

8 March 2019

Dr Kerry Schott AO
Independent Chair
Energy Security Board (ESB)
Email: info@esb.org.au

GEA COMMENTS ON THE DRAFT METRICS FOR THE STRATEGIC ENERGY PLAN

Dear Dr Schott

Gas Energy Australia (GEA) welcomes the opportunity to provide comments on the Draft Metrics for the Strategic Energy Plan (SEP) consultation paper.

As you are aware from our meeting in May last year, GEA is the national peak body, which represents the bulk of the downstream alternative gaseous 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 gaseous fuels supply chain including producers, refiners, distributors, transporters, retailers, vehicle manufacturers, equipment manufacturers and suppliers, installers, educators and consultants.

GEA strongly supports the implementation of metrics to track the progress of the SEP against the five high level outcomes outlined: affordability; reliability; competitive markets; low emissions electricity and gas systems; and efficient and timely investment in networks.

In addition, GEA considers it critical that these metrics measure the contribution from all Distributed Energy Resources (DERs), not just those connected to the electricity network, to achieving these high-level outcomes. As previously stated, GEA supports a whole-of-market approach to meeting Australia's energy needs that takes into account all energy sources, not just electricity from the National Electricity Market (NEM).

Indeed, gas is the largest source of distributed stationary energy in Australia and provides reliable low emission energy for many individuals and businesses. Increased use of gas as an DER can delay or postpone indefinitely the significant costs of expanding or upgrading electricity networks as well as reduce the strain on the electricity grid during peak load periods. Greater use of gaseous fuels which can be transported by road tankers to create virtual pipelines without the capital expense of fixed energy infrastructure, offer a way to further reduce energy costs, particularly in regional areas.

Page 1 of 2

Moreover, the importance of the metrics measuring the contribution from all DERs to achieving the high-level outcomes will increase as more people opt to use DERs. Therefore, it will become more important over time to better understand how DERs can help achieve greater reliability, increased affordability and lower emissions.

GEA also strongly supports the identification of barriers to the uptake of DERs. As GEA has previously advised, the rules and regulations governing the NEM remain very complicated and represent a barrier to potential new suppliers. Further, GEA considers the exclusion of non-renewable fuels and technologies from various government schemes, such as subsidies provided under the Small-scale Renewable Energy Scheme, should be recognised in the metrics as barriers to the uptake of those DERs that do not receive subsidies such as gas only sourced distributed energy and ultimately to achieving the high-level outcomes.

We would be more than happy to discuss these issues with the ESB and look forward to working with it on the delivery of more affordable, reliable and sustainable energy to all Australians.

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