

Submissions
Climate Change Authority
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Via email: submissions@climatechangeauthority.gov.au.

GEA RESPONSE TO THE CONSULTATION ON UPDATING THE AUTHORITY'S ADVICE ON MEETING AUSTRALIA'S PARIS AGREEMENT COMMITMENTS

Gas Energy Australia welcomes the opportunity to respond to the Climate Change Authority's consultation on updating advice on meeting Australia's Paris Agreement commitments.

By way of background, GEA is the national peak body, which represents the bulk of the downstream alternative gas fuels industry, which covers Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). The industry comprises major companies and small to medium businesses in the gas fuels supply chain including producers, refiners, distributors, transporters, retailers, vehicle manufacturers, equipment manufacturers and suppliers, installers, educators and consultants.

GEA members and associates are committed to working with all Australian Governments to support efforts to reduce greenhouse gas (GHG) emissions, combat climate change and meet our Paris Agreement Commitments, including through greater use of clean energy sources. GEA considers there are significant opportunities for gas to play a larger role in meeting Australia's emission targets now and into the future.

GEA's responses to the consultation questions are below.

Achieving a net zero emissions economy in the long-term

- **How can the Government assist the positioning of the Australian economy to best take advantage of opportunities associated with the global transition to net zero emissions, while managing any risks?**

GEA considers there are three main ways the Government can manage the transition to net zero emissions which minimise and spread the resultant costs to the Australian economy.

1. Adhere to a technology neutral approach to energy and climate change policies, including 'green schemes' and innovation initiatives, that recognises the decarbonisation journey of gas and ensures policies and programs to support zero emission fuels include renewable gas fuels such as biomethane and biopropane as well as hydrogen.
2. Ensure as much as possible that all sectors of the economy contribute to the transition to net zero emissions. For example, rather than leave most of the heavy lifting to the energy sector, especially electricity generation, the transport sector could do more through the introduction of GHG emission standards for light and heavy vehicles.
3. Provide opportunities for regional and rural off-grid areas to reduce their output of GHG emissions, particularly those associated with remote power generation.

- **And what are these opportunities and risks?**

The emergence of new clean fuels and technologies such as renewable gas and innovative applications of existing gas fuels, including combining them with renewables and fuel cells,

demonstrate the importance of maintaining a technology neutral approach to emissions reduction to maintain consumer choice and encourage the development of cost-effective low emissions alternatives.

Gas fuels also present significant emissions reduction opportunities in both transport and stationary energy applications. With transport accounting for around 17 percent of total emissions in Australia, there is significant scope for this sector to contribute more to the Government's environmental objectives and international commitments. GEA supports mandatory GHG emission standards for light and heavy vehicles and encourages the Government to incorporate such standards in its policies to meet Australia's Paris Agreement commitments.

In the short term, low emission fuels such as LPG and natural gas have the ability to maintain reliability of supply and reduce emissions cost effectively in the face of increasing pressures on the electricity network from the influx of renewable generation and early retirement of coal fired power stations. In the medium to long term, when gas is well advanced along its decarbonisation journey, renewable gases such as biogas and hydrogen, that utilise existing infrastructure, offer the prospect of affordable, reliable net zero emissions energy.

- **Should particular regions or communities and emissions-intensive trade-exposed industries be assisted in the transition, and if so how?**

GEA considers that regional and rural off-grid areas should be supported in reducing their output of GHG emissions. Currently there are around 400,000 Australian homes and businesses reliant on electricity from off-grid generators. Much of the electricity for these entities comes from generators running on imported diesel and increasingly from often subsidised unreliable renewable sources. Off-grid generators and industrial users can all use LPG and natural gas fuels with current technology, and they are able to provide highly efficient decentralised power generation complementing renewable energy sources. Case studies show that gas and solar hybrid generators for off-grid generation, provide a lower emitting and more cost-effective solution than more common solar diesel hybrids.

- **What is the role of prudential regulation and macroeconomic policy in assisting the Australian economy transition?**

GEA has no comment

Sectoral and economy-wide policies

- **What are the barriers (regulatory and non-regulatory) to realising emissions reductions and are there any additional supporting policies, regulations or government actions that could drive emissions reductions in cost effective ways?**

GEA considers that the higher costs imposed on the economy from emission reduction policies that are not technology neutral to be a significant barrier to reducing Australia's GHG emissions.

Australian gas fuels which utilise existing technology and have abundant natural supplies are often overlooked or penalised by current Australian emissions reduction policies despite being the only feasible alternative to diesel and other sources of energy for heavy transport and off-grid baseload generation. Greater support for the use of gas fuels in transport and stationary energy applications would help to drive emissions reductions in cost effective ways.

- **How should sectoral policies be linked to ensure efficient economic outcomes and to minimise the cost of abatement across the economy?**

GEA has no comment

- **Should changes be made to the Emissions Reduction Fund to explicitly target multiple benefits (such as environmental outcomes) as well as abatement outcomes?**

GEA considers that incentives to reduce greenhouse gas (GHG) emissions such as the Emissions Reduction Fund (ERF) and its successor the Climate Solutions Fund (CSF) to be vital in ensuring Australia's industrial and transport sectors are encouraged to reduce emissions and utilise best practice technology to do so.

But before the ERF or CSF begin explicitly targeting multiple benefits, they need to be able to successfully target GHG emissions in sectors other agriculture. For example, GEA sees significant conceptual and practical problems with the current ERF Land and Sea Transport Methodology to measure GHG abatement. GEA considers there to be significant scope to drive the take up of low emission fuels by improving the current methodology to better credit emission reductions from fuel switching and drive investment in low emission technologies. Attached is a copy of GEA's response to the Department of the Environment and Energy's review of the carbon credits (Carbon farming initiative - land and sea transport) methodology determination 2015 consultation paper which outlines these concerns in more detail.

That said, GEA does support the ERF or CSF providing additional credit for actions that deliver other benefits in addition to GHG emission reductions. For example, fuel switching that cuts GHG emissions as well as toxic exhaust emissions harmful to human health would improve air quality, thus helping meet the goals of the National Clean Air Agreement and reducing mortality.

- **How should the Government ensure that major infrastructure investments remain resilient to future climate change impacts and policies?**

GEA considers that support for low and zero emission gas fuels would help to ensure that major infrastructure investments such as Australia's vast gas network of pipelines and virtual pipelines remain resilient to climate change policies which may seek greater electrification as the means to reduce emissions. Innovations such as biogas and hydrogen create the potential for clean, dispatchable energy resulting in zero emissions while using existing infrastructure. Not only would these opportunities not be realised if consumers are encouraged to remove existing gas infrastructure and make their energy needs all-electric, but either consumers or taxpayers would need to fund a massive expansion of the electricity network.

Supporting innovation, finance and new industries

- **What role should the Government play in enabling the development and uptake of low-emissions technologies and development of associated industries?**

GEA considers that governments should remain technology and fuel neutral when supporting the development of low emission technologies and associated industries. A technology neutral approach facilitates the take up of the most cost-effective low energy technology for specific applications and offer consumers a suite of opportunities to meet low emission objectives. The gas fuels industry is constantly developing and deploying low-emission gas technologies to deliver cleaner and cheaper products to its customers. Encouraging

Australian expertise and the development of gas fuels technology also creates and protects Australian based manufacturing jobs and helps keep these niche skills in Australia.

- **What role is there for Government in developing an enabling environment to support increased flows of green finance?**

GEA has no comment

International context

- **What role should international units have in Australia's response to climate change, and how should risks around availability, cost and quality be managed?**

GEA has no comment

- **What role should carryover from earlier commitment periods play?**

GEA has no comment

- **Should the Government facilitate the import of international units or export of Australian Carbon Credit Units?**

GEA has no comment

Should you have any questions relating to this submission please do not hesitate to contact Melissa Dimovski at mdimovski@gasenergyaustralia.asn.au.

For your consideration.

A handwritten signature in black ink, appearing to read "John Griffiths", with a horizontal line drawn through it.

John Griffiths
Chief Executive Officer
Gas Energy Australia