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The Hon Guy Barnett MP
Minister for Energy
Level 5, Salamanca Building
4 Salamanca Place
Hobart TAS 7001

Email: renewableenergy@stategrowth.tas.gov.au

Dear Minister Barnett

Re: Draft Renewable Energy Coordination Framework

Tasmanian Gas Pipeline (TGP) welcomes the opportunity to provide feedback on the draft Renewable Energy Coordination Framework (the Framework).

TGP supports the objectives and goals of the Framework, particularly the orderly sequencing of new renewable energy developments (Goal 1.1), the success of which is critical to long-term energy security and a growing Tasmanian economy. The path to achieving Tasmania's 200% renewable energy target is technically, economically and commercially complex, being dependant on the orderly development of economically feasible major projects. The future export of large quantities of renewable power is heavily dependent on several factors including the following.

- *Commissioning of Marinus Link*

The Framework correctly identifies the need for this infrastructure to be in place ahead of the completion of any new wind and/or solar farms. Engineering, approvals, construction and commissioning of predominantly offshore infrastructure and associated facilities is a complex and long-term activity involving approvals across multiple state and federal jurisdictions. The complex nature of such projects often leads to longer development timeframes than estimated early in the design process. TGP suggests that the commissioning of Marinus Link is likely to be ten years away.

As also demonstrated by repeated Basslink outages and capacity reductions, there is an ongoing requirement for on island back-up power supplies to support the high voltage subsea power cables.

- *Mainland demand for Tasmanian energy*

The Framework acknowledges mainland energy demand depends on the retirement of coal-fired generation and the need for AEMO market mechanisms to support least-regret decisions on energy source development. The Framework does not appear to consider



what impact new renewable generation capacity developed on the mainland to replace retiring coal-fired generators (through Victoria's Renewable Energy Target, NSW's Electricity Infrastructure Roadmaps and even offshore project such as Star of the South) will have on the feasibility of Tasmania's Renewable Energy Target (TRET).

- *Successful development of Tasmania's renewable hydrogen industry*

TGP supports the development of Tasmania's hydrogen export industry which requires large quantities of renewable energy. While there are still several technical, commercial and regulatory challenges to overcome, TGP is committed to working with industry groups and the Tasmanian government to overcome these to ensure that existing gas transmission infrastructure is effectively utilised in a decarbonised future.

- *Natural gas can support industrial growth and the build out of renewables*

As identified in the Framework, orderly sequencing of new renewable energy projects is critical to the overall success of the Tasmanian Renewable Energy Action Plan (TREAP). Bringing on new sources of supply too early relative to coal-fired generation retirement will challenge economics of new projects, while bringing them on too late may necessitate rapid deployment of alternative, more expensive energy sources. The existing Tamar Valley Power Station (TVPS) alleviates the risk of new projects coming on too late by providing an existing, reliable energy source for the state. TVPS provides an opportunity to use existing energy infrastructure to support near term industrial growth and associated job creation in Tasmania, by acting as a balancing energy source while new renewables projects are developed and constructed in response to the increased on-island demand. It will also continue to provide energy security and redundancy when renewables are constrained due to short or long-term weather events (e.g. drought, low wind or irradiance conditions).

Whilst TGP is very supportive of Tasmania's renewable energy industry progression, it is important to recognise the critical role that natural gas will continue to play in providing energy security and as a source of industrial heat to Tasmania's main employers well into the future noting that natural gas underpins \$970M (3%) of Tasmania's GSP, including \$670M in northern Tasmania and supports total employment of 8,550 jobs.

TGP would also like to highlight the following initiatives and activities relating to the broader Tasmanian energy picture.

Hydrogen Industry Development

TGP is taking steps in support of the development of Tasmania's green hydrogen industry. Initial activities include:

- TGP is a member of the APGA Research and Standards Committee. This includes a close alliance with the Future Fuels CRC, a significant focus of which includes research into hydrogen in the areas of material compatibility, social acceptance and public safety
- TGP is seeking to join hydrogen clusters within the Bell Bay Advanced Manufacturing Zone (BBAMZ) and Gippsland. The Tasmanian Gas Pipeline is well placed between these two regions to provide a strategic link



- Being ideally positioned and having a major facility within the Bell Bay precinct, TGP can engage with nearby hydrogen proponents to identify mutually beneficial opportunities in areas such as blending and facilitation of hydrogen distribution either through existing or new infrastructure

Towards Carbon Neutrality

TGP aims to achieve carbon neutral status for its operations within the next 12 months. This will be achieved by identifying carbon emissions from sources including vehicle usage, electricity and water consumption, gas compression and travel. The acquisition of carbon offsets will be focused on projects benefiting Tasmania.

Hydrogen derived Synthetic Natural Gas

TGP believes Tasmania has a major opportunity to couple the development of renewable hydrogen with the establishment of a synthetic natural gas industry. Synthetic natural gas can be produced by adding an additional step to the hydrogen production process – see <http://oakleygreenwood.com.au/renewable-methane-the-next-step>. This would allow all existing natural gas infrastructure and appliances to be used without modification or reduction in safety. This would also provide Tasmania an opportunity to export synthetic natural gas to mainland Australia through existing infrastructure.

Bioenergy

TGP endorse the establishment of Tasmania's Bioenergy Vision as identified in the TREAP. Along with hydrogen and carbon capture and storage, biogas has been identified within the Gas Vision 2050 document as one of three key transformational technologies for the future energy mix within Australia. Tasmania have many potential sources of biogas and TGP are strategically positioned to support localised aggregation and transmission of this into to distribution networks.

Summary

TGP continues to support the development of Tasmania's renewable energy industry and the associated targets. The Framework document identifies the key aspects that need consideration for the orderly progression of industry development. TGP will continue to support energy security for Tasmania and provide a cost effective source of heat to industrial users. The focus on renewable gases will ensure that gas is not just a transitional fuel, but a key driver of Tasmania's energy future.

Yours sincerely

L.J. Ward.

Lindsay Ward
Chief Executive Officer
Tasmanian Gas Pipeline