Submission No 61

INQUIRY INTO CLIMATE CHANGE (NET ZERO FUTURE) BILL 2023

Organisation: Australian Pipelines & Gas Association

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Submission: NSW Climate Change Bill

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure, connecting natural and renewable gas production to demand centres in cities and other locations across Australia. Offering a wide range of services to gas users, retailers and producers, APGA members ensure the safe and reliable delivery of 28 per cent of the end-use energy consumed in Australia and are at the forefront of Australia's renewable gas industry, helping achieve net-zero as quickly and affordably as possible.

APGA welcomes the opportunity to provide comments on the NSW Climate Change (Net Zero Future) Bill. The pipeline industry is ready to support Australia's decarbonisation journey through renewable gas.

APGA supports a net zero emission future for Australia by 2050[1]. Renewable gases represent a real, technically viable approach to lowest-cost energy decarbonisation in Australia. As set out in Gas Vision 2050[2], APGA sees renewable gases such as hydrogen and biomethane playing a critical role in decarbonising gas use for both wholesale and retail customers. APGA is the largest industry contributor to the Future Fuels CRC[3], which has over 80 research projects dedicated to leveraging the value of Australia's gas infrastructure to deliver decarbonised energy to homes, businesses, and industry throughout Australia.

APGA supports Bill in committing New South Wales to cutting greenhouse gas emissions by at least 50 per cent by 2030 and reaching net zero by 2050. To achieve this, New South Wales must unlock the significant renewable gas resources in the state to alongside electrification.

All options must be on the table to meet ambitious targets

Like other Australian jurisdictions, New South Wales is committing to strong and ambitious greenhouse gas emission reduction targets. This will need strong and ambitious policy solutions that look beyond the immediate focus on electrification. Not only can electrification not support the decarbonisation of every end user, but renewable gases are a cost competitive decarbonisation option for the majority of gas users including residential gas consumers. A future integrated energy system for New South Wales which delivers

[1] APGA, *Climate Statement*, available at: https://www.apga.org.au/apga-climate-statement
[2] APGA, 2020, *Gas Vision 2050*, https://www.apga.org.au/sites/default/files/uploaded-content/website-content/gasinnovation_04.pdf
[3] Future Fuels CRC: https://www.futurefuelscrc.com/

renewable electricity and renewable gas to meet its energy needs and emissions reduction targets is highly likely to be lower cost than a single energy system delivering only electricity.

Electrification is not the only pathway for decarbonisation. The role that gas plays in Australia's decarbonisation journey has been acknowledged in the past, but a renewed focus on gas and renewable gas is needed to enable customers to access renewable gas as a legitimate decarbonisation choice for homes, businesses and industries. New South Wales must continue to pursue renewable gas as a viable decarbonisation option for all users, as it will boost the state's decarbonisation trajectory while also representing the most economically efficient pathway.

The state has significant biomethane potential – approximately 30 petajoules per annum – and green hydrogen potential production is only limited by access to renewable electricity and water resources. Hydrogen and biomethane are already actively decarbonising NSW gas customers by being blended into the gas distribution network in Sydney.[4] A larger renewable hydrogen production facility soon to be under construction will shortly begin decarbonising the gas network in Albury/Wodonga.[5]

This is only the beginning for renewable gas. APGA has commented extensively on the opportunities renewable gas can play in decarbonising Australia, which are also relevant to New South Wales, in our response to the Senate Inquiry on Household Electrification.[6] This is attached to this submission.

Policies needed to support renewable gas

New South Wales has been at the forefront of policies to support renewable gases, notably in the Renewable Fuels Scheme and the GreenPower renewable gas pilot. These schemes need only minor amendments to unlock the full benefit of renewable gases in decarbonising New South Wales.

Renewable Fuels Scheme (RFS)

The current design of the RFS will means that current natural gas customers, including retail and small business customers, will subsidise decarbonisation of transport and heavy industry. This is because the liable entities under the RFS are *natural gas retailers and end users that are not retail customers*; that is, current *wholesale* customers of natural gas. This can averted by:

a) Ensuring RFS certificates confer zero emissions for the volume of gas which they represent; and
b) Engaging with the Federal Government to ensure that the National Greenhouse and Energy Reporting (NGER) Measurement Determination is updated to include a market based method for calculating gas combustion emissions like that seen under S7.4.

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[4] Jemena, 2023, *Malabar Biomethane Injection Plant*, https://jemena.com.au/about/innovation/renewable-gas/key-projects/malabar-biomethane-project
[5] AGIG, 2023, *Hydrogen Park Murray Valley*, https://www.agig.com.au/hydrogen-park-murray-valley
[6] APGA, 2023, *Submission: Inquiry into Residential Electrification*, https://www.apga.org.au/sites/default/files/uploaded-content/field_f_content_file/20230929_apga_submission_-_submission_to_federal_residential_electrification_enquiry_compressed.pdf

GreenPower Renewable Gas Certification Pilot[7]

Under the GreenPower Renewable Gas Certification Pilot, commercial and industrial gas customers can match their gas use with renewable gas certificates. This allows those customers to obtain the benefit of renewable gas certificates, in a way very similar to the surrender of LGCs under the Renewable Electricity Target. The current design prohibits gas retailers from surrendering certificates to decarbonise *residential* gas customers. This includes households in Malabar being supplied with biomethane today.

This can be addressed very simply by expanding the GreenPower Renewable Gas Certification Pilot to all gas users, removing the household use prohibition. APGA's submissions to the Senate Inquiry on Residential Electrification emphasises the value to New South Wales household decarbonisation of this critical expansion to the GreenPower scheme.

To discuss any of the above feedback further, please contact me on or .

Yours sincerely,

JORDAN MCCOLLUM
National Policy Manager
Australian Pipelines and Gas Association

[7] While nominally a national scheme, work on the GreenPower certification scheme is being undertaken by New South Wales, and is appropriate to consider here.