PNG NRI COUNCIL CHAIRMAN’S SEMINAR SERIES
National Security Seminar
Population and Movements, Energy, Food and Biosecurity and Transnational Issues Affecting National Security

Thursday, 13th April 2023
National Research Institute
Port Moresby, Papua New Guinea

Presenter: Mr. Asavi Kendua, Acting Director, Mineral Policy & Legislation Division
Pacific Ring of Fire
Background

• Management identified Geothermal Resource Policy as one of the priority projects in its 2010 to 2015 Corporate Strategic Plan,

• Department secured funding and technical support from the New Zealand Government through the NZ Aid program in 2014.

• Policy consultations conducted in Lihir, Madang, Kimbe and Port Moresby in 2015.

• NEC approved the Geothermal Resources Policy in its Decision No; 253/2020, dated 13th August 2020,

• NEC directed the Department to conduct road show awareness to geothermal host provincial governments, LLGs, DDA, customary landowners and other relevant stakeholders of the policy directives.
Geothermal development in NZ

- Officers from DMPGM visited Auckland as part of the study tour sponsored by NZ aid in 2015;

- NZ uses geothermal resources for electricity generation, direct heat application and for tourist attraction,

- The Maoris' experience for geothermal development.
Geothermal Plant at Lihir

- Lihir geothermal was developed as agreed between State and Lihir Gold Mine under the Lihir Gold mine Mining Development Contract (MDC);

- Mining Projects permitted under a Special Mining Lease (SML) requires a Mining Development Contract.

- Lihir geothermal power plant is the only developed geothermal resource in the country under a mining tenement, the SML and the MDC.
Geothermal spots in PNG
Application

- Policy relates specifically to the exploration, development, production, use and management (including preservation) of geothermal resources in Papua New Guinea,

Policy Objectives

- To establish a framework that guides and promotes the exploration, development, production, use and management of geothermal resources in Papua New Guinea.
Definition

- Geothermal is defined as a Mineral,

- Mineral definition as per the Mining Act 1992 means: all valuable non-living substances excluding petroleum obtained or obtainable from land.

- **Section 5** of the Mining Act 1992 qualifies that all minerals are the property of the State.

- Minerals are developed under an appropriate tenement in PNG mining sector.
Regulation of the geothermal Resources

- Mineral Resources Authority
- Conservation and Environment Protection Authority
- National Energy Authority (*PNG Power*)
- Upstream (Licensing and Extraction)
- Downstream (Energy; Licensing and Use)
Tenement Administration

- Tenement applications for geothermal resources are the same for mining tenement applications,

- Mining Advisory Council recommends to Minister for Mining,

- Exploration tenements granted for 2 years,

- Appropriate development license with supporting tenements (ML/SML and LMP/ME,

- Geothermal Resource project that requires huge capital investment will require SML and Mining Development Contract.
Economics and Fiscal Regime

• State will assess the economics of the project,

• State has a right to take up 30% in the project where it has mining tenement. This can be exercised in the geothermal resource projects,

• Royalties will be paid,

• Tax will be paid to the State,

• Carbon Credits.
Policy Recognises

• The geothermal resources has to be developed for the benefit of the country,

• Customary landowners must be properly identified to participate and benefit from the development of the geothermal resources,

• Benefits for the geothermal host provincial governments, local level governments and the customary landowners must be negotiated and captured in the benefit sharing agreements, the Memorandum of Agreement,

• Mines inspectors under the Mining (Safety) Act 1977 has an obligation to inspect and ensure safety and health of the workers and surroundings communities are complied with,

• CEPA will ensure environment is management and for environment permit holder to comply with requirements of the permit and the Environment Act 2000,

• Geothermal Plant Decommissioning/Closure and Financial Assurance,
Data and Information

- Reporting will be done consistent with the reporting requirements of Mining Act 1992,
- State will have absolute right over all data and information and records as owner of the geothermal resources.
Legislative and Regulatory Framework

- Incompliance with international treaties and conventions which PNG is a signatory,

- United Nations Framework Convention on Climate Change,

- Mining Act 1992,

- Geothermal resources are not considered petroleum nor a petroleum product under Oil and Gas Act 1998,
Institutional Governance (Sectoral Approach)

- DMPGM (mining policy matters)
- MRA (Regulatory matters)
- CEPA (Environment matters)
- CCDA (Carbon Credits)
- ICCC (power/electricity licensing)
- NEA (PNG Power Limited)
- Water PNG (Water uses)
- DPE (end product as energy) at the time of policy consultation.
- DJAG (OSS for Commercial Agreements)
- DoT (commercial matters),
- State Negotiation Team,
- IRC (tax matters),
- PMNEC,
- Host Provinces,
- DPLGA
Progress in Geothermal Development

• We acknowledge the work/studies done by MRA Geological Survey Division on geothermal in the country,

• The FFI interest in investing and developing geothermal resources in the country. We support this program as part of the State Negotiation Team.

• The establishment of the National Energy Authority and the National Energy Policy,

• The NEA/DMPGM/MRA/CEPA are part of the Secretariat working together to have administrative arrangements for the development of the geothermal resources and the other policy initiatives,

• Department of Mining and MRA fully support the Government’s initiative to develop geothermal resources in the country.
End of Presentation

QUESTIONS!