



12 January 2023

Minister for Energy & Renewables, Mr Guy Barnett
Renewables, Climate & Future Industries Tasmania
GPO Box 147
HOBART TAS 7001

Via: gas.strategy@recfit.tas.gov.au

Dear Minister,

Tas Gas Submission to Draft Future Gas Strategy for Tasmania

Tas Gas welcomes the opportunity to provide feedback on the Draft Future Gas Strategy for Tasmania (**the Draft Strategy**) during the period of public consultation. Tas Gas commends the Government for progressing this important policy initiative and recognise the Draft Strategy as an important and necessary step in ensuring that a strategic approach is adopted to support the State's transition to a Net Zero Carbon energy future.

Tas Gas is an Australian energy company that provides heat for families and businesses across Tasmania and regional Victoria. We own and operate the 839km distribution pipeline in Tasmania which is one of the most modern in Australia. It provides heat for cooking, home heating, hot water, and gas for commercial businesses and large industry every day. Tas Gas is also Tasmania's leading gas retailer. Tas Gas is privately owned by Foresight Group.

Tas Gas welcomes the recognition in the Draft Strategy of the important role that gas plays in Tasmania's energy mix, particularly within the State's industrial sector where suitable alternatives are currently unavailable. This recognition is an important foundation for Tasmania to achieve its broader energy and decarbonisation objectives. The confidence it provides to investors ensures the maintenance of gas industry assets and capabilities and allows customers greater confidence in planning their energy choices.

Tas Gas support the Government's approach outlined in the Draft Strategy of avoiding the introduction of mandates or moratoriums that would lead to a designation of preferred fuel types. Reliability and affordability of supply would be put at risk if these tools were adopted. Instead, we recognise the benefit of the Government's approach to supporting a range of alternative renewable gases, aligned with Tas Gas's recommendation (outlined in the Tas Gas submission to Tasmania's Future Gas Strategy Discussion Paper ([Gas and decarbonisation | Renewables, Climate and Future Industries Tasmania \(recfit.tas.gov.au\)](#)), January 2022) of pursuing a hybrid fuel mix. This remains the best path to deliver the lowest cost and fastest path to a Net Zero Carbon gas network while avoiding risks to energy security.

Tas Gas acknowledges the Draft Strategy's recognition that the State's existing natural gas infrastructure is likely to play an important role in a future decarbonised gas network. Tas Gas's distribution pipeline provides an efficient and effective way to move energy in the form of gas no matter whether that gas is natural gas, hydrogen or biogas. In addition to the existing

infrastructure, it is important to also recognise the gas engineering and technical expertise that currently exists within local industry and the need to retain those skills to support the transition to a decarbonised gas network.

Tas Gas notes that the Draft Paper has not been clear about precise timeframes for Tasmania to transition to a decarbonised gas network, and instead has identified four broad phases for a transition. It is important that any transition is supported by the further development of more precise timings for the transition as well as the milestones and actions within each identified phase. This next level of detail will allow industry and customers to plan more effectively. Tasmania risks losing opportunities that would arise from moving quickly, such as attracting new business investment and brand benefits, if supportive action on green gas development stalls.

We acknowledge the Draft Paper's outline of the actions being taken or to be taken by the Tasmanian Government to support the transition towards a decarbonised gas network. This includes financial support for the development of green hydrogen and the development of a bioenergy vision. Support through long term policies and funding to bridge the affordability gap for net zero carbon gases will be critical in ensuring gas plays an effective role in the energy transition.

Finally, it is important to note the volatile nature of gas prices over the past 12 months, and the challenges facing gas customers as a result. Tas Gas is supportive of downward pressure on gas prices, resulting in a more affordable commodity for its customers, and will continue to provide input to both State and Federal consultation processes to drive more sustainable outcomes.

Given the importance of the Draft Strategy to gas customers, Tas Gas have sought to provide an insight into gas-users in Tasmania in the form of two case studies (see Appendix A). These case studies emphasise both the interest being shown in gas policy development in Tasmania and the critical role gas continues to play for their businesses today and into the future.

We would welcome further discussions with RECFIT as this consultation process continues. For any questions please contact Will Temple-Smith, GM Commercial & Business Development on 0468 369 831.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Phaedra Deckart', with a stylized flourish at the end.

Phaedra Deckart
Chief Executive Officer

Case Study: Ameropa Australia

Ameropa Australia produces, originates and markets fertilisers through a network of 23 Distribution sites throughout Eastern Australia. The company is well known in the fertiliser industry for its brands Impact Fertilisers and Brown's Fertilisers and plays an important role in delivering a healthy and prosperous domestic farming and food production industry.

While the company is a wholly owned subsidiary of Ameropa, a Swiss based international agri-business, it is proud of its Australian heritage which has given Ameropa Australia its depth of knowledge in the local market.

In Tasmania the company's operations centre around its Hobart manufacturing plant. The plant has been operating for nearly 100 years and produces a granular fertiliser for Agricultural use that is distributed throughout the Eastern Mainland and via seven local depots enabling the company to provide a convenient despatch footprint for wholesale customers across the State.

Fertiliser manufacturing is an energy intensive business and natural gas is an important part of Ameropa Australia's energy usage, playing an integral role in the final processing of its product. Gas is specifically used in the drying of raw materials and finished fertiliser material.

The production of high-quality fertiliser in Australia requires competitively priced and lower carbon energy to avoid a transition to potentially more expensive and high carbon imports. Understanding the future role that gas is expected to play in Tasmania's energy mix is therefore of great importance to Ameropa Australia because it needs to plan for potential changes to production in the long-term, while ensuring the continuity of its operations in the short to medium term.

Ameropa Australia is hopeful that the State Government's Future Gas Strategy will work to resolve the energy challenges facing the domestic fertiliser industry, as doing so will be essential if Australia is to continue to manufacture fertilisers domestically and support the nation's ability to be self-sufficient in the provision of food.

Case Study: Boortmalt

Boortmalt is the world's leading malting company with 3 million tonnes of production capacity globally. In Australia the company benefits from the legacy of Joe White Maltings one of the oldest maltsters in the world, founded in Ballarat and running since 1858. The company today has six operating plants in Australia across five states including Tasmania, working to deliver high quality malt to customers locally and across Asia, Africa and South America.

Boortmalt's Devonport plant is the only malt production plant in Tasmania, being a key supplier of numerous Tasmanian (craft) breweries & whiskey distilleries and almost uniquely sourcing Tasmania grown barley for the malting process.

Today, gas plays an important role in Boortmalt's production process, delivering the main heat source for the malt drying process, and representing approximately 80% of the Devonport site's on-site energy needs.

Energy consumption is an important consideration for Boortmalt both globally and locally. The company has committed to reducing its emissions globally by at least 50% by 2030, and while natural gas is expected to remain an important part of its energy mix in the short-term, it will be looking at cost effective ways to replace a large portion of its fossil gas consumption with renewable energy sources in the long-term. Renewable gas technology, such as hydrogen boilers, could ensure a smooth transition to lower emissions. Irrespective of the chosen low emission technology in the future, it is envisaged that gas burners will continue to remain in place at Boortmalt's Devonport plant as back-up heating sources or more generally as part of its energy mix.

Because of the changing role of gas in Boortmalt's operations in Tasmania, sustaining a reliable natural gas supply is important, as is the accelerated development of natural gas alternatives in the State. The company is very conscious of the Tasmanian Government's consideration of the Future of Gas and is seeking a clear timeline for any transition to support the company's ability to consider options in its decarbonisation roadmap, and for a greater understanding of the incentives available for farmers and industry to progress biogas development.