



Australian Government

Department of Industry, Science,
Energy and Resources

FUTURE GAS INFRASTRUCTURE INVESTMENT FRAMEWORK

Invitation for Expressions of Interest – November 2021

1. Introduction

The Australian Government's gas-fired recovery is supporting the energy reliability, security and affordability required to stimulate Australia's economic recovery, enable industry growth, and support Australian jobs. The gas-fired recovery focuses on three key action areas: unlock additional gas supplies, ensure an efficient gas transportation network, and empower gas consumers.

The National Gas Infrastructure Plan (NGIP) series supports a strategic approach to gas infrastructure investment. The Interim NGIP¹, released on 7 May 2021, signalled to the market the critical infrastructure investments required to alleviate the forecast risk of supply shortfalls in the east coast gas market in the short-term. The Government has already committed up to \$38.7 million in targeted support for critical infrastructure priorities as part of the 2021–22 Budget.

The 2021 National Gas Infrastructure Plan² (2021 NGIP) presents a sequenced blueprint for the development of the east coast gas market over the next 20 years. It identifies a long-term development pathway for new supply and infrastructure to ensure more gas can be delivered at least cost.

The Government has indicated a clear preference for the private sector to lead investment in gas infrastructure projects, but it is prepared to step in, if required, to avoid the adverse economic consequences of potential supply shortfalls.

The Future Gas Infrastructure Investment Framework³ (the Investment Framework) provides transparency on how the Government may assist in supporting critical mid-stream gas infrastructure projects towards a Final Investment Decision (FID) by laying out the principles for any potential Government support (see Box 1 below). This non-binding Expression of Interest (EOI) process is the first step in implementing the Investment Framework.

This EOI process has been informed by previous consultations⁴ and ongoing market engagement undertaken by the Department of Industry, Science, Energy and Resources (the Department).

2. Purpose of the EOI

The purpose of the EOI is to identify proposed mid-stream infrastructure projects that align with the 2021 NGIP priority actions. The Government will also use the EOI to determine whether there is a need for Government support under the Investment Framework to help identified projects overcome barriers to taking FID within the next 6-24 months.

The EOI process is non-binding on all parties. While submissions received will assist the Australian Government in considering the design of targeted support measures in the future, submissions will not constitute a formal or binding proposal to the Australian Government, and will not create any liability or obligation on the Australian Government to provide future funding.

Any future support announced under the Investment Framework will be subject to Australian Government policies and legislative requirements. For example, if a decision is made to undertake a grant process, this will include the issuing of grant guidelines and an assessment and approval process.

In parallel with submissions seeking Government support, submissions are also invited from proponents of proposed projects that address the 2021 NGIP priority actions but which do not require Government support. These submissions will assist the Government in understanding the broader market context alongside the EOI submissions.

3. Scope of submissions sought

The focus for this EOI is on submissions seeking support for **mid-stream gas infrastructure project activities** that are both capable of furthering the 2021 NGIP priority actions and consistent with the principles outlined in the Investment Framework—in particular, those projects which:

- Expand storage and flexible supply capacity close to southern demand centres in the short term
- Advance early stage infrastructure design and development activities that enable access to new basins
- Enable increased north-south flows.

1 DISER 2021, Interim NGIP <https://www.energy.gov.au/publications/national-gas-infrastructure-plan-interim-report>

2 DISER 2021, 2021 NGIP <https://www.energy.gov.au/publications/national-gas-infrastructure-plan>

3 DISER 2021, Future Gas Infrastructure Investment Plan <https://www.energy.gov.au/publications/future-gas-infrastructure-investment-framework>

4 DISER 2021, Gas-Fired Recovery: Infrastructure and Investment <https://consult.industry.gov.au/gas-fired-recovery>

Submissions relating to hydrogen or renewable gases, and carbon capture, use and storage (CCUS) are relevant to this EOI process where such mid-stream infrastructure projects also address 2021 NGIP priority actions. However, alternative Commonwealth support is available for such projects, including the Carbon Capture, Use and Storage Hubs and Technologies program and the Clean Hydrogen Industrial Hubs program. The Government will integrate planning for gas infrastructure with potential hydrogen industry growth in the next NGIP, due for release in late 2022. This will address the 2021 NGIP priority action to coordinate gas infrastructure priorities with the forthcoming National Hydrogen Infrastructure Assessment.

Activities directed at proving the viability of new upstream resources is not a focus of this EOI. Actions under the Australian Government’s Strategic Basin Plans are assisting the private sector to further the 2021 NGIP priority action on proving the viability of new upstream gas resources in key locations.

Categories of submissions sought

The pathway to FID for mid-stream gas infrastructure is both technically and commercially complex, and no project is identical to the next one. Therefore, the pathway to FID, including the necessary activities and supporting documentation varies for every project.

In recognition of this complexity, expressions of interest are invited from proponents through one of three broad categories (see Figure 1):

1. Early stage development stream
2. Advanced development stream
3. Market insight request for information.

The first two streams relate to projects that are seeking support under the Investment Framework principles. The third stream is a broader request for project information.

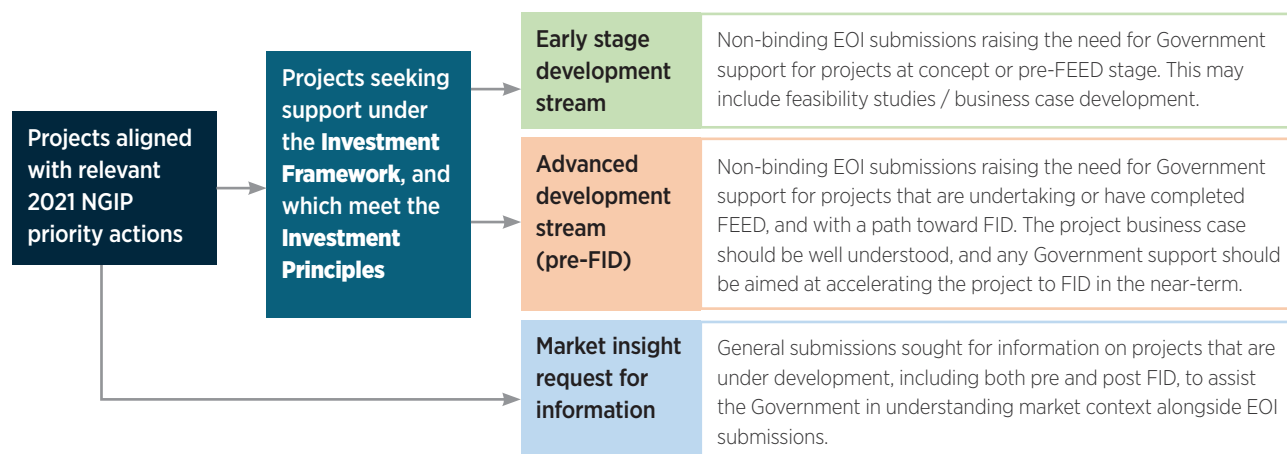
The first stream’s submissions (Early stage development) are expected to be at concept or pre-Front End Engineering Design (FEED) stage. The types of activities the Government may support for these early stage project is expected to include activities such as pre-feasibility studies and the development of robust business cases.

Second stream submissions (Advanced development) must have well developed business cases with a clear path towards FID and are undertaking or have completed FEED.

Government support under the Investment Framework is for pre-FID activities only, with grants (including recoupable and conditional grants), loans, and non-financial support (such as project facilitation support to assist in navigating regulation) able to be considered. Other financial support options relevant to a project’s operational phase, such as underwriting offtakes, are **not** available under the Investment Framework.

Submissions provided under the third stream (Market insight request for information) can relate to projects at any stage of development. This will assist the Government in understanding mid-stream gas infrastructure projects at all stages of development and if there are any associated barriers to reaching commercial operation.

Figure 1: Outline of submissions sought



4. Consideration of EOI submissions

Expressions of interest submitted by proponents under the *Early stage development* or the *Advanced development* streams will be considered against how well the submission and project addresses the Investment Framework principles (Box 1), as well as their alignment with the NGIP priorities.

Submissions indicating the need for immediate Government support should have strong alignment across the Investment Principles, including delivering on the relevant 2021 NGIP priority actions, justifying why assistance is required to progress the project to FID and clearly demonstrating why the market is not able to progress this project without Government assistance.

To undertake this consideration, the Department may seek specialist advice and undertake due diligence to be satisfied of the technical, commercial and financial viability and the claims made in the submission. The Department may also consult with relevant Commonwealth, state and territory governments, including to analyse and confirm submission claims, such as environmental and planning approvals.

Consideration of these submissions will inform the Government's decision-making on potential future support measures to help accelerate high priority projects. However, as indicated above, this is a non-binding EOI process, and by conducting this process, the Department is not making any commitment to provide future funding.

Box 1: Investment Framework principles⁵

1. The project must be for mid-stream gas infrastructure capable of providing a gas service to support the supply of gas to domestic consumers on a network. This includes:

- Gas transport infrastructure
- Gas storage
- Compression infrastructure
- Import and regasification facilities
- Infrastructure to support the use of hydrogen and renewable gases, such as biogas, in gas networks
- Infrastructure in the gas network linked to carbon capture storage and use related to gas transport.

2. The project meets a demonstrated need in the market through either:

- being identified as a priority project or action in a NGIP or
- otherwise demonstrates that it meets a specific market need or policy objective of the Government.

3. The project should be private-sector led, must be supported by meaningful private co-investment and demonstrate why Commonwealth support is required.

- Support will only be provided where specific market failures or other barriers exist, or where suitable commercial finance is unavailable in the necessary amount, rate or timeframe.
- Project proponents will need to demonstrate that all reasonable efforts have been made to pursue other non-government options available for support.

4. Commonwealth support will be targeted at activities that will assist the project towards reaching a FID.

- Support for post-FID activities will not be considered by Government.

5. The project has strong technical and commercial viability.

- This may include, for example, demonstrating the project has good potential to reach FID if supported, appropriate interest from other financial backers and that project proponents are deemed to be fit and proper and possess requisite capability.

6. The project enhances competitive forces in the market.

- Enhancing or creating competition could be demonstrated in a range of ways, such as, but not limited to, encouraging open access or common user arrangements, other competitive features, and increasing market diversity.

⁵ Excerpt the DISER 2021 – Future Gas Infrastructure Investment Framework.

5. Making a submission

Interested proponents are invited to provide an expression of interest or request for information submission by close of business 10 January 2022. Submissions should be made electronically via the Department's Consultation Hub website at: <https://consult.industry.gov.au/2021-eoi-gas-investment-framework>.

To make a submission, please complete the relevant submission form provided at Appendix A, B or C, and attach supporting documentation and evidence as appropriate. Please ensure the information provided is succinct, relevant to the submission and commensurate with the project's stage of development.

While you may make submissions for different projects, please only submit an individual project once under either the *Early stage development stream*, *Advanced development stream* or the *Market insight request for Information*.

The timeline for the EOI process is:

- 26 November 2021 submissions open
- 10 January 2022 submissions close

To assist in understanding the information provided through the EOI process, the Department may contact proponents for further information or clarification.

Providing project information under the Market Insight category of this EOI process does not preclude the project proponent from seeking Government support through a future opportunity under the Investment Framework.

Submissions will be treated as confidential and will not be published. However, information may be used by the Government to support and inform further actions under the gas-fired recovery—specifically, to inform development of future NGIPs and planning and design for potential future Government support measures. Information may also be used for future market engagement, under the Investment Framework. The Appendix forms detail the confidentiality and information handling processes for submissions.

If you have any further questions regarding this EOI process and submissions, please contact the Department by emailing gas@industry.gov.au. Responses to frequently asked questions are also available on the Department's Consultation Hub.

6. Next steps

Following receipt of EOI submissions, the Department will consider and provide advice to Government on whether support under the Investment Framework is needed at this time to deliver on the 2021 NGIP priority actions.

The EOI process is non-binding on all parties and any commitments for support would be subject to future decisions of Government. Where a specific need for project support is identified through the EOI, the Government may consider targeted direct support and may not undertake a further open process.

The Information collated through submissions will help inform the work under the Gas-Fired Recovery agenda, including future NGIPs and the Investment Framework.

