INPEX Australia Pty Ltd
ACN 134 715 254

22/100 St Georges Terrace Perth
Western Australia 6000

Tel +61 8 6213 6000

INPEX.com.au

Ref: C050-IPX-DEE-LE-70003

19 December 2025

Ms. Alicia Barnes
Branch Head - Decarbonisation Initiatives
Net Zero Industries Division
Department of Climate Change, Energy, the Environment and Water
GPO Box 787
CANBERRA ACT 2601

RE: Carbon Management Technologies - Policy Consultation

Dear Ms. Barnes

INPEX welcomes the opportunity to contribute to the Department's consultation on Carbon Management Technologies (CMT) policy development.

We recognise climate change as a critical global challenge that demands coordinated action from governments, civil society, and industry. We believe the Australian Government has a vital role to play in supporting industrial decarbonisation efforts, especially in advancing offshore carbon capture and storage (CCS).

INPEX CORPORATION is Japan's leading exploration and production company and has been a proud member of the Australian business community since 1986. As the largest Japanese investor in Australia, INPEX operates Ichthys LNG—one of the country's most significant and complex energy developments—and holds interests in Prelude FLNG, Van Gogh, Coniston, Ravensworth, and Bayu-Undan/Darwin LNG.

We additionally operate the Bonaparte CCS Project (INPEX Browse E&P Pty Ltd 53%; TotalEnergies CCS Australia Pty Ltd 26%; Woodside Energy Ltd 21%), which was recently granted Major Project Status by the Australian Government in recognition of its strategic importance to national net zero objectives.

INPEX also holds a 50% stake in Potentia Energy, a joint venture with Enel Green Power. Potentia Energy has grown to become one of Australia's largest renewable energy platforms, with substantial wind, solar, and battery energy storage system (BESS) operations across WA, NSW, SA, ACT, and Victoria

Our strategic roadmap, INPEX Vision 2035, commits to expanding our global business by 60% and reducing carbon intensity by 60% by 2035[1]Central to this is the deployment of carbon capture and storage technology to reduce emissions from our Ichthys LNG onshore facility by advancing the Bonaparte CCS Project.

[1] INPEX Corporation, INPEX Vision 2035, 13 February 2025

CCS is a safe and scalable proven technology essential for achieving Australia's net zero targets and maintaining regional competitiveness. It enables deep emissions reductions for hard-to-abate sectors such as LNG, steel, and cement.

Global momentum for CCS is accelerating. The Global CCS Institute reports that the number of CCS projects worldwide jumped from 628 to 734 in just one year. Yet, Australia represents only 18 projects in development and just two in operation[2]. This disparity highlights the widening gap between international momentum and domestic progress and underscores the need for decisive action to secure Australia's role as a regional CCS leader.

As highlighted in our Future Gas Strategy submission and more recently in our Net Zero Fund submission, meeting the Australian Government's emissions reduction goals will depend on large investment in industrial-scale abatement technologies like CCS. This includes moving away from on-site thermal generation toward renewable energy imports and fast-tracking innovative low-carbon solutions.

Australia's excellent geological storage potential positions it as an anchor nation for CCS. Appraisal well drilling at Bonaparte CCS recently confirmed world-class capacity –results indicate CO_2 storage capacity exceeding 10 mtpa.

Beyond domestic decarbonisation, Australia is uniquely positioned to become a global CCS leader. Countries across the Indo-Pacific—such as Japan, South Korea, Singapore, and the Philippines—are actively exploring CO_2 import-export opportunities and seeking long-term storage solutions. A 2022 Global CCS Institute study identifies Australia as a potential "anchor nation" for CCS due to its superior storage potential.

To realise this opportunity, we urge the Australian Government to establish a National Carbon Management Strategy encompassing CCS, carbon capture utilisation (CCU) and carbon dioxide removal (CDR). This strategy should provide clear recognition of the industry, regulatory certainty, and financial incentives comparable to those offered internationally (such as U.S. 45Q tax credits, Norway's Longship project and Japan's JOGMEC support).

We look forward to collaborating with DCCEEW to ensure Australia captures the environmental and economic benefits of carbon management technologies. For further discussion, please contact John Williams, Government Affairs and Regulatory Approvals Manager, at +61 412 422 636 or john.w@inpex.com.au.

Please refer to Appendix 1 for INPEX's responses to consultation questions.

Yours sincerely,

Bill Townsend
Senior Vice President Corporate

[2] Global Status of CCS 2025, Global CCS Institute

Appendix 1: INPEX Responses to DCCEEW Consultation Questions

1. How should carbon management technologies be defined?

INPEX supports the Department's proposed definition of carbon management technologies as encompassing carbon capture and storage (CCS); carbon capture utilisation (CCU); and carbon dioxide removal (CDR) technologies.

However, CCS should remain the primary priority given it is a proven, mature, and scalable technology and the role it plays in decarbonising LNG and other hard-to-abate sectors. CCS is recognised by the International Energy Agency (IEA) and other international institutions as critical to achieving net zero emissions by 2050[3]. Offshore CCS development also represents a potential new industry for Australia, positioning the country as an anchor nation for regional CCS development[4].

INPEX notes for the remainder of the questions asked within this consultation, we have focussed our responses in respect of CCS, rather than CDR or CCU. This has closer alignment with our own existing and planned activity and aligns with our earlier comments.

2. Which sectors most need CCS?

CCS is most critical for hard-to-abate sectors—industries where emissions are inherent to chemical processes and cannot be eliminated by electrification or renewable energy alone. These include iron and steel manufacturing, cement, and chemicals.

The increased penetration of renewable power within Australia's energy mix will come with an increased need for flexible grid security mechanisms—and gas-fired generation with CCS can play a key role in addressing long intermittency and peak period requirements. CCS can support flexible gas-fired generation for grid stability as coal is phased out and enables clean fuels like hydrogen and ammonia for application in constant high heat processes as a reactant/feedstock and in heavy transport.

The availability at scale of low-cost clean fuels underpinned by ready access to abated gas via CCS can also be a key factor in the development of new industries in Australia, such as the onshoring of iron or steel production.

The INPEX-operated Bonaparte CCS projects can demonstrate the feasibility of large-scale CCS deployment in Australia. It can also support or underpin multi-user CCS hubs, reducing costs and enabling shared infrastructure for other industries. Beyond domestic decarbonisation, CCS also offers strategic decarbonisation opportunities to Indo-Pacific nations seeking CO_2 storage solutions - including Japan, South Korea, and Singapore.

[3] International Energy Agency (2023). Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach. Retrieved from IEA: https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach

[4] Global Status of CCS 2025, Global CCS Institute

3. What are the key challenges and barriers?

Key barriers include policy uncertainty, lengthy approvals timeframes, lack of financial incentives, and infrastructure gaps. Australia risks falling behind jurisdictions offering strong support for CCS hubs and common-use infrastructure. Lessons from Australia's global competitors show that government-backed incentives and partnerships are critical to catalyse investment.

To attract meaningful investment into CCS projects - especially at scale and in an environment where CCS is still commercially emerging and capital-intensive - several key enablers must be in place.

We encourage the government to consider:

- Developing a National CCS or CMT Strategy – signifying Australia's commitment to further progressing decarbonisation, and helping provide policy certainty, investment attraction and signalling global leadership.
- Supporting access to shared infrastructure where appropriate (e.g. storage hubs, pipelines).
- Promoting market readiness - we encourage the ongoing prioritisation of policy and regulatory development to help accelerate the creation of CCS value chains between Australia and its partners.
- Developing government support options – given the high upfront costs associated with CCS projects, we encourage the government to consider incentivisation options to help support the development of CCS projects and a CMT industry.

4. Are current Commonwealth policies adequate?

Despite its potential, current Australian policy frameworks do not adequately support CCS deployment (or a CMT growth industry) and lack sufficient recognition or financial support for CCS.

The exclusion of oil and gas from funding mechanisms such as the Clean Energy Finance Corporation and the National Reconstruction Fund stands in contrast to the inclusion of other decarbonisation technologies like renewables and green hydrogen.

We urge the Australian Government to recognise CCS as a critical decarbonisation tool and to adopt international best practices. In jurisdictions such as the United States, European Union, and Japan, collaboration between government and industry has been key to establishing viable CCS industries. These partnerships offer financial, fiscal, and regulatory certainty—elements essential to unlocking private sector investment.

Global Examples of CCS Support

- **Japan**: the Japanese government, through JOGMEC, has allocated a ¥3.5 billion ($23 million USD) budget for advanced CCS projects in the 2023-24 fiscal year and has secured ¥32 billion ($209 million USD) to assist with various projects, including Metropolitan CCS where INPEX has an 85% interest. Nine Japanese CCS projects were selected for funding to support full value chain engineering and CO_2 storage assessments.

- **United States**: 45Q Tax Credit provides incentives of US$85 per metric ton of CO_2 captured and stored and US$180 per metric ton by direct air capture.

- **Norway**: Committed NOK 16.8 billion (~US$1.68 billion) to the Longship CCS project.

- **United Kingdom** – the UK has committed £20 billion (~US$25 billion) over 20 years to support CCS projects including the HyNet and the East Coast Cluster Hub.

Approvals and Regulatory Settings

INPEX acknowledges the significant work undertaken by the Australian Government over the last 12-18 months in regards to establishing an offshore CCS industry. However an offshore CCS industry remains relatively new for Australia, with many associated policies and regulatory settings still being developed while larger reforms to legislation such as the EPBC Act seek to learn and accommodate the needs of offshore CCS along the way.

This emerging policy and legislative frameworks are being developed concurrent to the delivery of offshore CCS projects (Bonaparte CCS project is already in pre-FEED). There are more than 125 approvals needed across Ichthys LNG and the Bonaparte CCS project prior to CO_2 injection being allowed to commence. Delays to approvals pose significant risks to project schedules and emissions abatement targets. Each year of delay in injecting carbon dioxide from Bonaparte CCS defers 2.5 mtpa of emissions reduction.

We urge the Australian Government to streamline environmental and regulatory approvals across jurisdictions and implement fit-for-purpose energy policies to support investor confidence in energy and CCS development.

INPEX believes that by providing a streamlined approvals pathway, investment certainty and decisions regarding such projects can be reached in a timely fashion.

As outlined above, INPEX also recommends establishing a National Carbon Management Strategy, introducing tax credits or grants, and supporting multi-user CCS hubs to reduce costs and accelerate deployment.

5. How can public perception of CCS be improved?

Despite global recognition of CCS as a decarbonisation tool, misinformation and political opposition continue to shape public and parliamentary debate. Media narratives often frame CCS as "greenwashing," while public understanding remains low and scepticism on the CCS as a proven technology is high.

INPEX believes government and industry have an important role in countering misconceptions and supporting greater literacy of CCS - across government itself and in the public and media.

Transparent communication on CCS feasibility, safety, environmental benefits, and the essential role it can play in achieving net zero is essential. Government and industry should collaborate on education campaigns and community engagement, highlighting successful projects globally and in Australia (e.g., Gorgon CCS, Moomba CCS, Sleipner CCS in Norway). Messaging should emphasise that CCS complements renewables and is critical for hard-to-abate sectors.

Engagement should also address misconceptions about CCS being a "fossil fuel subsidy" by demonstrating its role in enabling low-carbon hydrogen and ammonia production,

supporting renewable integration, and delivering negative emissions through bioenergy with CCS.

INPEX welcomes opportunities to work more collaboratively with the government in this area, and notes we have commenced developing and providing CCS literacy style briefings to the government and with parliamentarians.

We would further reiterate that the establishment of a national CCS or CMT Strategy would send a strong signal of commitment to other countries and importers Australia's commitment and support of an Australian CCS / CMT industry.