



7 March 2016

The Hon Dr Mike Nahan MLA

Treasurer; Minister for Energy; Citizenship and Multicultural Interests

13th Floor

Dumas House

2 Havelock Street

West Perth WA 6005

Via email: Minister.Nahan@dpc.wa.gov.au

Kalbarri grid study should include gas

Dear Treasurer

I am writing to you on behalf of the members and associates of Gas Energy Australia concerning your recent announcement to conduct a \$300,000 study into micro-grids to improve the reliability of the supply of electricity to Kalbarri.

Gas Energy Australia supports efforts to improve the reliability of energy supply to regional and remote communities and calls on the Western Australian Government to include gaseous fuels in the scope of the Kalbarri grid study and not restrict it to renewable energy sources. Use of gas would enable Western Australians to benefit from their own gas resources, which can be transported to regional and remote areas as liquified petroleum gas (LPG), liquified natural gas (LNG) or compressed natural gas (CNG), maintain local jobs, deliver better environmental outcomes and reduce costs.

The Bureau of Resources and Energy Economics 2012 *Australian Energy Technology Assessment* estimated that gas fired generators have lower costs of production per unit of energy compared to renewable energy sources. For example, the costs of production per unit of energy for combined cycle gas turbine generators are estimated to range between \$81 to \$93 per MWh compared with more than \$212 for solar generation.

Gas also excels in providing high intensity short duration energy delivery such as heating and cooking, and long term base energy consumption such as standby and backup generation. Removing these high energy activities from electricity grids serves to smooth consumption and reduce the capacity requirements of local electricity distribution networks, as well as significantly reducing the required size of micro-grid operations.

And not only is gas a low emission energy source, but the Productivity Commission's 2011 *Emission Reduction Policies in Key Economies* report concluded that fuel switching from coal to gaseous fuels for electricity generation had the lowest cost of carbon abatement. It also found that government policies promoting renewable technology significantly raised energy costs and the cost of abatement. Gas Energy Australia encourages the Western Australian Government to note that the experiences of other countries such as the United States, consistently demonstrate that the use of gaseous fuels can achieve environmental objectives at lower cost than renewable technologies.



Gas Energy Australia's 2030 Vision for Cleaner, Cheaper Australian Fuels document details steps that Australian Governments and industry can take to increase the role of gaseous fuels in Australia's energy mix and can be found at www.cleanercheaperfuels.com.au.

In conclusion, it is likely that all Western Australians would benefit from including gaseous fuels in the scope of the Kalbarri grid study. Gas Energy Australia appreciates your consideration of this important issue, which is even more important if the Kalbarri study influences efforts to improve the reliability of energy supply to other regional and remote communities in Western Australia, and would welcome the opportunity to discuss it with you.

For your consideration.

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