

13 May 2020

Independent Review of the
Energy Security Board (ESB)

Submitted via: Department of Industry, Science, Energy & Resources consultation hub

GEA RESPONSE TO THE INDEPENDENT REVIEW OF THE ENERGY SECURITY BOARD

Dear Reviewer

Gas Energy Australia (GEA) welcomes the opportunity to provide comments in response to the Independent Review of the Energy Security Board (ESB).

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's responses to Independent Review of the ESB issues are outlined below.

Observations about the ESB's performance

GEA has engaged with the ESB on a number of issues for consultation, providing responses to the *Post 2025 Market Design Issues Consultation Paper*, the *Draft Metrics for The Strategic Energy Plan*, the design and consultation on the *National Energy Guarantee* and the *Independent Review of the Future Security of the National Energy Market (NEM)*.

GEA considers the ESB to be effective in performing its role in supporting Australia's energy transition and advancing the long-term interests of consumers in this process. GEA applauds the whole-of-system approach taken by the ESB and the welcomes the recent commitment to design a market framework that better reflects the current energy system. GEA has previously stated support for the whole-of-market approach to meeting Australia's energy needs that takes into account all energy sources not just electricity from the NEM.

GEA considers it vital that the ESB considers all forms of energy, including gas fuels, on an equal footing when examining and developing strategies on future energy security and the NEM and ensuring that solutions that are not within the NEM are considered. As GEA has previously advised, the rules and regulations governing the NEM remain very complicated and represent a barrier to potential new suppliers. As such, GEA considers that the Review should recommend that the ESB should seek to examine these potential barriers for new suppliers and wider barriers to the take up of distributed energy solutions, including standalone power systems, outside of the NEM.

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Reliability and affordability in the NEM

GEA regards the best approach to improving reliability of Australia's energy supply is to diversify supply and increase the range and capacity of low emission energy sources produced and readily available in Australia. Government policy regarding energy should be about ensuring that the best lower emitting and lower polluting technology is available for each particular job. Indeed, the most cost-effective solutions to increasing the security of the Australian energy supply may lie outside the NEM.

GEA considers there to be significant opportunities in recognising the role gas fuels can play in improving reliability and reducing emissions cost effectively, through the use of distributed energy resources and direct use of gas in transport and stationary energy applications.

GEA considers gas fuels have an important role to play in achieving the EBS's reliability and affordability goals, while achieving cost effective emissions reductions. Consequently, we suggest the Review should consider in its deliberations, options for the ESB to have more scope to explore options to increase NEM security that lie outside the NEM. Increasing the use of gaseous fuels for both domestic and commercial consumers, particularly those on the edge of the grid, would greatly reduce pressures on the grid and significantly decrease the need to expand or upgrade it. It would also improve reliability, particularly in areas prone to disruptions from events such as bushfires.

Overall, GEA supports in-principle the role and function of the ESB in supporting Australia's energy transition and advancing the long-term interests of consumers in this process. However, GEA considers that more can be done to achieve the ESB's goals of reliability and affordability by diversifying supply and increasing the capacity of the range of lower emitting energy sources produced and readily available in Australia.

GEA would be more than happy to discuss these issues detailed above with you and looks forward to working with the ESB on the delivery of more affordable, reliable and sustainable energy to all Australians.

Should you have any questions relating to this submission please do not hesitate to contact GEA's Policy Adviser, Ms Melissa Dimovski at mdimovski@gasenergyaustralia.asn.au.

For your consideration.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Griffiths", with a horizontal line drawn through it.

John Griffiths
Chief Executive Officer
Gas Energy Australia