

CLEANER, CHEAPER, AUSTRALIAN FUELS

2017-18 Federal Budget Submission

EXECUTIVE SUMMARY

Australian gaseous fuels - Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG) - are Australia's natural advantage. They are cleaner, and cheaper, supporting cleaner air and deliver more control over Australia's energy security and economic future.

During 2016-17, expensive subsidies continued to be provided to specific renewable technologies, rather than to a broader range of low emissions technologies including gas.

Australians, especially South Australians and Tasmanians, have seen first-hand the risks to energy security from unbalanced energy policies. Not only does gas have role to play in improving energy security and lowering emissions from large scale electricity generation, but its direct use as a distributed energy source can further do this, including in off-grid generation and providing an alternative to higher emitting and increasingly imported transport fuels.

Gas Energy Australia's 2017-18 Pre-Budget Submission points to steps that could be undertaken to ensure gas can continue to assist with the transition to a lower emissions future in a way that is not only budget neutral, but potentially delivers modest budget savings.

The Commonwealth Government is right to provide leadership on increasing gas supply and highlighting how utilisation of our natural advantage is not only better for the environment but also sustains a range of gas sector and manufacturing industry jobs. We applaud the Commonwealth Government's efforts to encourage State and Territory Governments to increase gas supply. However, the Commonwealth Government needs to do more. For example, removing barriers to gas-related jobs and innovation as well as progressing the National Clean Air Agreement.

It is not only new industries that are innovating, the gaseous fuels industry is constantly innovating to deliver cleaner and cheaper products to their customers, as well as directly and indirectly supporting jobs in manufacturing.

This submission builds on our recently released Visions for Natural Gas Fuels and Stationary Energy LPG, both of which include 10 point plans for industry, government and the community to enable Australians to benefit more from the use of the nation's gaseous fuels. As the Minister for Energy and the Environment has stated, "with gas having about half the emissions profile of coal, it also plays an important role as a transition fuel as we move to a lower emissions economy".

While this submission concentrates on first steps, a consolidated 10 Point Plan is attached at the end for context. Our Vision documents are attached as part of our submission. Both Visions advocate removing barriers for greater use of cleaner, cheaper Australian fuels to ensure Australia takes more control over its cleaner energy and economic future.



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Not only does gas have an essential role to play in power generation, but with Australia's abundant supplies of gaseous fuels, it makes no sense for Australia to be fully dependent on imported, dirtier and more expensive oil-based fuels (i.e. petrol and diesel) for transport energy and off-grid power generation.

With the recent electricity disruptions and shortages in South Australia and Tasmania, now is the time for the Government to act to promote diversification into other energy sources with different risk profiles, including gaseous fuels. Gaseous fuels provide more than just energy security, the gaseous fuels industry also supports Australian jobs and a cleaner environment.

There are strong economic, environmental and health benefits to be gained from removing barriers to the use of Australia's cleaner, cheaper and healthier gas supplies as an alternative fuel to imported, higher emitting and higher polluting diesel. In conjunction with other lower emitting energy sources, gaseous fuels can provide a more independent and cleaner future for Australia.

The World Health Organisation has concluded that diesel particulates are cancer causing and that there is no safe level of airborne particulates. It is estimated that diesel particulates are causing up to 3,000 deaths a year in Australia. It is important that the Commonwealth takes action on this and makes a firm commitment to work through the recommendations being developed as part of the National Clean Air Agreement, the Ministerial Forum reviewing vehicle emissions and other related agendas.

Not to mention that every 10 per cent reduction in the amount of imported diesel would save the balance of payments roughly \$870 million per annum. Additionally, increased use of clean, Australian gaseous fuels encourages Australian expertise and further innovation in gaseous fuels, thereby creating more Australian jobs.

This submission suggests policy settings that would help harness the best of Australia's natural advantages to reduce emissions and create Australian jobs. Additionally, we recommend that all 'green schemes' be truly technology neutral, i.e. that the Commonwealth continues to support all low emissions technologies not just renewables. This would result in the best outcome for the environment and the most effective use of taxpayer funds. That's good for the environment and more effectively uses taxpayer funds.

Our submission also calls on governments at all levels to implement policies to increase the supply of gaseous fuels and deliver energy security and to promote innovation across a range of industries, including the gas sector, that deliver jobs in manufacturing as well as lowering our carbon footprint. It is through a whole-of-government approach that the best outcome will be realised for all Australians.



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More information about Gas Energy Australia's Vision documents can be found at www.cleanercheaperfuels.com.au.

Gas Energy Australia will work with governments and the community to implement its 2030 Vision and 10 Point Plan in the interest of cleaner, cheaper, Australian fuels. To start the journey, this submission calls on the Commonwealth Government to do the following.

1. Ensure its carbon abatement programs are genuinely technology neutral. The Productivity Commission found the cost of abatement using gas switching incentives ranged from 16 to 49 per cent of the cost of using renewable energy incentives. This measure is expected to be budget neutral but even if the \$842.4 million of total grants provided by ARENA were discounted by only 10 per cent, this would yield a modest budget saving of almost \$84 million with no impact or a positive impact on emissions reductions.
2. Support innovation and the development of low emission gas technologies, to truly lower our emissions and support niche manufacturing jobs.
3. Strengthen Australia's energy security with a more diverse range of low emission energy sources. Greater use of Australian gaseous fuels as a distributed energy source is likely to be more sustainable and cheaper than the cost of up to \$3.5 billion estimated for proposed new electricity network interconnectors to SA and Tasmania.
4. Fulfil the Coalition's commitment to restore the rate of taxation on gaseous fuels to the 50 per cent diesel equivalent level promised, in recognition of the range of benefits gaseous fuels deliver for Australia.
5. Not cross-subsidise fixed pipelines at significant expense to taxpayers and consumers, when virtual pipelines already exist and can do the job more cheaply.



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Interesting Gaseous Fuels Facts

- Gaseous fuels have been recognised by the Bureau of Resource and Energy Economics (BREE) as having one of the lowest cost of production of any fuels in Australia out to 2050.
- Electricity emissions are the largest source of emissions in Australia, representing 45% of emissions, making it an important sector for abatement.
- There are 400,000 Australians and thousands of businesses in regional Australia that are not on the electricity grid – many of which run on dirtier, more expensive and often subsidised diesel generation.
- LNG and CNG natural gas fuels can reduce carbon emissions by up to 25% and virtually eliminates particulates along with NO_x and SO₂.
- The stationary energy LPG sector supports 2500 direct jobs while over 3600 automotive technicians are qualified to work on LPG autogas vehicles.
- Every 10% substitution of imported diesel by Australian gaseous fuels would save \$870 million in import costs.
- Transport related greenhouse gas emissions are predicted to grow by 37% between 2005 and 2025 – unless we support cleaner fuel options.
- LPG already contributes more than \$3.5 billion a year to the national economy and other gaseous fuels add to this contribution.
- Displacing 10% of diesel used on heavy on-road transport could reduce imported diesel by 1,018 million litres per annum reducing CO₂ emissions by up to 597,000 tonnes.



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What are Australia's cleaner, cheaper gaseous fuels used for?

Australian gaseous fuels, including CNG, LNG and LPG, come from abundant natural supplies across a range of sources and provide local Australian specialist design, engineering, construction and production jobs.

They can be used for a range of domestic, commercial, industrial and transport applications including:

- Lower emitting fuel for baseload power generation, especially off-grid generation;
- Being used alone where renewables are not optimal or in hybrid technology along with renewables to ensure cleaner, continuous power;
- Domestic heating and water heating, including solar gas hybrids which are among the lowest emitting and most cost effective source of domestic hot water;
- Lower emitting and less polluting transport fuels as an alternative to increasingly imported, higher emitting and higher polluting oil based fuels;
- The only viable and lower polluting alternative for heavy transport applications such as large long haul trucks, freight trains and ships and ferries which are increasingly dependent on imported diesel and dirty bunker oil from some of the most dangerous places on earth. Indeed, there is no renewable energy likely to be suitable for these heavy transport tasks for the foreseeable future; and
- Helping reduce Australia's strategic oil reserve shortfall more cost effectively by diversifying some of Australia's domestic fuels needs and reducing imports.



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1. REFORM GOVERNMENT POLICIES AND PROGRAMS TO ENSURE GASEOUS FUELS HAVE THE SAME ACCESS TO CLEAN ENERGY PROGRAMS AS OTHER LOW EMISSION ENERGY TECHNOLOGIES

As part of the 2017-18 Federal Budget, the Government should fulfil its Energy White Paper commitment to energy technology neutrality by ensuring its policies do not favour one technology or energy source over another. This can be done by including gaseous fuels in 'green schemes' and innovation initiatives such as the Renewable Energy Target, Small-scale Renewable Energy scheme and other programs administered by ARENA.

As Minister Frydenberg has said, "gas is an important part of the energy mix" and as one of the cleanest energy sources available, it makes sense for gaseous fuels to be included in all low emitting energy policies and schemes.

Gaseous fuels should also be given better access to schemes such as the Clean Energy Finance Corporation, the Emissions Reduction Fund and the Clean Energy Innovation Fund. All low emission fuels should have equal access to green schemes.

Given the significant environmental benefits of gaseous fuels, as well as their ability to be easily accessed in rural and regional communities, these fuels should be provided the same support by governments as other competing technologies. Government procurement policies should include gaseous fuels among their preferred fuel types.

The Commonwealth Government, through COAG and the COAG Energy Council, should call on State and Territory Governments to make a strong commitment to adopt lower emitting gaseous fuel technologies for major bus, ferry and train services. The Commonwealth should encourage all governments to ensure that their procurement rules and policies include gaseous fuels.

It should be noted that the COAG Energy Council has repeatedly acknowledged the important role of gaseous fuels as a transition fuel.

It is critical that Australian Governments promote the need for greater use of lower polluting technologies by taking tangible actions that demonstrate their commitment to that policy objective. For example, governments could help protect Sydney's iconic harbour not just by tightening diesel fuel standards on cruise ships, but also by adopting the much cleaner emission standards operating in Europe and North America which are being met by ships and ferries switching to gaseous fuels.



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It is also critical that Australian Governments do not introduce policies and programs supporting other alternative fuels, technologies and appliances that have the 'unintended consequence' of disadvantaging gaseous fuels. A market-based level playing field that is technology neutral is more likely to deliver affordable energy than one favouring higher cost options.

The Government should adopt a truly technology neutral approach.

As noted in the *Independent Review into the Future Security of the National Electricity Market*, 'gas generators are well-placed to complement variable renewable electricity generators' and as such, should be included in programs and policies that support renewable energy.

These programs already have a capped cost associated with them, hence this is a budget neutral measure.

In fact, the inclusion of gaseous fuels is potentially a savings measure, as gas is a cheaper form of abatement than most renewable technologies.

Indeed, a Productivity Commission research report *Carbon Emission Policies in Key Economies* found that the cost of abatement using gas switching incentives ranged from 16 to 49 per cent of the cost of using renewable energy incentives. Even if the \$842.4 million of total grants provided by ARENA were discounted by only 10 per cent, this would yield a budget saving of almost \$84 million.

And State Governments should be encouraged to provide assistance to low income families consuming gaseous fuels as they do for those consuming electricity and natural gas.



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2. BETTER SUPPORT FOR INNOVATION IN THE DEVELOPMENT AND DEPLOYMENT OF LOW EMISSION GAS TECHNOLOGIES

In line with its agenda to support innovation, the Commonwealth Government should be supporting innovation, R&D and manufacturing jobs in the development of specific gas technologies that Australia has a natural advantage in and specific need for.

It is not just new industries that are innovating. The gaseous fuels sector is constantly innovating to deliver cleaner and cheaper products to their customers. As mentioned earlier in our submission, the 2017-18 Budget should ensure that all innovation related policies and programs extend funding beyond the information and high technology sectors to include all industries, including traditional ones.

These industries, in particular the gaseous fuels industry, are also innovating to deliver lower emissions and better outcomes for their customers.

The need to support innovation in sectors beyond IT was noted in our 2016-17 Budget submission and was an issue that resonated during the 2016 Federal Election. GEA welcomes the efforts from the Minister for Industry, Innovation and Science, the Hon Greg Hunt MP, to emphasise the role of innovation in a wider cross section of Australian industry. However, there is more that can be done.

There is strong national interest in ensuring the National Science and Innovation Agenda and economic policy support the Australian gas sector because of its potential contribution to energy security, emissions reductions, niche Australian technology and manufacturing jobs and the emerging clean air agenda.

Indeed, the opportunity for cleaner and ultimately cheaper downstream gas applications in both stationary energy and potentially transport applications – means that Australia should utilise its massive gas reserves and reclaim its role as a world leader in downstream gas technology design and manufacturing.



Queensland company Intelligas has recently developed technology to retrofit a range of mine vehicles including trucks, dozers and shovels with a 'plug in plug out' tank and High Density Compressed Natural Gas (HDCNG) fuel system. Fitting these vehicles with a HDCNG engine not only reduces carbon emissions, but it improves the life of the engine and reduces engine noise. Government policy should support real world innovation that has practical outcomes.



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Australia is one of the largest gas producers in the world. At the same time, it has 10 per cent of the world's mining activity and some 400,000 Australians and businesses are dependent on off-grid generation – both still largely dependent on higher polluting and imported diesel, as is up to 30 per cent of the energy used for transport. It is also little known to most Australians that we operate some of the largest truck engines in the world. Ironically, because the rest of the world does not run things like road trains to the same extent as Australia, there is little demand elsewhere for 15 litre truck engines which are no longer being made overseas. However, Australia still needs such large engines for our heavy freight applications which are an ideal platform for lower emitting gaseous fuels where renewables are not a feasible alternative.

Australia must retain the skills and knowledge from its automotive manufacturing sector and capture and develop the expertise and skills from the recent capital investment phase of the growing export gas sector. Supportive innovation and R&D policy settings can help do this and build and promote a leading role for Australia in developing gas related technologies.

This would mean we are not just exporting another resource commodity but also harnessing the downstream environmental benefits and the niche design, manufacturing and production jobs right here in Australia. As one of the world's largest gas producers, Australia is also in the box seat to be a technology leader in gaseous fuels in areas with direct relevance to our economic needs and advantages.



Examples of existing innovation in this field include:

- Cryoquip at Dandenong designs and manufactures technical equipment and plant for gas installations.
- BOC's micro LNG plants in Dandenong Victoria, Westbury Tasmania and Chinchilla Queensland were designed in Australia.
- Australian engineers at Ford Australia who developed liquid phase LPG fuel injection for the Falcon and at General Motors Holden who developed new aluminium LPG fuel tank and associated fuelling system for the Commodore won awards from the Society of Automotive Engineers – Australasia.
- Bauer Kompressoren Australia (BKA) in Sydney are pioneers in refuelling system technology, developing a robust 'drop and go' innovative containerised system.



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- Innovative thinking and collaborative effort from AGL, APA Group, BOC and Clean Energy Fuels Australia to transport LNG from Dandenong in Victoria to Whyalla in South Australia and inject gas below the breach of a ruptured pipeline while it was repaired to maintain the local community's natural gas supply. A 'virtual pipeline' and our LNG know-how in action.
- The design and development of innovative LPG diesel gas technology for heavy duty vehicles through collaboration between industry and government, including regulators. The image below shows road testing of the technology in Victoria using a portable emissions measurement system of the sort that uncovered VW's attempt to understate emissions from some of its diesel vehicles.



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3. STRENGTHEN AUSTRALIA'S ENERGY SECURITY WITH GAS SOURCES DISTRIBUTED ENERGY

The recent blackouts in South Australia and the Tasmanian energy security crisis are recent examples of the need for greater energy security across Australia. Gas can strengthen Australia's energy security by providing more low emission baseload power and more distributed energy, including through hybrid options.



No other fuel source in Australia offers both existing and emerging technology in conjunction with sufficient abundance of resource to significantly displace higher emitting transport and stationary energy fuels. Given the current focus on energy security, gas provides an ideal lower emitting base load option in conjunction with renewables as part of the transition towards a low emissions energy future.

As the Prime Minister has said “energy security should always be the key priority” and “A number of the state Labor Governments have

over the years set priorities and renewable targets that are extremely aggressive, extremely unrealistic, and have paid little or no attention to energy security”. Our submission isn't about choosing between gas or renewables, it is about making sure that the right energy and right technology can exist on a level playing field to provide, secure, affordable and low emission energy to Australians.

As outlined in our Vision documents, a country as vast and regionalised as Australia, has a heavy reliance on off-grid generators, that service some 400,000 Australians, businesses and industry. However, most of these generators run on imported dirty diesel and increasingly on often subsidised unreliable renewable sources.

Energy security in Australia could be greatly increased with diversification into other energy sources which have different risk profiles, including distributed energy resources such as Australian gaseous fuels. 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.

Gaseous fuels can support a range of distributed energy options and are also consistent with the Federal Government's commitment to cleaner, lower emitting energy. As the Finkel Review rightly points out, “consumer choices can help avoid the



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cost of future network upgrades and improve grid security, but this requires the right price signals and incentives.”

Given the recent network disruptions by weather, the concern about over reliance on renewables and the cost of expensive interconnectors – estimated at up to \$3.5 billion for additional interconnectors to South Australia and Tasmania alone – there is a strong economic and energy security case to explore the value and risk mitigation of greater use of distributed energy options.

As is highlighted in our Vision documents and our 10 Point Plan, both industry and governments need to work together to continue to educate the community about the range of lower emitting energy sources available to them and how using a range of energy sources can help to mitigate against supply disruptions and increase our energy security.

Gas Energy Australia has welcomed the recent statements from the Minister for the Environment and Energy, about the need to unlock gas reserves and lift state and territory moratoriums. As the Minister has said, the answer to rising energy prices is “a truly national approach that involves the states and territories unlocking their abundance gas reserves as a means of driving down prices and creating jobs while enhancing energy security”.

The preliminary report of the Finkel Review also noted “the need for greater gas supplies for electricity generation is increasingly urgent”. It further noted an increase in gas supply for domestic consumption will lower the price of gas, provide certainty of supply and in turn cheaper, reliable and locally available energy to Australians.



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4. RESTORE THE RATE OF TAXATION ON GASEOUS FUELS TO THE PROMISED LEVEL

The significant economic and environmental benefits of gaseous fuels cannot be fully realised without addressing barriers to entry.

The Coalition originally opposed the introduction of the *Taxation of Alternative Fuels Legislation Amendment Act*, which applied excise to gaseous fuels for the first time. In Government, it has endorsed the Labor Government's commitment that the tax on gaseous fuels should not be more than 50 per cent of the rate on diesel/petrol on an energy equivalent basis given its environmental, energy security and regional development benefits. For LNG and CNG used in heavy transport, it is currently well over 70 per cent and should be reduced.

Restoring the relative tax burden would fulfil an already promised obligation and would be a demonstration of the importance of promoting innovative clean fuel sources to reduce carbon emissions.

Importantly – this proposed budget measure meets an already promised obligation.

“As industry has pointed out, LPG has the potential to deliver 13 per cent less in emissions than regular unleaded petrol. These bills, I know the Member for Grey will be pleased to hear, deliver a full 50 per cent tax discount in recognition of the potential environmental and other benefits that LPG and other gaseous fuels can deliver.” Bill Shorten MP

“The consequence of this policy before the House is that Labor will take an environmentally beneficial fuel, a fuel that is used in the taxi sector, the bus sector and the public transport sector more broadly and which produces fewer carbon emissions, and make it more expensive.” Steven Ciobo MP

“The opposition will not support the government's new excise on LPG, LCG and LNG, which will unfairly discriminate against public transport users, taxi users and motorists, who have invested in good faith in a clean fuel.

“This is bad legislation. It is not about improving efficiencies in this country. It is not about ensuring that Australia is a better place to live. It is legislation about taxing a fuel source which we have in abundance. It is legislation about taxing a fuel source that is efficient. It is legislation about taxing a fuel source that is a low emitter.” Senator George Brandis

Gas Energy Australia estimates that the cost of cutting the rate of fuel excise on CNG and LNG to meet the commitment that the tax on gaseous fuels should not be more than 50 per cent of the rate on diesel on an energy equivalent basis would be about \$16.8 million per annum.



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5. SUPPORT VIRTUAL PIPELINES AND REMOVE CROSS-SUBSIDATION OF FIXED PIPELINES

Over recent years there have been a number of proposals to build taxpayer funded fixed gas pipelines in different parts of Australia. Some of these proposals have been made without undertaking an assessment of existing infrastructure (or existing virtual pipelines) and without consulting local gas businesses.

The impact of such proposals, if they were to proceed, would be to encourage customers to move from using a privately funded commercial operator to a taxpayer funded pipeline. And even if they don't proceed, the floating of such proposals creates uncertainty for existing businesses and virtual pipeline networks.

Not only is this a potential misallocation of scarce public funds, but it also displaces and nullifies private investment.

The Commonwealth Government should commit to ensuring comprehensive feasibility studies are conducted on the best methods for delivering gas to regional communities and not wasting taxpayer dollars on subsidising fixed natural gas pipelines when virtual pipelines can do the job more cheaply.

Virtual pipelines can be built cheaper and faster, saving the community money. Indeed, there are hundreds of thousands of kilometres of existing 'virtual pipelines' providing LPG, CNG and LNG to communities and industry all around Australia. These 'virtual pipelines' can move readily with demand and already create thousands of Australian jobs.

Not only is this a potential misallocation of scarce public funds, but it also displaces and nullifies private investment.

Of course, governments are right to ensure all communities can access the energy sources they need. But instead of providing grants to build and operate pipelines, governments should provide rebates directly to households and consumers, giving them more options and more choice of their preferred energy source, including cleaner, cheaper gaseous fuels delivered through virtual pipelines.

Support for virtual pipelines aligns with the aims of the COAG Energy Council to ensure gas can act as a backup energy source to intermittent power sources such as wind and solar.

This policy is a proposed savings measure.



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10 POINT ACTION PLAN FOR INDUSTRY AND GOVERNMENT

1. Support cleaner air and improved health outcomes through greater use of gaseous fuels.
2. Support policies to reduce greenhouse gas emissions given the inherent low carbon content of gaseous fuels.
3. Ensure gaseous fuels have the same access to government policy, procurement and programs as other low emission energy technologies
4. Build awareness of the benefits of cleaner, affordable gaseous fuels to the Australian community.
5. Encourage greater use of gaseous fuels to power regional and remote Australian communities and fuel bus, ferry and train services.
6. Introduce appropriate tax settings to encourage greater use of gaseous fuels for transport, especially heavy vehicles.
7. Reduce regulatory costs and red tape that impose costs on consumers and taxpayers and discourage the use of domestic gaseous fuels.
8. Support training, innovation, R&D and manufacturing of new vehicles, equipment and appliances using Australia's gaseous fuels.
9. Recognise the role of virtual pipelines in providing energy to Australia's dispersed communities and the importance of facilitating refuelling infrastructure.
10. Continue to support the ability of communities to withstand and recover from natural disasters through the flexibility and portability of gaseous fuels.



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WHAT OTHERS HAVE SAID ABOUT GASEOUS FUELS

- “The lessons going forward are we need diversity of supply” and we need to “ensure a stable transition to a low emissions future and that’s why you need gas.”
Hon Josh Frydenberg, Minister for the Environment and Energy
- "... we have relied too much on wind rather than baseload renewables, rather than baseload power, including gas which is a fossil fuel but it is 50 per cent cleaner than coal and a good transitional fuel."
Senator Nick Xenophon
- Australia’s heavy reliance on imported fuel is a “discussion we have to have”.
Professor Ian Chubb, former Chief Scientist of Australia
- “Australia has a natural gas advantage that should translate into a world leading natural gas industry and competitive advantage driving economic growth and local engineering, design and other jobs. Engineers Australia supports the need for a diverse domestic fuel market in Australia ensuring we are not 100% dependent on foreign fuel imports.” Dr Brent Jackson, Engineers Australia
- “This is a great opportunity to use our local expertise and natural resources to meet Australia growing vehicle fleet needs. We know that an over reliance on one fuel source has its limitations so why wouldn't we seek to maximise the use of a fuel that provides great economy for motorists and that also reduces CO2 emissions compared to petrol?” Geoff Gwilym, VACC Executive Director, commenting on the Victorian Government’s support for the LPG Vehicle Demand Study
- “Australia’s fuel self-sufficiency could be increased to 50 to 70% by 2030 through using natural gas as a transport fuel, compared to just 30 to 40% using current fuel sources.” Professor Robert Clark, University of New South Wales
- “Australia should explore and trial the use of CNG passenger cars and LNG in heavy vehicles to increase our utilisation of domestic energy sources”. Chief Executive, Australian Automobile Association
- In its 2014 Australian Liquid Fuels Technology Assessment, the Bureau of Resources and Energy Economics found that natural gas fuels offer “the lowest LCOF (levelised cost of fuel) over most of the projection period and they remain cost competitive with the lower cost renewable technologies out to 2050.”
- “Australian natural gas is a high quality, environmentally friendly fuel, that is cheaper than distillates and supports Australian jobs. In Tasmania, we were proud to be a first mover, designing the world’s first high speed LNG ferry. The experience of sourcing and using domestic gas on this world’s first vessel, proved to be very satisfactory, as the quality experienced is far greater than is available to our customers in other global markets.” Robert Clifford AM, Chairman, Incat Group of Companies



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CONCLUSION

Rising electricity prices and recent power disruptions and shortages in South Australia and Tasmania, highlight the need for governments to promote diversification into other energy sources with different risk profiles. Gaseous fuels address the triple drivers of security, cost and environment and it is therefore critical to take the necessary steps to ensure these fuels become a bigger part of Australia's energy mix, as we transition towards a lower emissions future.

This submission calls on the Commonwealth Government to make changes to ensure policy settings help harness the best of Australia's natural advantages to reduce pollution and other emissions, as well as create and protect Australian jobs. And its recommendations, if implemented together, would reduce the budget deficit. Waiting for the market to respond organically will not work with current policy settings which often disadvantage gaseous fuels, favour other technologies and sometimes produce unintended consequences and less clean energy outcomes. Australia needs to act now to ensure that gaseous fuels are treated the same as other low emission energy sources so we can secure our energy future, lower the cost of energy, take care of the environment and protect niche manufacturing jobs.

Realisation of these benefits can be achieved by a partnership between a willing and proactive industry, and a committed government that wants to take the steps necessary to deliver better economic and environmental outcomes for Australia.

ABOUT GAS ENERGY AUSTRALIA

Gas Energy Australia is the national peak body that represents the bulk of the downstream alternative gaseous fuels industry, which covers Liquefied Petroleum Gas, Liquefied Natural Gas and Compressed Natural Gas.

The industry comprises major companies and small to medium businesses in the alternative gaseous fuels supply chain – refiners, fuel marketers, vehicle and equipment manufacturers, vehicle converters, consultants and other providers of services to the industry.

The Association's mission is to optimise the value and benefits of gaseous fuels for the benefit of Australia's national interest – to achieve energy security and economic prosperity in a lower carbon economy, and the Australian community in providing access to affordable energy.

The Association focuses on advocating the value and benefits of the fuels through engagement with the federal government, state authorities and the community.

