



13 April 2018

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

Gas Energy Australia Response to NEM Data Strategy

Dear Dr Schott,

Gas Energy Australia (GEA) welcomes the opportunity to comment on the ESB's NEM Data Strategy Consultation Paper.

GEA is the national peak body for the bulk of the downstream gaseous fuels industry, including Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). GEA members include refiners and suppliers, fuel marketers and transporters, vehicle and equipment manufacturers and vehicle converters within the gaseous fuel supply chain and range from small companies to major businesses.

Overview

The Finkel Review highlighted the need to enhance the availability of data and information to support the market in adapting to rapidly changing conditions. The availability of data will play a crucial role in supporting future security, reliability and affordability of distributed energy, including off-grid electricity generation, driven by new technologies and services. Subsequently and as recommended in the Finkel Review, the ESB is developing a data strategy for the National Electricity Market (NEM).

GEA agrees that improved access to data will support future security, reliability, affordability and emissions reduction within a rapidly transforming energy market and agrees in broad terms with the position taken in the Data Strategy Consultation Paper that foreshadows the need for better informed policy, planning and investment decisions to help meet Australia's future energy needs.

GEA's submission responding to the National Energy Guarantee (NEG) Draft Consultation Paper supported the technology-neutral approach taken by the Government and advocated for greater use of distributed energy resources, including gaseous fuels, to reduce pressure on the NEM. Such an approach increases the importance of publicly available disaggregated data to inform market participants.

Consequently, I would like to take this opportunity to provide you with an overview of current data covering Australia's gaseous fuels industry, which demonstrates its ability to help improve the reliability, sustainability and affordability of energy in Australia.

Current industry reporting

While both LNG and CNG have strong growth potential, LPG is still the most widely used distributed energy source in Australia. LPG is available all of the time and meets a range of applications, including domestic and leisure, transport, commercial and industrial usage.

Since 2008, Gas Energy Australia has been collecting and publishing LPG industry data from both producers and marketers (sellers) via its specifically commissioned 'LPG Demand and Supply' study to provide industry and government with an overview of production and consumption of LPG. A copy of the latest edition of this report covering 2016 is provided as an attachment to this submission. We are happy to provide a copy of the 2017 report when it is ready in the next couple of months.

With the introduction from 1 January 2018 of mandatory reporting of petroleum statistics, the Australian Government will compile data on LPG supply and demand covering the entire industry. This will ensure comprehensive statistics are available to governments and industry for a range of purposes, including to provide a better overview of national fuel supply including wholesalers and distributors.

In 2017, GEA produced a report entitled '*The Australian LPG Industry, Our Value to the Nation*' which used a combination of GEA and ABS data to show the value LPG represents to Australia in terms of customers, people, infrastructure, emissions reductions and autogas capabilities.

Domestically, LPG provides stationary energy to almost *two million* individual households with a further *160,000* businesses making use of this versatile energy source both regionally and in capital cities. Demand for stationary LPG has remained steady at an average of *740 kilotonnes* used annually since 2008. GEA members have just under \$4 billion invested in delivering stationary energy LPG across Australia, which in turn provides a livelihood for more than *1600* people through direct employment and contracts. A copy of this report is provided as an attachment to this submission.

A scalable, safe, low emissions solution

Increasing the use of gaseous fuels for both domestic and commercial consumers already experiencing reliability issues, particularly those on the edge of the grid, would permanently reduce the strain on the grid and significantly decrease the need to expand or upgrade it. These fuels can be deployed rapidly in bulk via a virtual pipeline comprised of trucks and tanks to both small and large customers for domestic and commercial use.

Moreover, gaseous fuels can not only be scaled up quickly and efficiently to meet demand when conventional power is reduced or absent, but without the added infrastructure of poles and wires, it can also drastically reduce the probabilities of fires in bushfire prone areas.

Much of Australia's existing regional and remote off-grid electricity comes from generators running on diesel which is often imported and has less than desirable environmental consequences. By contrast, gaseous fuels are a clean, portable solution with the ability to meet the increasing energy demands of a nation. With its flexible distribution network and low infrastructure costs, gaseous fuels are a more environmentally sound choice for powering and supporting these communities.

Further, gaseous fuels are a competitively priced, low emissions energy source for households and businesses, offering the prospect of significant savings and emission reductions for consumers compared to electricity.

Conclusion

In summary, gaseous fuels have a role to play in combination with other distributed energy sources in helping fulfill the objectives of the NEG. GEA members will continue to provide industry data which can inform policy makers, including the ESB, about the capabilities and potential of gaseous fuel to help address the energy policy challenges currently facing Australia.

GEA is more than happy to discuss these issues with the ESB and looks forward to working with it on the further development of the NEG and the delivery of more affordable, reliable and sustainable energy to 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