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SUSTAINABILITY OF ENERGY SUPPLY AND RESOURCES IN NSW

Organisation: Gas Energy Australia

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Mr Alex Greenwich
Parliament House
6 Macquarie Street
Sydney, NSW 2000

GAS ENERGY AUSTRALIA'S RESPONSE TO THE NSW LEGISLATIVE ASSEMBLY'S INQUIRY INTO THE SUSTAINABILITY OF ENERGY SUPPLY AND RESOURCES IN NSW.

Dear Mr Greenwich

Gas Energy Australia (GEA) welcomes the opportunity to provide comments in response to the New South Wales (NSW) Legislative Assembly's Inquiry into the sustainability of energy supply and resources in NSW.

GEA is the national peak body, which represents the bulk of the downstream alternative gas 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 gas fuels supply chain including producers, refiners, distributors, transporters, retailers, vehicle manufacturers, equipment manufacturers and suppliers, installers, educators and consultants.

GEA is committed to working with all Australian Governments, including that of New South Wales, to support efforts to increase reliability, reduce greenhouse gas (GHG) emissions and increase the sustainability of energy supply, including through greater use of clean energy sources. GEA considers that the greater utilisation of gas fuels would increase diversification of NSW's energy supply and reduce emissions cost effectively.

GEA considers there are three main areas where the NSW Government can manage the transition to a sustainable energy future which will minimise and spread the resultant costs to the Australian economy.

Technology neutrality and decarbonisation of gas

Remaining technology and fuel agnostic when designing financial incentives and 'green schemes' needs to be a key policy principle. Given the significant environmental benefits of LPG, and other gas fuels as well as their ease of accessibility for regional and rural areas, these fuels should be provided the same support as other lower emission fuels and technologies. Government policies and support should be focused on the required outcome of reducing emissions, not attempting to pick winning technologies or fuels.

GEA considers that the higher costs imposed on the economy from emission reduction and renewable energy technology policies that are not technology neutral to be a significant barrier to reducing carbon emissions and increasing reliability. Gas fuels which utilise existing technology and have abundant natural supplies are often overlooked or penalised by current Australian emissions

reduction policies despite being the only feasible alternative to diesel and other sources of energy for heavy transport and off-grid baseload generation. Greater support for the use of gas fuels in transport and stationary energy applications would help to drive emissions reductions in cost effective ways.

There also needs to recognition of the development of new low and zero emission fuels and technologies which will become more accessible and cost effective into the future eg, biopropane, biomethane and hydrogen. The emergence of these new clean fuels and innovative applications of existing gas fuels, including combing them with renewables and fuel cells, demonstrate the importance of maintaining a technology neutral approach to energy policy to encourage the development of cost-effective low emissions alternatives.

GEA considers that governments should remain technology and fuel neutral when supporting the development of low emission technologies and associated industries. A technology neutral approach to energy policy facilitates the take up of the most cost-effective low energy technology for specific applications and offers consumers a suite of opportunities to meet low emission objectives. The gas fuels industry is constantly developing and deploying low-emission gas technologies to deliver cleaner and cheaper products to its customers. Encouraging Australian expertise and the development of gas fuels technology also creates and protects Australian based manufacturing jobs and helps keep these niche skills in Australia

Opportunities for lowering emissions and increasing reliability in regional and rural areas

GEA considers there to be significant opportunities in improving access to low emission distributed energy though government support programs to reduce energy costs and emissions, for regional and rural areas. The fact that emission reduction opportunities are significantly different for households and businesses in regional areas that are not on the electricity grid needs to be considered. As one of the cleanest conventional fuels available, LPG is a viable choice to reduce emissions in low energy intensive applications.

The increased use of various forms of distributed energy resources by households and businesses in New South Wales would help to increase reliability and reduce emissions. In contrast to centralised electricity generating facilities such as coal and gas fired power stations, hydroelectric dams and large-scale wind farms, all of which typically require electricity to be transmitted over long distances, distributed energy is decentralised, modular and located close to the energy need it meets. Examples of distributed energy resources include roof top solar water heaters and photo-voltaic panels, off-grid diesel and gas electricity generators and gas, both natural gas and LPG used in homes or businesses to heat water, cook or provide warmth.

Gas fuels are clean, abundant and create local jobs through production and niche manufacturing in regional areas. As Australia becomes increasingly dependent on imported fuels, encouraging more use of locally produced gas fuels for things like distributed energy production in remote communities with gas and renewable hybrids will provide secure, cleaner and cheaper generation.

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Encouraging substitution of imported diesel with clean domestic gaseous fuels for off-grid power generation

Off-grid generators and industrial users can all use LPG and natural gas fuels with current technology. Gaseous fuels are able to provide highly efficient decentralised power generation complementing renewable energy sources. Remote and off-grid communities can easily shift from diesel to gas generation and renewable hybrid options, which can be utilised into the future with renewable gases to provide even greater emissions reductions while not compromising on reliability.

Case studies show that gas and solar hybrid generators for off-grid generation, provide a lower emitting and more cost-effective solution than more common solar diesel hybrids. Many remote communities are still dependent on imported diesel for power generation or they have unreliable network access when at the same time our reliance on imported fuels is increasing. LPG and natural gas can do the localised generation job well and over time can also be used to shift a portion of Australia's transport needs - including heavy transport - from diesel to gas using technology that is well established. Encouraging substitution of imported diesel with gas fuels for off-grid power generation would improve environmental outcomes and create local jobs. And in the case of many remote and rural communities, would provide cleaner, more reliable power options.

Conclusion

In conclusion, GEA considers that increased government support for the greater use of gas fuels in these three key areas would significantly contribute to reduced emissions and increased reliability. Ensuring that policies and incentives targeting renewable energy remain technology neutral and do not favour one technology or fuel over another, will ensure that there is continuous development of cost-effective low emissions technologies. Improving access to low emission distributed energy though government support programs will contribute to reduced energy costs and emissions, especially in regional and rural areas. And encouraging substitution of imported diesel with clean domestic gaseous fuels for off-grid power generation would ensure that off-grid communities are not reliant on imported fuels and have the ability to improve the reliability and reduce the emissions of their electricity supply.

Should you have any questions relating to this submission please do not hesitate to contact Melissa Dimovski at [redacted]

For your consideration.

[redacted]

John Griffiths
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