

15th December 2022

Renewables, Climate & Future Industries Tasmania
GPO Box 147
HOBART TAS 7001

P.O. Box 393
Burnie Tas 7320
Phone: 03 6419 4122
Mobile: 0409 124 710
Email: ceo@tmec.com.au
Website: www.tmec.com.au

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

Dear Sir or Madam,

Reference: Tasmanian Future Gas Strategy Submission

The Tasmanian Minerals, Manufacturing and Energy Council (TMEC) welcomes the opportunity to provide input on the Draft Future Gas Strategy for Tasmania.

About TMEC

TMEC's membership base represents an important wealth creating sector within the Tasmanian economy.

The combined minerals and manufacturing sector employs 21,000 people and contributed \$2.9B in exports as of the 12 months to September 2022. Most of our members are based in regional areas of Tasmania and therefore provide critical employment opportunities away from public funded employers.

Minerals exports alone account for 64.9% of Tasmania's commercial exports and is the foundation stone of many regional communities with 5,600 direct jobs. **Importantly, the industry has the potential to increase mineral volumes as well as manufactured goods exports and thereby increase the value created within the Tasmanian economy.**

A key enabler to any long-term growth in our member industries is access to reliable and affordable energy options that are consistent, in both application and delivery, and acceptable as a means of reducing carbon emissions. Natural Gas remains a viable and important option in these regards that can be adopted and expanded in use for commercial and residential purposes, however many factors need to be considered for this to occur including pricing, infrastructure investment and incentivisation for expanded uptake.

TMEC is pleased to provide the following detailed response to the proposed framework for a Gas Strategy for Tasmania, including detailed input in relevant areas of importance for our member industries:

TMEC would first like to acknowledge the Tasmanian Government for taking its input into consideration it provided in the first round of the draft consultation process.

This input will not repeat the points raised in our submission dated 18 January 2022 however those points all remain relevant, and it is noted that this input is directly related to the latest release of the draft strategy.

The Government is to be congratulated on a strategy for the vision of future gas in Tasmania for the next 20-30 years. This enables consumers both existing and potentially new to make informed decisions as the Government's position is known.

TMEC endorses the position taken in the strategy where it recognises gas has an important role until cost viable solutions to transition are available. It is encouraging that the Government will not be mandating what fuel source consumers should use. The technology pathway which permits the transition away from fossil fuel based sources of energy is in the research phase and there is some time before commercially viable alternatives will be readily available. TMEC's CEO is currently a Director of the HILT CRC (Heavy Industry Low carbon Transition Cooperative Research Centre) and is intimately aware of the state of the research in Australia and internationally to remove or reduce carbon intensity in some key industrial processes. While research is progressing, most efforts are still laboratory based with a very small number of pilot scale trials occurring worldwide.

The draft strategy could be enhanced with regards to the role of the TVPS. The strategy acknowledges its role in managing security of generation as well as using its potential requirements to improve the commercial terms of other Tasmanian consumers. Acknowledging the 2021 election commitment in the strategy assists with maintaining the currency of the importance it plays. The pathway to 200% renewable is not likely to be linear when considering the demand and availability of new load and new generation respectively. The TVPS may become critical in managing the transition and therefore potentially has a role until 2040 and therefore the asset and its supply contracts should maintain this horizon. The capacity of Marinus Link once approved and operationalised will influence the projected requirements and may therefore bring the availability date forward from 2040 to 2035.

TMEC is supportive of the strategy that is intended to attract new gas consuming industries for purposes of heating, manufacturing, and fuel systems for transport. Noting a balance needs to be considered with Tasmania now having legislation in place for zero emissions by 2030 to ensure this is not a detractor for the attraction of new or expanding industries.

The strategy correctly identifies electrification as a replacement for gas is not a viable solution in all cases and the strategy identifies a mix of fuel sources will be required and it will take time. Some of the alternate fuels are yet to be available or commercialised. TMEC strongly encourages and supports the Government to look at development and supply of transitional fuels in Tasmania. This could lead to an audacious position where Tasmanian generated renewable gas is transported north via the gas pipeline to the national eastern gas market! This would create jobs and be part of Tasmania's 200% renewable contribution.

The balance in reducing carbon emissions and maintaining a strong economy may see interim steps being needed. For example. A diesel-based device is converted to gas and in time the gas has zero carbon product blended into it, necessitating a further investment by the owner of the device. Then potentially electrification becomes available. This example indicates the potential investment stages and the process disruption risks which would be taken to achieve the aspiration.

The Draft Gas Strategy is silent on the investment in both generation and transmission / distribution assets which may be required where technology enables a conversion from gas to electrification. It is conceivable load increases of 10, 20, 30MW may be needed to generate the industrial heat currently achieved by gas. The strategy should consider some form of incentivisation mechanism to potentially offer discounted electricity in the interim period where the technology conversion costs are being expended.

TMEC is pleased that the Tasmanian Government recognises it must work with industry to ensure an orderly transition to a decarbonised future for all. TMEC is assuming the specific sector based plans under the Climate Change legislation will identify specific plans to reduce the carbon intensity of current non-renewable energy sources.

In conclusion, TMEC remains committed to a viable and robust Gas Strategy for Tasmania that recognises the energy needs of industry and reflects the ongoing focus areas of government that includes a commitment to reducing carbon emissions and appropriate energy pricing and delivery.

We look forward to working with all key stakeholders to achieve these outcomes.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mostogl', written in a cursive style.

Ray Mostogl
Chief Executive Officer