



bhpbilliton
resourcing the future

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7 February 2014

Energy White Paper Taskforce

Department of Industry
GPO Box 1564
CANBERRA ACT 2601

Email: ewp@industry.gov.au

Dear Ms Sewell,

Re: The Energy White Paper Issues Paper

Please find attached BHP Billiton's response to the Energy White Paper Issues Paper released in December 2013 for response by 7 February 2014.

Yours sincerely

Christian Bennett
Vice President Government Relations & Public Policy

BHP Billiton response to the Energy White Paper Issues Paper

BHP Billiton welcomes the Commonwealth government's review of Australian energy policy and the opportunity to comment on what will become the policy framework for government decision-making on energy matters in the years ahead.

With a market capitalisation of approximately US\$165 billion, BHP Billiton is among the world's largest diversified resources companies and produces a wide range of commodities, including iron ore, metallurgical and energy coal, conventional and unconventional oil and gas, copper, aluminium, manganese, uranium, nickel and silver.

The company's Australian oil and gas production of almost 80 million barrels of oil equivalent (BHP Billiton FY13 share), makes BHP Billiton one of the nation's largest oil and gas producers, and operating in both the eastern and Western Australian markets.

As a globally significant producer, exporter and consumer of energy, with a significant asset base in Australia, we acknowledge the need for ongoing reform of Australia's energy markets. Our role as a significant supplier and consumer of energy provides us with a deep understanding of Australia's energy markets and is supported by our broader knowledge of global energy markets, in particular the United States and Asia.

While the US economy is recovering and conditions in Europe remain challenging, strong growth is continuing in Asia (particularly China, where the International Energy Agency forecasts China's gas use to quadruple by 2035). BHP Billiton's role in Australia is helping to position the nation as one of the few in the world which is well placed to responsibly supply Asia's demand for energy and other commodities.

However, Australia is not the only or major producer of energy products and therefore must compete for investment funds and market share in the global marketplace. Australia's comparative advantage in minerals and energy wealth does not itself equate to competitive strength. Australia has neither a monopoly nor automatic right to global market supply based on natural endowment.

Fundamental to Australia's energy security is the maintenance of an attractive investment environment with strong governance and regulatory regimes which take into consideration environmental impacts, maintains community confidence and provides for strong competition and efficient taxation policy at all levels of Government. The key determinants of Australia's attractiveness to investments and the core economics of project value are: our place on the global cost curve, productivity performance and perceptions of sovereign risk. Public policy settings can materially impact these elements and it is important to be mindful of the fact that while the world sets our price, Australia sets our costs.

Energy market reform should promote efficient and transparent markets. In the absence of evidence-based market failure, markets and the industries supporting them should be allowed to work with minimal government intervention.

The Energy White Paper should ensure a comprehensive and cohesive coverage of other aspects important to bringing on energy supply, especially in the east coast gas market. These aspects include: a reduced regulatory burden and streamlined planning, approval and environmental process that maintains or improves environmental outcomes; and ensuring policy settings are conducive to increasing productivity and competitiveness in order to attract the next wave of investment in Australia's energy sector.

This is also an opportunity for the Energy White Paper to consider how energy policy should be recognised in related policy development, such as environmental and greenhouse emissions reduction policy.

BHP Billiton's engagement in the Energy White Paper consultation process extends to the Business Council of Australia; Australian Petroleum Production and Exploration Association, the Western Australian Chamber of Minerals and Energy and the Minerals Council of Australia. As such we will have input to the conclusions of the submissions provided by these organisations.

BHP Billiton broadly supports the focus of the Energy White Paper Issues Paper and intends to focus its direct response to the Draft Energy White Paper on security of energy supply; regulatory reform and the role of government; growth and investment; trade; and alternative and emerging energy sources.