

6 July 2018

Australian Government
Department of the Environment and Energy

By Email: NationalEnergyGuarantee@environment.gov.au

National Energy Guarantee - Submission to Consultation Paper

Energy Developments Pty Ltd (**Energy Developments**) thanks the Australian Government acting through the Department of Environment and Energy (**DEE**) for the opportunity to make this submission in reply to the Consultation Paper dated 15 June 2018.

Energy Developments' vision is to be a leading global producer of sustainable distributed energy. As such we support policy, such as the National Energy Guarantee (the **Guarantee**) and the emissions reduction framework that supports it. These frameworks encourage lower emissions, maintain system security and reliability and improve affordability. As a company we look for a policy which:

- Supports the delivery of new investment into distributed energy generation;
- Supports a strong and enduring abatement target;
- Removes complexity to support the delivery of low emissions at an affordable energy cost for consumers;
- Adopts a consistent approach to recognition of net emissions across alternative technologies;
- Supports the transition from the current RET; and
- Promotes competition in a mostly concentrated energy market.

We believe, other than for the comment below, that the Guarantee has these attributes. Energy Developments provides its submissions from the perspective of a clean, distributed, small scale generator of reliable electricity.

About Energy Developments

Energy Developments owns and operates an international portfolio of over 985MW of power generation facilities in Australia, North America and Europe. In Australia, Energy Developments' operations total approximately 706MW of generation capacity across five areas:

- (a) **Landfill Gas:** Energy Developments is the largest operator of landfill gas power generation in Australia, with 78MW of generation capacity across 21 power stations;

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- (b) **Waste Coal Mine Gas:** Energy Developments is the largest operator of waste coal mine gas power in Australia, with 288MW of generation capacity across 9 power stations. These assets operate on a consistent and reliable basis (utilising a gas that would otherwise contribute to CO₂e emissions for no benefit);
 - (c) **Wind / Solar:** Energy Developments owns and operates the 30MW Cullerin Range Wind Farm in NSW, the 12MW Wonthaggi Wind Farm in Victoria, the 9.3MW Coober Pedy Renewable Hybrid Power Station and the 1.7MW Weipa Solar Farm;
 - (d) **Remote Energy:** For over 20 years, Energy Developments has operated electricity generation sites for remote towns and mine sites in Australia. Energy Developments' current portfolio comprises over 287MW of generation capacity in 24 power stations; and
 - (e) **LNG/CNG:** Energy Developments has developed innovative and economically effective methods of transporting natural gas through "virtual pipelines". The current portfolio comprises a 200 tonne per day nameplate LNG plant plus LNG and CNG transportation infrastructure.

Energy Developments operates in every mainland state and territory of Australia and accordingly, participates in the NEM, the Wholesale Electricity Market and the Northern Territory electricity market.

Energy Developments supports the intent of the the Guarantee to integrate energy and climate policy. However we are concerned that the Guarantee does not recognise the carbon benefit of using a waste stream as opposed to a purposefully created fuel to generate electricity.

Energy Developments produces 288MW of NEM connected generation from waste coal mine gas in regional Queensland and New South Wales. Waste coal mine gas is a waste gas created as a by-product of an industrial process (coal mining). As a part of that industrial process, emissions are created. The generation of electricity from these emissions captures the emissions and turns them into a useful product, electricity. If waste coal mine gas is not captured and converted to electricity it is flared (with no beneficial use being made of it) or vented as methane (a negative environmental outcome).

Energy Developments is concerned that the Guarantee does not capture the whole carbon lifecycle of the waste gas process. This lifecycle includes the carbon emitted from electricity generation activities and the reduction in carbon emissions from the flares and vents on the mine site. Other schemes have captured the lifecycle of the waste gas, from creation through to ultimate use. Those schemes generated behaviours to promote the capture and use of waste gases, whereas the Guarantee has the potential to drive behaviours that will not seek to do so. The use of waste gas in a generation plant does not increase carbon emissions (compared to the alternatives of venting or flaring the waste gas).

Another benefit of Waste Coal Mine Gas generation is that it has a firmer and more reliable generation profile than solar or wind generation, offering system reliability and security benefits in regional locations.

Energy Developments submits that Waste Coal Mine Gas should be granted a zero emissions intensity under the Guarantee to recognise its beneficial reuse of a waste stream and to encourage its utilisation at coal mines to support greener mining and also to support greater reliability in the NEM.

Setting and Reviewing the Electricity Emissions Target

Energy Developments supports Australia's commitment to reduce its emissions by 26 percent below 2005 levels by 2030. Energy Developments believes that the electricity sector, which accounts for over one-third of Australia's total emissions, is capable however of reducing its emissions by more than 26 percent.

Energy Developments otherwise has no comments on the Government's proposals regarding the setting of initial electricity emissions targets or amending targets and setting future targets under the Guarantee.

Implementing the Exemption for Emissions Intensive Trade Exposed (EITE) Activities

Energy Developments supports the proposal to exempt all electricity supplied for use in carrying out an EITE activity under the RET to be carried through under the Guarantee.

Use of Offsets

Energy Developments does not support the use of overseas offsets in the initial phase of the scheme. It is Energy Developments' view that the new scheme and its associated targets should be allowed time to settle before additional complexities such as International or Local (such as ACCUs) offsets are added to the scheme. Adding these at this stage would add complexity and administrative burden without necessarily any clear benefit.

In Energy Developments' view the greatest value to consumers can be delivered by creating stability within a known framework. Given this, Energy Developments suggests that the use of offsets be delayed until the first review point under the Guarantee, in 2025.

Energy Developments would welcome an opportunity to discuss this submission further with DEE. Please contact Fiona Daly, Global Regulatory Affairs Manager on (07) 3275 5504 or Fiona.Daly@edl.com.au if the DEE would like to discuss any aspect of this submission.

Yours sincerely



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Energy Developments Pty Ltd