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Dear Dr Finkel

### **NATIONAL ELECTRICITY MARKET (NEM) SECURITY REVIEW**

Gas Energy Australia welcomes COAG's decision to establish the Independent Review to develop a Blueprint for Energy Security in the NEM and is keen to engage with the Review and provide assistance where it can.

By way of background, Gas Energy Australia is the national peak industry body for the bulk of the downstream gaseous fuels industry, including Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). Our members include a range of businesses in the gaseous fuel supply chain from major companies to small businesses that are refiners and suppliers, fuel marketers, vehicle and equipment manufacturers and vehicle converters.

Gas Energy Australia regards the best approach to securing Australia's energy security is to diversify supply and increase the capacity of the range of lower emitting energy sources produced and readily available in Australia. Government policy regarding energy should be about ensuring that the best lower emitting and lower polluting technology is available for each particular job. Indeed, the most cost-effective solutions to increasing the security of the NEM may lie outside the NEM. Gas Energy Australia applauds the Federal Government's support in its 2015 Energy White Paper of increasingly taking a technology-neutral approach to energy policy. The 2015 Energy White Paper also highlights the risks of prematurely forcing new technologies in the energy market through policy interventions.

In this light, Gas Energy Australia endorses the Energy Policy Institute of Australia's submission to the Review of Energy Security of the NEM dated 4 November 2016, particularly its advocacy of technology neutrality and diversity and the need to develop a comprehensive and coordinated national energy and climate change policy supported by all States and Territories.

In particular, Gas Energy Australia notes the contribution a diversified range of energy sources, including gas, can make to securing Australia's future energy security in a cost-effective way. Increased use of various forms of distributed energy resources by households and businesses will help to reduce disruptions and reduce pressure on the NEM.

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Moreover, gaseous fuels are up to 25 per cent cleaner than other high emitting fuels, keeping with the national commitment to reduce carbon emissions and a recent report by the Bureau of Resources and Energy Economics noted that gaseous fuels have one of the lower long term costs of production of all the alternative fuels out to 2050.. Accordingly, it is important that gaseous fuels are part of any future energy mix.

We would also like to reinforce the flexibility of gaseous fuels. Gaseous fuels can be transported by tanker to essentially create virtual pipelines of energy without the capital expense of fixed energy infrastructure which has been the main driver of the significant increases in electricity prices over recent years. Not only will any increase in the use of gaseous fuels for distributed energy reduce the pressure on the electricity grid, but the backup systems for gaseous fuels production provides for flexible emergency responses to short-term energy shortages.

Gas Energy Australia has prepared our 2030 Vision for Domestic Natural Gas Fuels (ie LNG and CNG) which can be found at:[http://www.cleanercheaperfuels.com.au/ccf-content/uploads/2014/10/GEA\\_NGF2030VisionUpdate\\_V1.pdf](http://www.cleanercheaperfuels.com.au/ccf-content/uploads/2014/10/GEA_NGF2030VisionUpdate_V1.pdf); and our Vision for Stationary Energy LPG which can be found at [http://www.cleanercheaperfuels.com.au/ccf-content/uploads/2014/10/GEA\\_LPG2030Vision\\_LR.pdf](http://www.cleanercheaperfuels.com.au/ccf-content/uploads/2014/10/GEA_LPG2030Vision_LR.pdf). Both Visions include a 10 Point Plan and outline the many ways that Australian governments and industry can work together to provide all Australians with cleaner and cheaper sources of energy. Our Visions also note the energy security problem we are facing and that diversification across a range of cleaner Australian fuels is the key to addressing this problem.

The Federal Government's 2015 Energy White Paper also acknowledged the role distributed energy currently plays, and the potential it has, to play a larger role, in reducing costs, improving stationary energy security and improving reliability standards in terms of lessening loads on grids, reducing infrastructure investment needs and improving overall energy supply resilience.

Finally, we urge the Review to consider, early in its deliberations, options to increase NEM security that lie outside the NEM and not lock itself into particular NEM-based solutions and we would be more than happy to discuss these issues with the Review. We are further looking forward to the release of the preliminary report and providing a more detailed submission based on its contents.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Griffiths", with a long horizontal flourish extending to the right.

John Griffiths

Chief Executive Officer