



8th December 2011

By Email: cefc@treasury.gov.au

Clean Energy Finance Corporation
The Treasury
Langton Crescent Parkes ACT 2600

Re: Clean Energy Finance Corporation

Dear Sir / Madam

Santos is a proud Australian company and a leader in the Australian natural gas industry, with more than 50 years of responsible gas exploration and production across the nation, including more than fifteen years of coal seam gas (CSG) operations in Queensland.

Santos' natural gas operations in the Cooper Basin have been safely fuelling industry and homes since first gas was supplied to Adelaide from Moomba in 1969, followed by supply to Sydney in 1976. Santos is confident its record in natural gas exploration and production illustrates the many economic, social and environmental benefits that can be delivered for local communities, state and national economies.

Santos supports action on climate change and welcomes the Australian Government's Clean Energy Future package as a significant step. However, the introduction of any carbon pricing policy must be well designed, providing sufficient permits to trade exposed industries, such as LNG, to maintain Australia's competitiveness.

Scope of the CEFC

Santos recommends that the CEFC be technology neutral. The fact that the CEFC specifically excludes potential investment in carbon capture and storage (CCS) technologies is of concern to Santos, especially given that the Australian Government is committed to CCS as a means of reducing Australia's carbon footprint.

In a recent speech by The Hon Martin Ferguson AM MP at the Global CCS Institute on 4th October 2011, Mr Ferguson said that "The Australian Government recognises the potential of CCS when it comes to reducing our greenhouse gas emissions" and also goes on to say that "By 2050, Australian Treasury modelling suggests coal and gas with CCS technology could give Australia about 30 per cent of our power generation."

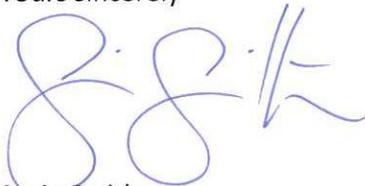
Santos has already invested significant amounts of money on investigating the feasibility of a large-scale carbon storage hub at Moomba.

Other Issues

Integration of government programs is important in delivering real outcomes. On that basis and being mindful of the 230 emissions reduction policies operating in Australia as identified by the Productivity Commission, Santos hopes that the CEFC will be part of an overall government program, which streamlines emissions reduction policies.

Santos is a member of a number of industry associations and also refers the Clean Energy Finance Corporation to the submission from the Australian Industry Greenhouse Network (AIGN).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'S.S.K.' with a flourish at the end.

Susie Smith

Manager Climate Change and Sustainability