Tasmanian Advanced Minerals Pty Ltd
(ABN 51 122 089 221)

21 January 2022

L220121

Renewables, Climate and Future Industries Tasmania
(by email: renewableenergy@stategrowth.tas.gov.au)

Dear Sir/Madam,

Re Tasmanian Future Gas Strategy

Tasmanian Advanced Minerals (TAM) mines and processes high purity silica in North-west Tasmania and exports the refined product for use in LCD and OLED display glass products such as televisions, computers, smart phones and tablets.

In the drying process at our Wynyard factory a fluidised bed dryer uses natural gas as the fuel to heat the fluidising air to 600 – 800 C.

Our research indicates that there is no commercially viable technology currently available to permit a change from a burner fuel to electricity.

The shift away from greenhouse gases is unavoidable but natural gas alternatives should also be priced competitively. In TAM's case, our competitors' countries either don't have the same 2030 greenhouse gas emission targets, or the targets bear little resemblance to actual emission reductions. So, it is not possible for TAM to achieve higher prices for products just because non-greenhouse fuel might be used. Consequently, increases in energy costs directly impacts the viability of our business.

The high pressure and low pressure distribution assets are monopolies, and there is no regulatory control of the costs passed to users. As result the costs paid are based solely on what the pipeline operators can extract. Tas Gas Networks, the operator of the low pressure line in Wynyard, is exempt from providing information and from arbitration under the National Gas Rules. The lack of pricing regulation, the lack of transparency on costs, and the inability to even question the costs of these privately held monopoly assets all combine to create an uncontrollable risk for business.

TAM currently purchases gas from Tas Gas Retail. Since commencing processing operations at our Wynyard factory in 2008, we have not been able to obtain any offers from retailers except for Tas Gas. I cannot speak for other areas of the state, but in the northwest the retail supply of gas is effectively a monopoly. The lack of competition is a concern. Moreover, there is a lack of transparency in pricing of both the gas commodity and the high pressure gas line transportation cost. For example, compared to the 2021 price TAM's 2022 transport cost portion has increased 39%. Tas Gas Retail advised that 25% was due to the pipeline operator's price increase and 14% was for Tas Gas themselves to enjoy. There is no regulatory control over gas prices, so combined with lack of competition, uncontrolled retailer margins are also a risk for business viability.

A mechanism to open retail operations up to users or user groups themselves would be one way of overcoming the risks associated with the current deficiencies in the retail sale of gas.

Tasmania is positioned well for the new era of low greenhouse gas energy supply. The resource is large and increasing, but finite. Hydrogen production offers further exciting opportunities. The use of energy within the state has a much greater multiplier on economic benefit than simply exporting energy, whether it be electricity, hydrogen, methanol or ammonia. The impact on Australian manufacturing resulting from the LNG export surge is a demonstration of the effects of spreading a finite resource too thinly.

Yours sincerely,

Chris Stuart
Managing Director

Postal Address PO Box 378 Wynyard, Tasmania 7325
Office & Factory 19 Stennings Rd, Wynyard Tasmania 03 6442 2600