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Climate Change Office
Renewables, Climate and Future Industries Tasmania
Department of State Growth
GPO Box 536 HOBART TAS 7001

Via email: climatechange@recfit.tas.gov.au

Palisade Investment Partners' Submission to "Tasmania's Draft Climate Change Action Plan" 2023-25

Palisade Investment Partners would like to thank the Tasmanian Government for the opportunity to provide input into Tasmania's Draft Climate Change Action Plan 2023-25.

Palisade appreciates the Tasmanian Government's willingness to engage with all stakeholders on the government's plans for action on climate change for the next two years, and to support Tasmania's target of net zero emissions, or lower, by 2030. Through its investments in the Tasmanian Gas Pipeline, Granville Harbour Wind Farm and Quantem portside bulk liquid storage, Palisade is a strategic investor in vital Tasmanian infrastructure that plays an important role not only in the Tasmanian economy, but in the transition to net zero and beyond. This transition needs to be planned carefully to prevent disruption to critical Tasmanian businesses which provide a significant contribution to Tasmania's economic output and employment.

About Palisade Investment Partners

Palisade is a global independent infrastructure and real assets manager that focuses on assets that are essential to the efficient functioning of the communities and economies they serve. The majority of funds managed by Palisade are on behalf of Australian superannuation funds, such that the majority of returns support the retirements of everyday Australians.

Palisade is a strong proponent in renewable energy investment. Palisade manages a diverse portfolio of Australian renewable energy assets, comprising six wind farms and one solar farm across four Australian states (Queensland, South Australia, Victoria and Tasmania). These assets total nearly 1.7GW of installed generation capacity, making Palisade one of Australia's largest renewable energy investors.

In December 2020, Palisade successfully completed the construction and final commissioning of **Granville Harbour Wind Farm**, near Zeehan on the northwest coast of Tasmania. The clean power generated by Granville Harbour Wind Farm has helped Tasmania achieve its goal to become 100% self-sufficient in renewable energy. Granville Harbour Wind Farm is one of the most productive and efficient wind farms in Australia - producing around 400 gigawatt hours of clean energy every year.

Since 2011, Palisade has also owned the **Tasmanian Gas Pipeline (TGP)**, which is the only pipeline supplying natural gas to Tasmania. TGP directly supports close to \$1 billion worth of economic output, over 4,200 direct Tasmanian jobs and over 8,500 jobs in total, confirming the significant contribution Tasmania's only bulk supplier of natural gas makes to the state. It is also the only supplier of gas to the Tamar Valley Power Station, which is a crucial back-up power source for Hydro Tasmania and a critical asset for the state's energy security. Tamar



Valley Power Station played a crucial role during the 2016 energy crisis, helping keep the lights on in Tasmania.

This ability to provide firm capacity to the Tamar Valley Power Station plays a vital role in supporting the energy transition to renewables as coal fired power generators retire. The TGP also supplies Tasmania's key industrials with gas for heating in manufacturing purposes for which electricity is not currently a viable alternative. This gas is utilised on a high efficiency basis (>80% efficient), resulting in carbon emissions being minimised. It also provides the opportunity to further reduce emissions as lower carbon fuels such as biogas, hydrogen and/or synthetic methane come to market.

Palisade is also a major shareholder in **Quantem**, an independent owner and operator of bulk liquid storage facilities in Australia and New Zealand, with 12 operating locations, including Devonport, Tasmania.

Palisade has adopted a target of Net Zero emissions by 2030 across both Palisade corporate and managed portfolio companies, which is fully aligned with the Tasmanian Government targets.

Vision and goals

Do you agree with the proposed vision and goals for the action plan? Which goals are you most supportive of? Are there any other goals that should be considered?

Palisade is highly supportive of the Tasmanian Government's Climate Change Action Plan's Vision and Goals. Palisade supports actions taken to reduce emissions across all sectors, whilst maintaining economic growth and creating jobs.

Palisade is highly supportive of the principles of "*Science-based approach*" and "*Integrated decision making*". Palisade considers long term Environmental, Social and Governance (ESG) factors in making investment decisions and in actively managing investments, encouraging better management of ESG factors and associated risks. Assets exhibiting the potential for strong ESG credentials are key to the alignment of the interests and objectives of investors with those of the community.

For the principle of "*Sustainable Development and social equity*", key factors to be considered in developing a climate change action plan include:

- **Reliability and Energy Security.** Ensuring Tasmania achieves sufficient levels of energy security in the event of emergencies (such as an extended failure of Basslink), or climate impacts such as low rainfall, or wind droughts. With climate extremes and uncertainty regarding long-term trends increasing, if an extended period of low rainfall does again occur, it is critical Tasmania is not left to rely on a demonstrably fallible single piece of infrastructure in order to ensure energy supply security.
- **Affordability.** Ensuring Tasmanian industries and consumers have access to affordable energy sources without requiring significant, burdensome capital expenditure or incurring high energy costs.
- **Support for switching to cleaner energy alternatives.** Supporting households, businesses and industry to switch from high carbon emission fuels to lower or zero emissions alternatives will be important as part of the social equity principle of the Plan.
For industrial use, natural gas provides an economically viable alternative to dirtier fuels today, while supporting and growing existing infrastructure for renewable gasses as the industry develops.



What types of projects should be supported under the final action plan?

Encourage the development of renewable gas industry

Palisade commends the Tasmanian Government on the focus on Waste and Resource recovery in the Climate Change Action Plan. Tasmania currently produces significant quantities of solid and liquid organic feedstock that could be used for energy generation and displace existing fossil fuel use. We encourage the Tasmanian Government to consider supporting the development of a Tasmanian renewable gas industry for both its potential decarbonisation and energy security benefits.

The two new Spirit of Tasmania vessels, due for launch in 2024 and 2025, are dual-fuel, able to run on both diesel and LNG. While a clear decision on what fuel the vessels will actually use is yet to be announced, by running the vessels on LNG produced from natural gas rather than diesel:

- Carbon emissions would be over 20% lower;
- Nitrogen emissions would be over 80% lower;
- Particulate emissions would be 90% lower; and
- Near zero sulphur oxide emissions

As the local biomethane industry develops, LNG could be produced from local biomethane supply, reducing the vessel emissions to zero, without the significant cost of converting vessels to other green fuels being touted for international shipping such as hydrogen or ammonia.

Given there is an operational LNG production facility at Westbury, this is an ideal opportunity for the government to realise immediate emissions reductions, while locking in the opportunity to have net-zero emissions vessels servicing the state in the future and supporting the development of the renewable gas industry.

While development of a biomethane industry will take time, supporting other industries to transition from dirtier fuels such as coal or diesel to natural gas now will have immediate environmental benefits, while laying the foundation for a long-term renewable gas industry.

Palisades recent investment in [Delorean Corporation](#), a developer of anaerobic digestion facilities that produce biogas demonstrates our confidence in the future market potential of biomethane as a decarbonisation pathway for existing gas usage.

Consider a Renewable Gas Target

Renewable Electricity targets have supported the growth in renewable energy generation in the National Electricity Market. Similarly, a Renewable Gas Target could create a new policy mechanism to achieve emissions reductions and could provide significant incentives for investment in biomethane, in the short term, and renewable synthetic methane and hydrogen in the medium/long term.

The development of a renewable gas industry in Tasmania will generate significant state and local economic opportunities. Policy support in the form of a renewable gas target, support for demonstration projects, and extending existing energy efficiency programs to include gas appliances would strengthen the Action Plan and encourage investment.

Biomethane, produced from waste materials, is chemically indistinguishable from natural gas, therefore requires no new infrastructure or appliance augmentation to introduce it in existing networks. With the right policy settings, Tasmania could become a major producer and exporter of biomethane.

Palisade have recently acquired [Malaby Biogas](#) in the UK. Operating since 2012, This facility processes between 500-600 tonnes of organic waste per week and provides around 2,500 houses with renewable power. Building on this acquisition, Palisade have established BioticNRG Ltd which is a dedicated UK bioenergy platform focused on anaerobic digestion



assets and adjacent infrastructure. The establishment of these types of facilities clearly demonstrates the importance of appropriate policy settings (including a renewable gas target) to drive investment.

Prioritise common user port infrastructure at the green hydrogen hub at Bell Bay

As part of the development of a renewable hydrogen hub at Bell Bay, Palisade recommends the development of open access common user port facilities at Bell Bay. Common user infrastructure ensures multiple user' access and capacity within scarce port land and facilities, provides access and flexibility to new entrants and produces long-term benefits for the broader industry and economy.

Through our investment in Quantem, we offer the ability to rapidly develop new independent bulk commodity storage and can provide the necessary skills and expertise in this sector to support the development of common user facilities to accelerate the renewable gas and fuels hub in Bell Bay.

For more information or to discuss the views expressed in this submission, please contact Wacek Lipski (Wacek.lipski@palisadeims.com.au).

Yours Faithfully,

A handwritten signature in black ink that reads "James Ward".

James Ward

Executive Director

Palisade Investment Partners Limited