

**Submission
No 5**

**INQUIRY INTO THE SUPPLY AND COST OF GAS AND
LIQUID FUELS IN NEW SOUTH WALES**

Organisation: University of Melbourne Energy Institute

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18 December 2014

Mike Sandiford
Director
Melbourne Energy Institute

The Director
Select Committee on the supply and cost of gas and liquid fuels in New South Wales
Parliament House
Macquarie St
Sydney NSW 2000

Dear Director

Re: The supply and cost of gas and liquid fuels in New South Wales (Inquiry)

Over the next few weeks, the University of Melbourne Energy Institute (MEI) will complete a report focusing on gas demand in NSW. This report will be highly relevant to the inquiry.

The report will present a scenario describing how gas demand in NSW could fall significantly over the course of the next 10 years. This scenario considers the impacts of factors such as:

- rising gas prices
- warming winter temperatures and their impact on space-heating needs
- the projected post-carbon-price-repeal economics of gas for electricity generation
- the relative costs of purchasing and operating electrical and gas appliances for households and commercial buildings
- industrial energy efficiency and fuel switching.

The report will also comment on whether - under the scenario of falling demand for gas in NSW - the existing gas supply system can be considered sufficient to meet projected winter peak demand.

The report will also include new and important research and information including;

- a breakdown of industrial, residential, and commercial gas use in NSW
- policy opportunities to mitigate the impact of gas price increases on industry and households

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As well as providing new analysis, the report synthesises important recent research by organisations such as:

- AGL
- The Alternative Technology Association (ATA)
- The Australian Energy Market Commission (AEMC)
- The Australian Energy Market Operator (AEMO)
- The Australian Government Bureau of Resource and Energy Economics (BREE)
- The Australian Government Bureau of Statistics (ABS)
- The Australian Industry Group (AIG)
- The City of Sydney
- Climate Works
- Core Energy
- Deloitte Access Economics
- The Energy Networks Association (ENA)
- Energy Quest
- The Grattan Institute
- The Independent Pricing and Regulatory Tribunal of NSW (IPART)
- The International Energy Agency (IEA)
- IT Power et al (for ARENA)
- The NSW Government Department of Environment and Heritage
- The NSW Government Department of Trade and Investment, Resources and Energy
- The Oxford Institute for Energy Studies
- Pitt & Sherry

The report will be finalised by mid January at which point it can be made available to the Inquiry. MEI would welcome the opportunity to explain the findings of the report to committee members.

Yours sincerely,

Mike Sandiford

CC: Tim Forcey - Energy Advisor Melbourne Energy Institute