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# CEO SPEECH: THE AUSTRALIAN'S ENERGY NATION FORUM 2025

## Shaping Australia's future: the role of gas in delivering energy security

Good morning everyone.

I too acknowledge the Gadigal people of the Eora Nation and pay my respects to elders past and present.

I also **extend** my respect and thanks to the Aboriginal and Torres Strait Islander people who support us and work with us right across Australia.

Before I discuss **why** gas is so important for Australia's future, I want to look globally at the energy transition.

Affordable, reliable energy is the lynchpin of any economy.

Without it, consumers pay more for everything.

Globally, countries are prioritising **energy affordability** in parallel with their own **energy security**.

Since the COVID pandemic and the conflicts in Ukraine and the Middle East – which disrupted energy markets – these two elements of the energy trilemma have come into acute focus.

While we work to achieve the third element – decarbonisation – we must confront a sobering reality: the pace of the energy transition is not matching our ambitions.

Even though renewables capacity grew by a record 15 per cent last year, it did not replace existing energy sources.

It was **additive**.

**Because** the world is demanding more and more of all types of energy to alleviate poverty, lift living standards and fulfil human potential through the infinite computing power of AI.

The modern lifestyles we enjoy – along with about a billion other people across the developed world – require 4 to 13 times as much energy as the other seven billion people on the planet.

Those seven billion people want what we have – and they shouldn't be denied it.

They want access to reliable electricity and modern, time-saving appliances, like washing machines.

Yet, two billion people still cook over indoor wood fires.

And the pollution from that activity alone kills around two million people a year, mostly women and children.

We need energy policy around the world that does not leave people behind.

And we need climate policy focused on the right problem – reducing greenhouse gas emissions – **not** cutting access to affordable, reliable, life-advancing energy.

Too often, energy policy is conflated with climate policy, leading to outcomes that threaten both energy affordability and reliability – **and** that undermine much-needed investment in the energy sector.

Let me be clear – Santos supports emissions reduction.

We support the energy transition.

But, in addition to climate policy, we need a strong, independent energy policy that ensures two things:

- **Domestic** energy security and affordability.
- **Regional** energy security across the energy-consuming nations of the Asia Pacific – because energy security also ensures national security and regional stability.

The world will continue to need natural gas from both Australia – and PNG – for decades to come.

Therefore, our focus should be – and, in Santos' case, **is** – on reducing emissions from gas production and use.

Our Moomba carbon capture and storage project in South Australia alone stores more $CO_2$ every four days than 10,000 electric vehicles avoid in one year – highlighting the potential of this technology to make **real** emissions reductions.

Australians are increasingly concerned about energy security and affordability.

In 2025-26, on Australia's east coast, the outlook is for adequate gas supply as long as uncontracted gas is made available to the domestic market.

Southern states are more vulnerable, particularly in winter demand peaks.

This is largely due to **under-investment** in southern supply and increasing reliance on Queensland production as Bass Strait declines.

From around 2027-28, there is a higher risk of supply shortages **unless** new gas supply sources – like Santos's Narrabri project – are developed.

The urgency for investment is growing – without more supply competition, not only is there a risk of shortages, but it follows that prices will also be higher than they need to be.

Our region is also home to the largest and fastest-growing gas and LNG demand centres in the world.

The latest Wood Mackenzie figures indicate Asian gas demand is expected to rise by 40 per cent out to 2050.

Southeast Asian LNG demand is expected to increase by a massive 182 per cent over the next decade.

And by 2032, Southeast Asia is set to be a net importer of LNG.

The reasons for our region's insatiable energy demand are well known:

- Artificial intelligence use is booming – and so is the energy consumption of the data centres that we rely on to drive AI.
- The renewables rollout is not keeping pace with initial expectations.
- The development of new fuels, such as hydrogen, has stalled.
- We need firming power to back up intermittent energy sources.
- And importantly for many countries, population growth continues to drive demand as does the need to bring people out of poverty.

We cannot turn off the taps on oil and gas before replacement technologies are technically feasible, affordable and available.

Globally, hydrocarbons still account for around 80 per cent of primary energy today – about the same as 50 years ago – and peak consumption has not yet occurred.

Natural gas and LNG are more important than ever – and will be for decades to come.

Gas is also the fastest way to decarbonise, working with renewables.

Coal to gas switching using LNG from Australia, Qatar and the US has an average lifecycle carbon intensity 47 per cent **lower** than coal for equivalent electricity output.

Everyone is coming to the same conclusion – gas is not just part of the solution – it is a critical **enabler** of the energy transition.

Australia ranks around 13th to 15th in the world for gas reserves, with identified resources – conventional and unconventional – of roughly 260,000 PJ.

That's at least 40 years' supply at today's production rates.

If prospective resources were to come to fruition, there would be enough gas for many hundreds of years.

**There is no need – ever – for a gas shortage in Australia.**

However, a patchwork of restrictions across the nation over the past 10 to 15 years has prevented development of gas resources.

While things are looking up in the Northern Territory with the implementation of a regulatory framework for Beetaloo shale development, there is much more to be done.

In New South Wales, which draws 95 per cent of its gas from other jurisdictions, the Narrabri gas project is the **only** new supply source on the horizon, but approvals processes and litigation are ongoing.

This is a strategic project for New South Wales that now needs Santos – along with state and federal governments –putting our shoulders to the wheel to make it happen.

We owe it to Australians to unlock the incredible wealth from their natural gas resources.

Wealth that comes in the form of jobs and business opportunities from

our own activities and from the downstream manufacturers and new industries – like data centres – that could develop around the availability of a reliable, competitively-priced domestic gas supply.

Wealth that comes from the A$22 billion in taxes and royalties paid by the industry in 2024-25.

Industry and governments have always had to work hard, together, to make the gas industry successful in Australia.

Coal seam gas production in Queensland 25 years ago was less than 5 PJ a year.

Today Queensland coal seam gas is about 1,500 PJ, contributing more than 70 per cent of total east coast gas production.

It’s hard to believe today, but the problem for gas 25 or 30 years ago – before the China boom – was that it had no market to go to.

Domestic gas supply was largely a by-product of liquids production in Bass Strait and the Cooper Basin.

Producers and governments were pleading with manufacturers to come to Gladstone, to Melbourne and Geelong, to Newcastle and Wollongong.

There were simply not enough large-scale industrial gas users to take our gas.

Low prices around $3/GJ abounded, mostly associated with Bass Strait and Cooper Basin oil and condensate production.

Then, in the late 1990s, Chevron and Oil Search proposed a pipeline from PNG to Queensland as their preferred way to monetise PNG gas resources.

But gas buyers were few and far between.

The domestic market wasn’t big enough to justify the investment.

At industry’s request, the Queensland government mandated that 13.5 per cent of electricity sold in the state had to be generated from gas.

This was not enough to support investment in a gas pipeline from PNG to Queensland, but it was enough for the green shoots of a tentative coal seam gas industry.

In the early 2000s it became clear that, while they were expensive to develop, Queensland's coal seam gas resources were much bigger than first thought – but the domestic market remained too small.

As the China boom developed, this previously "stranded" gas became economic for the export markets.

The truth is, that without Asia's insatiable demand for energy, Queensland's coal seams would never have been developed.

Rather than being a threat to future domestic gas supply in Australia, the LNG industry has been an **enabler** for increasing supply and competition.

However, many Australians wonder why their gas is being shipped offshore but becoming more expensive at home.

If we are to restore trust and open up access to new gas resources going forward, we will again need to work hard with governments to understand what is politically possible.

Gas export controls that potentially put binding LNG contracts at risk are not a sustainable long-term solution, as the federal government has acknowledged.

Successive Heads of Agreement, reached between the Gladstone LNG producers and the federal government, have a track record of ensuring the east coast domestic gas market is adequately supplied.

This has been a good demonstration of our industry working in partnership with government to solve a public policy problem.

Importantly, it has mitigated the risk not only to our industry's reputation, but to the long-standing reputation of Australia as a reliable global LNG trading and investment partner.

For the long term, **the current gas market review is an opportunity** for the industry to unite in finding an enduring solution that will work for us, for governments and for our domestic and LNG customers.

This is an opportunity we must not miss.

We need to take a fresh look at policy ideas that have broad community support, but to which we have historically been opposed.

In that regard I am pleased to see the industry unite behind **prospective** domestic gas reservation, which I first raised back in 2018.

Importantly, such a scheme must only apply to **uncontracted** gas resources.

There **is** uncontracted gas on the east coast – that's a fact.

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Those uncontracted volumes, together with Narrabri in the short-term and Beetaloo in the medium-term, could ensure a well-supplied domestic gas market and a healthy LNG sector for decades.

Any domestic gas reservation must be coupled with actions to bring on new supply – because 15 per cent of zero will deliver nothing.

We should want to satisfy the legitimate aspirations of Australians for long-term domestic gas security as part of our social licence for the future development of Australia's enormous resources.

We should also accept that governments cannot step back from the environmental regulation the community expects – and that we support.

They might then work harder with us to facilitate investment in the strategic infrastructure and the streamlined regulatory frameworks needed to accelerate development of new gas supply sources such as Narrabri, the Beetaloo, and new projects and infrastructure in the Cooper Basin – which could increase production there.

These ideas alone would enable Santos to substantially increase its contribution to the domestic market.

We owe it to all Australians – and our Asian trading partners – to find a new pathway to unlock the wealth of the nation's massive gas resources for future generations.

**Both** the **domestic** gas and **LNG export** industries are simply too important to Australia for us not to succeed.

Thank you.

ENDS.