Lukas Coch

Tyler’s rundown on the rest of the NCCC says David Thodey is a former Telstra CEO and also chair of what’s left of the CSIRO, cut down to size by the anti-science Coalition. Catherine Tanna is chair of Energy Australia which hates paying tax and is on the boards of the RBA and the BCA. Career mandarin Jane Halton headed the government’s people-smuggling team during John Howard’s children overboard fraud. Paul Little amassed a net worth of $950m running Toll Group for two decades as well as property investment. Greg Combet (the token leftie) is a former Labor MP Minister for Climate Change, Industry and Innovation in and is currently chairman of Industry Super Australia.

Tyler says: “Rounding out the team are our top two Canberra shiny bums, Home Affairs Secretary, Prime Minister and Cabinet, head, Mike Pezzullo and Phil Gaetjens, two of our most powerful if not public-spirited mandarins, both of whom are always eager to assist senate committees with inquiries.

“Or, in fabulous Phil’s case conduct their own exemplary-how-to-exoner- ate- Bridget McKenzie of breaching the ministerial code in a secret Star Chamber inquiry.”

Fossil Fool Bulletin

Democracy on hold: Fossil fools in charge

By Eve Sinton

Fossil fools in the spotlight this week: A resource for people working to end the fossil fuel era in Australia
Virus, unfavourable economics halt NT gas project

By Bruce Robertson, IEEFA

In the last few weeks, we have seen a flurry of activity in the oil and gas industries.

Fracking companies in particular have been trying to respond to both the oil crash and the coronavirus crisis with a business-as-usual approach.

In the Northern Territory of Australia, where there a number of exploration projects, the government had previously been saying that oil and gas exploration should continue, despite the economic downturn and the implications of the coronavirus with worker-to-worker contact.

Last week, Origin called for an indefinite pause and exit from their fracking exploration operations in the Northern Territory’s Beetaloo basin. They cited their reason due to the pandemic and an inability to quarantine, test and make workers stay away.

Renewables overwhelm fossil fuels

IEEFA notes there is a more pressing reason that Origin has made this call. Globally renewables are overwhelming new builds of both fossil fuels and nuclear.

The gas industry has always said that conventional gas is a transition fuel. However, globally new gas-fired power plant builds today are smaller now than they were in 2001.

If gas was truly a transition fuel, you would see gas dominating and coal disappearing.

The price of producing renewable energy globally has been continually falling, and it’s getting harder and harder for fossil fuels to compete.

In Australia, renewable energy already supplies 23% of the national electricity market (NEM).

Globally, renewable energy is the cheapest source of power generation. Increasingly, it will be more so. It is a matter of time.

In China, this will happen as soon as 2027. In Australia it’s already the case. Wind and solar are already cheaper, even unsubsidised.

Inside the industry, gas executives see very little demand for their product beyond 30 years from now. The proposed Burrup project in Western Australia has a 50-year life. The Northern Territory fracking projects have a minimum 30-year life. But for both, it’s unlikely they will see their 30-year life out.

Prior to covid-19, the gas industry saw increasing demand for their product, even if only within the 30-year projected life span. It will take a long while for all of us to crawl out of the economic effects this virus will have. It will last for years.

Then there is another issue: there’s an oversupply of gas. The global gas glut will not resolve now until about 2030. It was previously projected to resolve by 2025. So why would any gas company look to build new gas now?

The largest cost of renewable energy is the financing. Running a solar plant, for instance, costs very little. In our current climate, financing costs are declining for renewables as interest rates fall, while financing costs for fossil fuels are going up. This is because the debt markets have lost patience. They are downgrading the debt of oil and gas companies.

Currently, the US fracking industry is experiencing a flood of bankruptcies, and soon, some US$86 billion dollars of debt will be due. This will be very difficult for the industry to manage. When enough fracking companies go broke in the US, this will force prices back up, at which point gas will become uneconomic to produce.

Whether prices are low or high, it is not good for the fracking industry. Too low and they can’t make money, and too high and they lose market share to renewables.

Origin’s Kyalla fracking project in the Northern Territory’s Beetaloo Basin was pulled last week. It is not, however, just the virus that is stopping them.

Origin, via a consortium, have already invested $25 billion dollars at Gladstone LNG plants in Queensland. They need more gas to put through these plants. If they stop supplying those plants, they go bankrupt.

Gasco’s running out of money

The gas industry has been given a free ride to continue for some years now, but they are pulling out because they don’t have the money to continue.

In fact, they are pulling out globally. They simply cannot make money when oil is below $35/barrel. Even if oil prices recover a little, fracking companies will still be below their break-even prices. Simply, they cannot fund their projects at the moment.

At a time when globally oil and gas companies are cutting projects and shrinking their ambitions, some large renewable projects, on a globally significant scale, are forging ahead.

ACCIONA have just announced a new 1026 megawatt (MW) wind farm in Queensland. The project will begin construction in mid-2021 and will
Origin Energy pulls out

require a total investment of AU$1.96 billion (€1.01 billion) over three years. The Macintyre complex will be ACCIONA’s biggest renewable energy facility and one of the largest onshore wind farms in the world.

While ACCIONA have been investing large capital in new projects, Woodside today has deferred a final investment decision on the major elements of its Burrup Hub expansion project as weak global LNG prices takes its toll.

Origin have previously said the Beetaloo Basin is liquid rich, which means they can see oil. This oil wasn’t discussed in the Pepper fracking enquiry, which is dishonest because they know it is there. But even with oil and gas underground, Origin cannot afford to continue.

For Origin to receive any return from their LNG export business APLNG, they need oil to be higher than US$36/bbl. They will struggle this year to receive any return. They may need to prop up their failing investment with new equity.

And Santos were looking at developing the Barossa gas field offshore in the Northern Territory. That project has now been put on ice. Santos sold a 25% interest in Darwin LNG and the Bayu Undan offshore gas field to SK E&S for US$390m, contingent on the Barossa field getting the final investment decision. In the current climate, it could be that the Darwin LNG and Bayu Undan sale falls through.

Massive loss-making industry

Similar to the US experience, fracking in Australia has been a financial disaster. It is a massive loss-making industry. Santos has written off nearly US$7 billion dollars over the last 5 years, and if you include Origin’s losses, this rises to over US$10 billion.

This is before the impact of the coronavirus. We will see further large write-offs from these companies. It will seriously strain them and their ability to raise debt or equity.

The gas industry has also been lying about their emissions, to the tune of 25–40%.

Gas emissions are 50% less than burning coal if the gas is just used to produce electricity in a gas baseload plant. But in Australia, we use gas in gas peaking plants which are far less efficient. In those plants, gas is only 31% more efficient than coal. Australia also exports its gas. Making liquefied natural gas (LNG) uses an awful lot of gas and electricity. The LNG process involves burning an extra 17% of gas. In addition, if we look at fugitive emissions along the supply chain, even more methane is released. We only need about 2-3% of fugitive emissions to make gas worse than coal. Which means, gas is a high emitting fuel that needs to be recognised as such in order to reduce global emissions in line with the Paris Agreement.

Gas usage for power in Australia has declined by 59% since 2014. Gas is not a transition fuel. The decline has occurred while renewable energy capacity has increased. Further, there is no committed investment into gas powered generation in Australia, and at this stage, it could only occur with bailed subsidies.

The Australian Energy Market Operator (AEMO) sees a smaller role for gas into the future. They have developed an Integrated System Plan (ISP) which states that under current policy conditions, without any changes, they see a decline in gas usage in Australia to 2042. Instead, the vast majority of proposed projects in Australia are in solar, wind, hydro and batteries.

Poor taxes and royalties

In addition to living in a dream, the gas industry is a poor tax and royalty payer. The Australian government budget will be under enormous pressure over the next 12 months. They will need to find more money. The gas industry has been a very poor contributor in terms of tax and royalties. The Ichthys project for instance will export $190 billion of oil and gas products over its 60-year life providing no royalties to the Australian people.

Despite the LNG boom, the government’s Petroleum Resources Rent Tax (PRRT) take from the industry is set to fall $450m over the four-year budget estimates, from $1.4bn annually today.

There is no other industry where revenues rise dramatically and royalty income falls.

That the federal and various state and territory governments allowed our resources to be given to an industry with barely any recompense is beyond comprehension.

In these troubled times, where government budgets are stretched to breaking point, reform of the gas royalty system is an obvious source of revenue.

Gas has a very uncertain future.

Some gas players have seen the light and are investing in renewable energy. If Australia had some modest policy to encourage companies to go that way, like a carbon tax or a tax on pollution, things would be changing very quickly.

There are proposals for the Northern Territory to be the solar plant for Asia. Renewable energy is a far more concrete way forward than pursuing gas, which is an outdated vision of the future.

• Bruce Robertson is IEEFA’s gas/LNG analyst.

This commentary first appeared in Renew Economy.

Origin’s statement on halt to Beetaloo project

Throughout the response to COVID-19 we have worked with the Northern Territory and Federal Governments, followed health advice and made changes to our operations to protect people and communities across the Northern Territory.

We have also worked with the Northern Land Council, the representative body for Aboriginal people where we are exploring for gas.

We remain committed to our Beetaloo project which, if successful, has the potential to deliver long-term economic and social benefits for the Northern Territory, Australia and the region.

However, given the unprecedented circumstances brought about by COVID-19 we yesterday advised the NT Minister for Primary Resources and the CEO of the Northern Land Council that we are now at a point in our current work program to safely and temporarily pause activities at our Kyalla well site and reschedule further work to the second half of the year.

– Origin Energy, 25/03/2020
A US federal judge handed down a major victory for the Standing Rock Sioux tribe of North Dakota on March 25, ruling that the US Army Corps of Engineers (USACE) violated the National Environmental Policy Act by approving federal permits for the Dakota Access Pipeline.

The USACE must complete a full environmental impact study of the pipeline, including full consideration of concerns presented by the Standing Rock Tribe, the judge ruled. The tribe has asked the court to ultimately shut the pipeline down.

The court chastised the USACE for moving ahead with affirming the permits in 2016 and allowing the construction of the Dakota Access Pipeline (DAPL) crossing the Missouri River after President Donald Trump assumed office in 2017, without considering the expert analysis put forward by the tribe.

The Standing Rock Sioux had raised concerns regarding the likelihood and danger of potential oil spills, DAPL’s leak-detection system, and the safety record of Sunoco Logistics, the company behind the pipeline.

Sunoco “has experienced 276 incidents resulting in over $53 million in property damage from 2006 to 2016” and has “one of the lowest performing safety records of any operator in the industry,” the tribe’s experts found.

Tribe’s concerns validated

The federal ruling “validates everything the Tribe has been saying all along about the risk of oil spills to the people of Standing Rock,” said Earthjustice attorney Jan Hasselman in a statement.

“The Obama administration had it right when it moved to deny the permits in 2016, and this is the second time the court has ruled that the government ran afoul of environmental laws when it permitted this pipeline. We will continue to see this through until DAPL has finally been shut down.”

DAPL and the fight against the pipeline was the subject of international attention in 2016 when thousands of water defenders gathered at camps in North Dakota, facing a highly militarised police force armed with tanks, riot gear, rubber bullets, and other weapons.

Since Trump reversed former President Barack Obama’s December 2016 order denying the permits and allowed the construction to be completed in June 2017, the tribe has challenged the permits and demanded the USACE conduct a full environmental analysis.

Last week’s ruling represented a “huge victory” for the tribe, 350.org co-founder Bill McKibben tweeted.

“Such thanks to all who fight!” he wrote.

“After years of commitment to defending our water and earth, we welcome this news of a significant legal win,” said Standing Rock Sioux Tribe Chairman Mike Faith. “It’s humbling to see how actions we took four years ago to defend our ancestral homeland continue to inspire national conversations about how our choices ultimately affect this planet.”

“Perhaps in the wake of this court ruling the federal government will begin to catch on, too, starting by actually listening to us when we voice our concerns.”

Victory applauded

Others on social media celebrated the victory and applauded the “tireless efforts” of the campaigners, with the East Bay Democratic Socialists of America calling the decision the “absolute best possible outcome” of the court battle.

“This is why we never stop fighting,” Earthjustice president Abbie Dillen said.

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Flags fly at the Oceti Sakowin Camp in 2016, near Cannonball, North Dakota.
Photo: contributed
Inside the news

Adani’s massive power station in Godda, which will burn Australian coal and sell power across the border to Bangladesh, is 40% complete. The project is the subject of a long Adani Watch article – worth clicking the link and reading this one (p6).

Meanwhile, record heat and drought across Australia delivered the worst environmental conditions across the country since at least 2000 (p7).

And it has emerged that former resources minister Matt Canavan billed taxpayers for a $5,390 charter flight to travel 150km to attend the opening of a coalmine, where he gave a speech attacking “hypocritical, self-indulgent” environmental activists (p7).

In NSW, the Berejiklian government has given Peabody the nod for the extension of coal mining under one of Greater Sydney’s reservoirs, the first such approval in two decades. Peabody is described in this week’s front page story an an “ecocidal monster”.

What could possibly go wrong?
In the news this week

This week Fossil Fool Bulletin has summarised 7,000 words of news for your convenience.
Click on the links to view original articles. (Subscriptions may be required)

THE ADANI SAGA

https://www.adaniwatch.org/adani_versus_local_villag-ers_the_battle_over_the_godda_power_plant_in_india

Adani versus local villagers – the battle over the Godda Power Plant in India

Geoff Law, Adani Watch, 20/03/2020

In a remote part of India, a huge and grotesque structure is taking shape against a backdrop of gently undulating pastures, woodlands and crops. This is the Godda power station. It is being rapidly built by Adani to receive coal from the company’s mine in Queensland. The output from Godda will be a massive 1.6 GW, more than the four units comprising the Yallourn power station in Victoria.

Godda is 600 km from the nearest port and hundreds of kilometres from the nearest major city. A local lawyer and a member of the legislature, inform us that Adani’s power plant is 40% complete. If the plant is already 40% complete, then Adani is clearly well on the way to meeting its schedule to start generating power from Queensland coal in 2022.

Offsetting this news are descriptions of the ways in which local people are defying Adani in the courts, where a flurry of different actions is underway.


Our social identity shapes how we feel about the Adani mine – and it makes the energy wars worse

Rebecca Colvin, The Conversation, 25/03/2020

Australia has the technology to move from fossil fuels to renewable energy, but the social dynamics remain challenging. The Stop Adani protest convoy during the 2019 federal election campaign brought this difficulty to the fore.

A real sticking point for navigating any social change, including the energy transition, is finding a way through entrenched attitudes in which people see themselves as “us” in conflict with “them”. In these situations, people tend to focus on trying to defeat their opponents rather than finding mutually beneficial solutions to the problem.

The media, with the help of politicians, crafted a narrative of division between inner-city “greenies” and Queensland mining communities. These divisions foster a social dynamic that ultimately inhibits co-operation and good policy outcomes.

• Rebecca Colvin is a Lecturer, Crawford School of Public Policy, Australian National University

COAL ROCKS ON


Coal mining allowed under Sydney water reservoir for first time in 20 years

Peter Hannam, SMH, 29/03/2020

The Berejiklian government has given the nod for the extension of coal mining under one of Greater Sydney’s reservoirs, the first such approval in two decades.

The Planning Department earlier this month told Peabody Energy it could proceed with the extraction of coal from three new longwalls, two of which will go beneath Woronora reservoir.

In a 2014 report on mining in the catchment, the NSW Chief Scientist found Sydney was alone among major cities to permit such activities.
Environmental groups were angry the nod was given even before Parliament got to debate a petition carrying 10,000-plus signatures opposed to the expansion. The debate was scheduled for last week but the coronavirus pandemic closed Parliament a day earlier until at least September.

Along with the Metropolitan approval, the government also gave its tick for another longwall extraction at South32’s Dendrobium mine, also within Sydney’s catchment.

**OIL & GAS LEAKS**

Gas shortage looms for Victoria, NSW by 2024 as production declines

*Nick Toscano & Peter Hannam, SMH, 27/03/2020*

The energy market operator says Victoria and New South Wales are heading for a natural gas shortfall in winter months within four years as production from ExxonMobil and BHP’s Bass Strait gas fields rapidly declines.

One week after Victoria announced it would abolish part of its onshore gas-drilling ban in a bid to increase supply, new modelling to be released on Friday predicts a 35% drop in production from existing gas fields within five years.

Australian Energy Market Operator chief executive Audrey Zibelman said the risk of shortfalls in peak winter demand periods could be resolved through “several different options”, some of which are already being explored by industry and government. “This could include the development of new LNG import terminals, pipeline expansions, or new supply that could result from the Victorian government’s decision to lift the ban on onshore gas exploration from July 2021,” Zibelman said.

AEMO acknowledged that the future was “becoming more uncertain”, not least because of the outbreak of the COVID-19 coronavirus — an impact it has understandably not yet modelled.

The pandemic would “likely to lead to decreased levels of global LNG demand in 2020, and decline in economic activity in Australia for at least the short term,” it said.

“The potential impact of this has not been included in these forecasts and could mean a lower short-term demand forecast.”

**CLIMATE CRISIS**

How to win the fossil fuel word game

*Alan Pears, Renew Economy, 25/03/2020*

The 2019–20 Australian summer was our tragic wake-up call.

There is no longer time to take incremental action. Expanding coal extraction is not only absurd, but attempting to do so will actually cannibalise jobs at existing fossil fuel sites and drive investment in risky projects vulnerable to premature shutdown. Avoiding expansion is doing the fossil fuel industry a favour!

We must stop talking about net zero emissions by 2030 or 2050. We must commit to net zero emissions from today and ensure that carbon offsets, when needed, deliver social, economic and environmental benefits beyond properly documented emission reduction.

The International Energy Agency’s view that energy efficiency is the first fuel is correct, even though for most Australians it is the forgotten fuel.

The IEA recently stated: “We know that the technologies exist to raise the energy intensity improvement rate to 3%, more than double today’s level, and that these technologies are commercially available and cost-effective.

• Alan Pears, AM, is one of Australia’s best-regarded sustainability experts. He is a senior industry fellow at RMIT University, advises a number of industry and community organisations and works as a consultant.

**FOSSIL POLITICS**

Matt Canavan billed taxpayers $5,390 for charter flight to attend coalmine opening

*Christopher Knaus, Guardian, 25/03/2020*

The former resources minister Matt Canavan billed taxpayers for a $5,390 charter flight to travel 150km to attend the opening of a coalmine, where he gave a speech attacking “self-indulgent” environmental activists. Canavan took the private charter flight from Mackay to Colinsville, a three-hour drive, so he could get to the opening of the $1.76bn Byerwen mine in north Queensland.

At the opening, Canavan gave a speech what he described as “hypocritical, self-indulgent activists” holding back the dreams of the mining industry.
No gas, no cash. Taylor threatens states in the middle of Covid-19

Greenpeace Australia Pacific condemns Energy Minister Angus Taylor’s threat to hold states under siege from the Covid-19 crisis to ransom over climate-wrecking fossil fuels.

In a media release published last week, Taylor said "no gas, no cash" unless state governments fast-track approval of fossil gas projects despite Australia being the world’s largest exporter of LNG.

“This is the sort of funding that funds hospitals in New South Wales and Victoria – this is entirely inappropriate, particularly during the Covid-19 pandemic,” said Greenpeace spokesperson Jonathan Moylan.

Taylor needs to pull his head in

“Threatening to withdraw vital funding for states as they brace themselves for an unprecedented public health crisis is reckless and Angus Taylor needs to pull his head in.”

“Besides doing everything possible to flatten the curve and help protect communities from the risk of Covid-19, Australians need Mr Taylor to ensure workers have long term job prospects, which means investing in clean energy, not the fossil fuels that have provoked longer and more severe droughts and bushfire seasons.

“In the medium term, we also need to see policies that unleash Australia’s vast wind and solar resources to help Australia recover from the Covid-19 crisis as a renewable energy superpower.”

State governments rely on GST grants from the Commonwealth to fund about half of their expenditure on critical services like hospitals.

Stimulus skewed towards the rich

Following the 2008 global financial crisis, stimulus packages across the world were skewed disproportionately not only to the rich, but to carbon-intensive industries. Greenpeace said, “Any stimulus measures must aim to keep as many people as possible healthy, safe, and certain of their future – which means dramatically reducing the burning of fossil fuels.”

Environmentalists are calling on the Palaszczuk Government to introduce a moratorium on new Channel Country petroleum licences, after the public submission process was put on hold due to the coronavirus crisis.

In an email to Lock the Gate Alliance, the Queensland Government confirmed consultation on the Future Management of the Lake Eyre Basin was on hold, and “the current regulatory framework for the Lake Eyre Basin remains in place”.

“While we support the government’s decision to halt consultation during this health crisis, we are deeply concerned gas companies will take advantage of the fact the status quo remains in place,” Lock the Gate Alliance Queensland coordinator Ellie Smith said.

“Gas companies have already been granted petroleum licences covering hundreds of thousands of hectares of Channel Country floodplains, despite multiple Palaszczuk Government election promises to protect these iconic desert river systems.

“Over two terms this government has failed to fulfil its commitment to protect the region.

“The industry has exploited these delays to advance their exploration works and shore up their developments.

“As a show of good faith, the Palaszczuk Government must now enact a moratorium on new approvals in the Channel Country floodplains until consultation on the reforms can take place.”

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