

Media Release

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Santos and Tokyo Gas to collaborate on carbon-neutral e-methane in Australia

Santos continues to build momentum to deliver new energy solutions by partnering with Japan's largest gas utility company, Tokyo Gas, to investigate the potential for producing carbon-neutral e-methane in Australia.

E-methane is made by combining green hydrogen and CO₂ obtained from carbon capture of industrial emissions or Direct Air Capture (DAC) technology. The advantage of e-methane for customers such as Tokyo Gas is that it has the same properties and chemistry as natural gas and can use existing gas pipelines, LNG facilities (including liquefaction, ships, tanks and receipt terminals) and gas distribution networks.

E-methane can be a carbon-neutral substitute for natural gas and can be used in existing industrial processes, technologies and appliances, including for power generation, high-temperature heating and chemicals manufacturing. In particular, e-methane has potential to provide relatively low-cost decarbonisation for hard-to-abate sectors where alternative technologies are not yet proven or economically viable.

Santos, through its new energies business Santos Energy Solutions, with support from Tokyo Gas, will evaluate the potential to produce e-methane for export to Japan, leveraging extensive existing infrastructure. Tokyo Gas is an integrated gas and power company, serving more than 12 million customers. First production of e-methane is targeted for 2030.

The study will include technical analysis of renewable power, carbon dioxide and other feedstock sources, the methanation process (to make e-methane), cost and schedule evaluations, risk assessments and commercialisation options.

The study will focus on the Cooper Basin which has vast renewable resource potential for making green hydrogen using electrolysis technology, where Santos is trialling Direct Air Capture (DAC) technology. Santos is also building one of the world's largest carbon capture and storage projects at Moomba in the Cooper Basin and the project is on track for first injection in 2024.

Santos Energy Solutions Executive Vice President Alan Stuart-Grant said the company values its long-standing relationship with Tokyo Gas, including as a joint venture partner and customer in the Bayu-Undan and Darwin LNG projects.

"Santos is committed to delivering affordable, reliable, lower-carbon energy for our customers in Australia and Asia," Mr Stuart-Grant said.

"E-methane has the potential to be an important carbon-neutral fuel – a direct substitute for natural gas – that avoids the cost associated with new infrastructure and new industrial processes, which for many sectors are not yet technically feasible, affordable or available.

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"When I visit Japan and Korea, e-methane is the product our customers and investors are talking about and there is potential for others to join this collaboration as it progresses.

"We are excited about this new business opportunity which could transform our Cooper Basin assets into a large-scale, commercial carbon capture and storage, and low-carbon fuels hub."