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ENERGY SECURITY THROUGH THE ENERGY TRANSITION

[Check against delivery]

Good afternoon. Thank you for that welcome. I would like to begin by acknowledging the Traditional Owners of the land on which we are meeting today, the Ngunnawal people, and paying my respects to their Elders past, present and emerging.

And I extend that to also acknowledge the First Nations peoples in all of the communities in Australia and globally where Woodside's operations and activities are based.

We are on a journey in our relations with First Nations peoples. We haven't always got it right. We are working to get it right, by listening to and learning from First Nations peoples.

For Woodside, a big part of this is working with the Traditional Owners of Murujuga, in northern Western Australia, where our largest Australian operations are based. We are proud to support the World Heritage Listing nomination of Murujuga, along with its commitment to coexistence with industry.

Australia is preparing for a vote this year on recognising Indigenous Australians in the Constitution and establishing a Voice to parliament. Woodside supports the Yes Campaign.

In my view, this would be an important step forward in reconciliation. An opportunity to bring Australians together.

I acknowledge distinguished guests in attendance today and thank the Press Club for hosting this speech. It's a privilege for me to be here at an institution that has a history of bringing Australians together.

On the night of his party's election victory a year ago, Anthony Albanese said that this was his goal as Prime Minister: *he* wanted "to bring Australia together."

I applaud this, particularly as my country of origin, the United States, is polarised on many issues.

It is only through working together across society, government and industry that we can solve the big challenges that confront us.

And that's why I'm here.

It's not every day that a gas CEO turns up at the National Press Club, but I'm here because I realise just how fundamental energy supply is to every Australian every day – and I want to be part of an honest conversation about Australia's energy needs now and into the future.

Our industry has not always done a great job of explaining what we do.

And that's a shame, because what we do is central to the quality of life for Australians and to the role Australia plays in our region and in a world that needs to decarbonise.

I will talk today about energy security through the energy transition, addressing specifically the role of the gas industry.

There is a lot at stake. Australia has bountiful resources to support both renewable and non-renewable energy developments – the world needs both.

If we don't get it right, there is a real risk energy development will stall and Australia will miss out on the benefits.

Those benefits are not only energy supply, but also revenue. We stand with society and government as partners for prosperity.

To put that in context: last year our Australian all-in effective tax rate was forty-six percent. Tax on Woodside's profits flow back to Australian governments. We paid 2.7 billion dollars in Australian taxes and royalties last year.

Our shareholders also benefit - and our shareholder base is majority Australian.

We are an Australian company and we pay our way.

The challenge, as I see it, is for Australia to use its vast natural gas resources for three interrelated goals:

1. to provide affordable and reliable energy for Australians
2. to maintain strategic partnerships and energy security in our region and
3. to progress global decarbonisation.

Climate change is real – and global action is needed to address it.

We must be wary of the temptation to focus on just one objective at the expense of the others. I'll talk about all three of these objectives and how they are linked and discuss how key stakeholders can come together to progress these objectives.

I'm going to say up-front: I don't have all the answers. No one person or perspective does, but a challenge of this magnitude requires us to find the courage to work together.

But first, for those who may not know the story of Woodside, we are named after a small town in Victoria, where we were founded in 1954.

Our breakthrough came when we were granted an exploration licence in the 1960s for the North West Shelf, off the coast of northern Western Australia.

It was a risky proposition at the time, but it would lead to the birth of the Liquefied Natural Gas industry for Australia, with development through the 1970s and production starting in the 1980s.

Woodside did not achieve this alone. We relied on regional customers and local and global investors and Joint Venture partners for the capital to fund the development.

And we only got there by working alongside Australian governments – local, state and federal – who could see what this industry would contribute to our nation.

LNG producers are forecast to deliver 13.8 billion dollars in receipts to state and federal governments this financial year, according to a recent Australian Petroleum Production and Exploration Association survey. This helps to fund crucial services like hospitals and schools.

The industry and its supply chain support tens of thousands of jobs, investing billions of dollars in regional communities. And, crucially, LNG exports can underpin energy to power local industry and homes.

The North West Shelf Project started with the supply of domestic gas to Western Australian customers in 1984 – supported by long-term contracts with the State.

Reliable gas supply to local customers has continued ever since, thanks in part to the reservation policy introduced by Western Australia in 2006 and still enforced with rigour as the McGowan Government looks to avoid future supply challenges.

The supply of gas from the Bass Strait Joint Venture, in which Woodside acquired a stake through our merger last year with BHP Petroleum, has been a mainstay of gas supply to eastern Australia since 1969.

The merger has expanded our portfolio and extended our global reach – including a significant regional office in Houston - but we are a proudly Australian company.

We want to develop new projects in Australia, across both hydrocarbons and new energy opportunities, but that will only be possible if policy settings provide the certainty to underpin long-term investment.

So, let's discuss the first of the three objectives I outlined earlier: the role of gas in supplying affordable and reliable energy for Australians.

During 2022, the world experienced what the International Energy Agency has termed “the first truly global energy crisis”.

Australia, for all its vast resources, was not immune.

Those who can least afford it have felt it most acutely, sometimes having to choose between food and heating through winter.

This should not be happening in Australia.

Australians should be able to expect reliable energy. That needs to come from having the right investment climate - rather than arbitrary market intervention - and the right honest conversations between all participants in the energy system.

A key part of this conversation relates to future supply.

Woodside only became part of the east coast market since our merger with BHP Petroleum last June.

The market was struggling at that time and gas producers were called upon to provide urgently needed supplies. With the support of the Bass Strait operator, Woodside placed additional supply into the Victorian and New South Wales market to support energy stability over winter.

By working together, industry and the Australian Government have agreed parameters to avoid a near-term shortfall in the east coast gas market. But we need to take a longer-term lens to ensure new supply will be there to meet anticipated demand.

Woodside and other companies are actively considering what we might be able to do to help - from infrastructure to enable LNG imports, to buildout of gas storage - but we also know these can only be progressed in concert with government.

With the right regulatory framework, solutions like these could come online relatively quickly.

The longer-term answer is development of new supply to keep energy affordable and reliable as we transition to a lower carbon future.

Australia has the resources – and companies willing and able to develop them.

But new gas supply and infrastructure cannot just be turned on when a crisis happens. It requires a clear investment framework and regulatory certainty to attract the capital from international markets that is needed for large-scale projects.

And that brings us to the second objective for Australian gas: maintaining strategic partnerships, which underpin export earnings and access to capital. Not to mention regional security.

As I have outlined, the development of the Australian gas industry was only possible with support of international investors and customers with an interest in securing their own energy supply.

Those same customers and partners are now feeling that interest more keenly than ever after the energy shock of the past year. But they are questioning whether Australia wants their investment.

A vocal minority wants to shut down the industry and the jobs and livelihoods that go with it. They have deep pockets and are using both protest action and the courts to create uncertainty and destabilise regulatory processes to frustrate existing and new projects.

We respect every Australian's right to express their opinion – and we share the commitment to decarbonisation - but extremism is not the answer.

We need confidence in stable regulatory outcomes, or we risk choking our energy industry, impacting both domestic and international supply.

This concerns our regional partners, who depend on current Australian gas projects to help them meet their decarbonisation commitments and to keep the lights on in Asian mega-cities.

The Australian Government has stated its support for the gas industry and provided strong reassurances that Australia is not “quietly quitting” its LNG industry.

Woodside is certainly not quietly quitting. We are deliberately delivering.

The same partners who invested in our gas projects can provide the capital to develop lower carbon hydrogen and renewable projects, but only if they consider it a secure investment.

For Australia to remain an attractive destination for global capital, fiscal and regulatory certainty is paramount.

We understand the government needs revenue: revenue for NDIS, for AUKUS, to fund health and education and other services.

We are already a big contributor.

As the Treasurer acknowledged this week, high export earnings are helping the budget right now.

We urge the government, in any changes to the tax framework, to consider the long-term and preserve Australia's ability to attract the next generation of investment, jobs and energy supply.

Overreaching now could risk undermining future revenue.

In terms of regulatory certainty, agreement on clear processes and response times for project approvals is essential to unlocking reliable supply.

Otherwise, energy investment will find another home, taking jobs and opportunities with it.

Australia has a leadership role to play through the energy transition, but not through isolation or alienation from the outside world and from those who can bring the capital to fund the responsible development of major projects.

So, let's talk about the third objective for Australian gas: progressing global decarbonisation

Everybody has a role in addressing climate change: governments, companies, individuals.

Globally, we are going to need to use all the tools to address climate change while advancing developing economies.

You might guess from my name that I'm of Irish heritage. I grew up in Boulder, Colorado, but my Nanna grew up in a village in County Mayo, in Western Ireland, with no electricity, relying on a peat fire for heating, cooking and light. As a society, we have come a long way since then, in just two generations.

And we should not be regressing. We should instead be extending access to electricity to hundreds of millions of people in the developing world who still live without it.

To do that, we need new supplies of affordable and reliable energy.

But we also need to decarbonise.

That's going to require rapid scale-up of renewables and investment in ongoing gas supply as existing gas fields deplete.

Even in its Net Zero Emissions scenario, the International Energy Agency has estimated an average of 365 billion US dollars of upstream oil and gas investment is needed every year to 2030, and 171 billion US dollars every year thereafter to 2050.

When used to generate electricity, natural gas emits around half the life cycle emissions of coal. Gas is a flexible source of energy and provides a stable baseload. As the Prime Minister has said, it smooths the transition to renewables.

Gas is also an important input for processing critical minerals for batteries, solar power and wind farms.

In the years ahead, Australia can lead the world in the adoption of renewable energy.

But this will only be possible with reliable firming power sources.

If we don't support investment in new gas supply and infrastructure in Australia, then we are not only limiting the availability of gas as an energy supply, but also potentially compromising the scale and pace of our renewable ambition.

The Government is targeting raising the share of renewables in the electricity grid to 82 percent by 2030, leaving an 18 percent energy gap.

Natural gas could fill that gap, but it would be a big increase from the 7 percent of the National Electricity Market, or NEM, that is currently gas-fired power.

Gas will have to play a growing role in decarbonising the NEM as coal phases out and to support intermittent renewables.

Does our gas industry need to do more to reduce emissions? Yes. Are we working to reduce emissions? Also, yes.

We employ engineers – creative, practical problem-solvers, who are prioritising this challenge – and commercial analysts, who are figuring out ways to finance it. We have geologists, who used to explore for new oil and gas reservoirs, who are now looking at how we can safely inject and store carbon dioxide in depleted reservoirs.

The IPCC has noted that global rates of Carbon Capture and Storage deployment are currently far below those in modelled pathways limiting global warming to 1.5 degrees Celsius to 2 degrees Celsius.

This week, Australia's Climate Change Authority released a report on the role of carbon sequestration in accelerating Australia's decarbonisation, observing it was an essential tool in the climate action toolkit and that Australia has significant geological storage capacity on- and offshore.

We look forward to working with the Government to maximise Australia's sequestration potential, including through Carbon Capture and Storage.

Do we understand there needs to be a regulatory framework that tests if we are delivering the required net emissions reduction? Absolutely.

The Safeguard Mechanism was first introduced under a Coalition government and now a Labor government has tightened it. This was appropriate. The urgency for global action on climate change has increased too.

I commend Prime Minister Albanese and Ministers Chris Bowen and Madeleine King for their drive to move the policy debates towards the centre and to seek practical outcomes.

However, it was a missed opportunity that the Coalition was not prepared to deal with the Government on this legislation. For Australia to tackle climate change sustainably, it's got to be done in the centre and in a way that can endure, regardless of who is in power.

Otherwise, you ping pong from government to government, playing to the fringes, with outcomes that do not serve the Australian people well. Just look at the past 10 to 15 years of climate policy in Australia.

In the absence of certainty at a national level, we have seen states implementing complex and conflicting regulations for emissions reduction, moving away from the concept of tackling the lowest-cost abatement options first, and adding to the cost of doing business ... not just for energy producers, but for all industrial segments.

In our business decisions, we have factored in a carbon price for some years now and are using a range of levers to manage emissions.

Avoiding and reducing emissions are our first priority, including through technologies to modify our operations. Offsetting emissions by retiring carbon credits also has an important role. And we are working on new and lower-carbon solutions to meet our customers' energy needs.

Woodside is aiming to spend 5 billion US dollars by 2030 to progress new energy opportunities and lower carbon services. I've issued the challenge to our team that we

would like to be in a position to increase that investment, provided the supply chain and market is there.

We are seeing positive signals out of the USA.

The Inflation Reduction Act is a game-changer for a range of reasons: using carrots, not sticks to encourage decarbonisation and focusing on reducing carbon rather than picking winners or discounting any particular energy source.

It's a pragmatic, outcomes-focused approach that can drive real change and that is realistic about available avenues for reducing emissions, including offering strong support for Carbon Capture and Storage.

If Australia is to compete in the global race to transition to new energy, we need to incentivise investors to take the required risk.

[pause]

Despite all the challenges and the intensity of debate on these matters, I'm still an optimist.

There are significant opportunities across both traditional and new energy, in Australia and internationally.

One example is the Sunrise Joint Venture, comprising Timor Leste, Australian and Japanese participation, which is working on options to develop this regional gas resource.

And we are developing Scarborough and working to progress opportunities including Browse and new energy projects in Australia and around the world.

Across the industry, talented people are looking at the next generation of projects globally to contribute to energy security and decarbonisation.

[pause]

As I said at the beginning, no one has all the answers to these challenges – but there is urgency in figuring out how we all can work together to solve them.

In addition to energy supply, our gas industry provides feedstock for manufacturing of products that are central to our lives.

It may be obvious that if you drove here in a car this morning, there is a high chance you used petrol or diesel. But even if you drove an electric vehicle or rode a bike, it is likely that it contains plastics derived from oil and gas.

Same with the toothbrush you used this morning, and the packaging that kept your Weet-Bix fresh.

Our lunch would have been produced using fertilisers that rely on gas. Without gas, it's not only energy security that is at stake, but also food security.

These may seem fairly obvious observations but when you consider the vocal minority demanding our industry be shut down, it does beg the question whether these people actually understand the consequences of what they are asking for.

I've worked around the world in the energy industry and I can tell you – no country is better placed to succeed in the energy transition than Australia.

We have:

- plenty of natural resources – gas, wind, sun, critical minerals and so on
- a talented, educated workforce
- we're strategically located near customers in Asia

We should be an energy superpower for a decarbonising world.

And if we capture our global potential, we will also deliver the solutions here at home.

Our industry has some pieces of the puzzle – we know what resources are able to be developed. We understand international energy markets and the needs of our customers. We also have the know-how to progress decarbonisation projects.

We want to sit down with those who have the other puzzle pieces – governments who oversee the policy parameters, manufacturers who rely on our product, and unions who are advocating for reliable energy to support Australian jobs.

A successful path through the energy transition can only be forged by governments, state and federal, working with industry to progress decarbonisation while protecting the integrity and security of energy supply.

If we can agree on our objectives for Australian gas, let's see if we can agree on how to progress them and find the courage to work together to shore up Australia's energy future.

I welcome your questions. ENDS