



NSW GAS PLAN: IMPLEMENTATION PROGRESS REPORT



WHAT WE'VE DELIVERED

The NSW Gas Plan is a clear, strategic framework to deliver world's best practice regulation of the gas industry while securing vital supplies for the State. Through a whole of Government effort, we have now completed 15 of the 17 actions, meaning that NSW is well positioned for the safe and sustainable development of an onshore gas industry.



PRIORITY	ACTION	STATUS	PROGRESS
Better science and information to deliver world's best practice regulation	1. The Government accepts all the recommendations of the Chief Scientist and Engineer's independent review and is committed to building a world class regime for the extraction of gas.	Ongoing	The Government has fully implemented 7 of the 16 recommendations made by the Chief Scientist. 3 of the remaining recommendations will be completed by mid-2016, with good progress made on implementation of the remaining 6.
Pause, reset and recommence – Gas exploration on our terms	2. A Strategic Release Framework will be introduced to ensure that any future gas exploration is done on our terms and terms that meet community expectations	Completed	Legislation establishing a Strategic Release Framework for coal and gas was passed by NSW Parliament in October 2015. This enables the release of areas for exploration and the granting of exploration titles through a competitive selection process. This new process fundamentally reforms the way coal and petroleum exploration titles are allocated in NSW.
	3. Legislation will be introduced in 2014 to extinguish all current petroleum exploration licence applications	Completed	Legislation was passed by NSW Parliament in November 2014 extinguishing sixteen PEL applications.
	4. The Government will establish a one off buy-back of petroleum exploration licences	Completed	The Government's buy-back scheme closed on 30 September 2015, resulting in the voluntary surrender of 16 PELs. Further PEL buy-backs from titleholders will be negotiated on a case-by-case basis. Under the Gas Plan the footprint of CSG has reduced from more than 60 per cent of the state to less than 8 per cent.
	5. Petroleum exploration titles will be removed from National Parks	Completed	Legislation was passed by NSW Parliament in October 2015 to extinguish parts of PELs that fall over National Parks.
	6. The Government will implement and enforce a "use it or lose it" policy requiring titleholders to commit to developing the state's resources or risk losing their title	Completed	As a first step towards harmonisation of the Onshore Resources Acts, a 'use it or lose it' policy has been implemented and will be enforced, requiring titleholders to commit to developing the state's resources or risk losing their title.



PRIORITY	ACTION	STATUS	PROGRESS
<p>Strong and certain regulation</p>	<p>7. The Independent Environment Protection Authority will be appointed as the lead regulator for gas exploration and production</p>	<p>Completed</p>	<p>The Environment Protection Authority commenced its role as NSW's sole authority responsible for compliance and enforcement of all non-work, health and safety consent conditions for gas exploration and production activities on 1 July 2015.</p>
	<p>8. World best practice environmental and regulatory standards will be applied to gas exploration and production</p>	<p>Completed</p>	<p>On 21 May 2015, the Minister for Industry, Resources and Energy announced that titleholders seeking to renew or transfer a PEL must meet new rules including:</p> <ul style="list-style-type: none"> » Minimum standards for work programs and environmental management » Demonstrated high standards of technical capability and strong financial standing » A clear program for effective community consultation » Demonstrated compliance history <p>Improved Management of Exploration Regulations reform was also phased in from 1 July 2015 for all minerals, coal and petroleum explorers. The new framework builds on world's best practice to provide clear and transparent regulation of exploration approvals, greater compliance and enforcement and the first ever standardised codes in NSW for rehabilitation and environment management during exploration.</p>
	<p>9. Strategic Energy Projects which benefit NSW gas consumers will receive whole of Government coordination</p>	<p>Completed, but work continues</p>	<p>To date, two NSW gas projects have been designated as a Strategic Energy Project (SEP) – Santos' Narrabri Gas Project and AGL's Gloucester Gas Project.</p> <p>To ensure whole of Government coordination occurs, SEP projects are oversighted by a Committee of Cabinet. In addition, Key Account Managers are now employed by the Division of Resources and Energy to provide assistance throughout all stages of the investment process.</p>

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Strong and certain regulation	10. Policy and regulatory reform will provide greater clarity for industry and communities	Completed	Legislation passed by NSW Parliament in October 2015 harmonises titles administration (renewal, grant, transfer, suspension and cancellation) across mineral and petroleum titles. It also improves the compliance and enforcement tools available to the EPA as lead regulator. This provides both industry and the community with greater clarity about the rights and obligations that come with operating in the NSW resources sector.
Sharing the benefits	11. Legislation will be introduced to ensure that landholders share in the financial benefits of gas exploration and production	Completed	Legislation was passed by NSW Parliament in October 2015 to implement the legislative aspects of the recommendations made by the Walker Review into Land Access Arbitration.
	12. Landholders will receive independent expert advice on benchmark compensation rates for gas exploration and production from IPART	Ongoing – to be completed by 27 November 2015	The NSW Government has commissioned IPART to undertake a review that would provide benchmark compensation rates for landholders who host gas exploration and production activities on their properties. These benchmarks will provide a ready guide for landholders in negotiations with gas companies and ensure that NSW landholders are receiving the best possible deals for land access arrangements. IPART's final report is due by the end of November 2015.
	13. Community Benefits Fund with contributions from both gas companies and the NSW Government will be established to fund local projects in communities where gas exploration and production occurs	Ongoing	Legislation to support establishment of a Community Benefits Fund was passed by NSW Parliament in October 2015. Following consultation mid-year, stakeholder feedback has generally been supportive of the Fund and the Government is now working towards finalising the design of the fund, which is expected to be operational by mid-2016.



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Securing NSW gas supply needs	14. The Government will work with other State and Territory Governments and the private sector to explore the possibilities for gas pipelines to NSW	Completed, but work continues	NSW has signed a Memorandum of Understanding with the Northern Territory to work together closely on the development of a pipeline connecting the Northern and Eastern Gas Markets.
	15. Gas companies will be asked to demonstrate how projects that develop NSW gas reserves will benefit NSW gas consumers	Completed, but work continues	Strategic Energy Projects are now required to demonstrate how they will benefit NSW gas consumers.
	16. The Government will commission an independent review of royalties to ensure we have the settings required to develop a competitive gas industry in NSW and secure our supply needs	Completed	The Government has completed an independent review of NSW Gas royalties.
	17. We will support households and businesses to use gas more efficiently to help reduce their bills and release pressure on overall gas supplies	Completed	Legislation was passed by NSW Parliament in October 2015 to expand the Energy Savings Scheme to gas, including enabling energy savings certificates to be created for activities that reduce gas consumption.

