**tasmanian**

**future gas strategy**

discussion PAPER

**Summary of Feedback**

**SUBMISSIONS**

* Clean Energy Council
* Climate Tasmania
* Energy Networks Australia (ENA)
* Fortescue Future Industries (FFI)
* Gas Energy Australia (GEA)
* Tasmanian Advanced Minerals (TAM)
* Tasmanian Council of Social Service (TasCOSS)
* Tas Gas
* Tasmanian Gas Pipeline (TGP)
* Tasmanian Minerals, Manufacturing & Energy Council (TMEC)
* Tasmanian Small Business Council (TSBC)
* Confidential submission

**SUMMARY**

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| **Question** | **Feedback** |
| **Drivers influencing our gas industry** |
| 1. What factors should be considered in developing the strategy?
 | There were a range of views on what should be the key drivers for the Strategy. The majority of stakeholders saw the need for clear policy setting and direction that would give certainty around what the future of gas looks like in Tasmania. All stakeholders agreed there was a need for decarbonisation with varying views on the degree of urgency and through what means. Emission reduction targets were considered important (state, federal and globally) and alignment with Tasmania’s own policy settings. Key priorities, particularly for stakeholders across the gas supply chain in Tasmania, were ensuring security of gas supply and stability in gas price. It is considered critical that the Strategy acknowledges and includes clear actions to ensure a competitive supply of natural gas remains until an alternative becomes available (TMEC, TSBC, TGP, Tas Gas, TAM). Some stakeholders suggested an important focus on the role of natural gas in creating and maintaining jobs in the state. Major industries that rely on gas need certainty and predictability about access to supply of natural gas until such a time as renewable alternatives become economically viable (TGP, Tas Gas, TMEC)The direction of the strategy should also consider the difficulties with a small gas market and an underutilised network and encourage increased investment in the gas industry. Attracting more industrial and or commercial gas consumption loads to Tasmania will contribute to improved security and price settings (TMEC). Further, growing the gas pipeline network would create infrastructure for future green gas transmission (Tas Gas).The environmental groups on the other hand argued the strategy should discourage any further investment in gas. Eliminating fossil gas emissions is an urgent climate priority and action should be immediately taken to reduce the use of fossil gas in households. It was argued that wherever practical and economic, gas use should be replaced with electrification.The majority of stakeholders agreed that cost to consumers and business is a critical consideration and the strategy should try and achieve the lowest cost path to meet net zero carbon objectives. Gas users saw the difficulties of conversion, particularly for commercial or industrial consumers who have production processes for which electrification is not a viable alternative, as an important factor for the strategy to consider. The strategy should explore the impact on costs to each of the industrial customers. Tas Gas suggested that some industrial customers may be forced back to high carbon fuel oil or coal if the transition and option developments are not carefully managed. Most stakeholders saw renewable gases as key to reducing emissions in the gas sector with varying views on which renewables and when. Stakeholders observed that there is significant uncertainty around which technology will prevail and what mix of gases will be needed and so pathways should be left relatively open and picking winners should be avoided. Some stakeholders observed that renewable gases would maximise the use of existing gas pipeline infrastructure. FFI argued that Tasmania’s unique green hydrogen opportunity should be driving any future direction.  |
| 1. What changes are you observing related to global and domestic market settings for fossil fuels?
 | All stakeholders agreed there is global and domestic momentum towards decarbonisation. ENA noted that the focus is now not only on the electricity sector, but growing attention on reducing emissions from gas across the whole supply chain.Australian states and territories, the federal government and most global trading partners all have emission reduction targets. TGP also observed an increased sustainability awareness in businesses and individuals, where industrial natural gas users are seeking to decarbonise their operations over the next 10-15 years in line with their corporate decarbonisation commitments. It was noted however that these renewable alternativesare not anticipated to be economically viable until well beyond 2030, particularly for Tasmanian users that tend to operate at tighter margins due to their scale. Some stakeholders noted a shift away from new gas investments, reduced gas exploration and a phasing out of gas with a growing demand for renewable gas options.  A number of stakeholders commented on gas export markets having a negative effect on domestic supply resulting in cost increases (TGP, TMEC, Tas Gas).  |
| **Who uses gas and for what?** |
| 1. Gas use in the home? Natural gas network vs LPG delivered?
 | Stakeholders held consistent views on what gas is used for in the home. Household customers use both LPG and piped gas for gas cooking, instantaneous gas hot water, gas heating and gas barbecues.ENA referred to Victoria’s gas use in 2015 (70% heating, 28% hot water and 2% cooking) and suggested a similar pattern could be expected in Tasmania based on similar climate conditions. |
| 1. If a business, how is gas used?
 | Stakeholders held consistent views on how businesses use gas. Commercial uses include: * boilers, industrial processing, cooking, beverage dispensing, commercial cooking, forklifts, space and industrial heating, agriculture, horticulture, manufacturing processes and back-up fuel for electricity generators.

Specific industrial uses include:* hot water/steam generation;
* mining/smelting processes;
* industrial feedstock including for the manufacture of fertiliser and other chemicals;
* heating:
* holding furnaces to keep products in liquid form until it is solidified to make final product, or providing heat to liquefy solid products that are used to make other manufactured products;
* large volumes of gas are used to drive product up to a specified temperature to let chemical reaction take place, altering product characteristics to add value.
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| 1. Gas appliances to be replaced? Are you considering switching?
 | Stakeholders agreed that replacement was an ongoing requirement (with varied timeframes) however there was mixed views on whether switching was an option. Replacement:* timelines for replacement varied, from near-term to up to 25 years ahead;
* given natural gas became available in Tasmania from 2004, the oldest gas appliances would be around 18 years old. Gas cooking appliances have a long working life (gas cook top 15–17 years, gas oven 10–18 years). Gas heaters are similar at 13 –18 years. Industry experience for gas hot water heaters is 7–10 years for storage hot water, and up to 20 years for instant hot water (Tas Gas).

Switching - Business: * for some stakeholders, switching from natural gas appliances is not a viable option as a result of cost of conversion, unit consumption compared to gas, maintenance, downtime costs;
* for some stakeholders, switching may be a viable option:
* ammonia, methanol or hydrogen have started to be considered (both as a carbon reduction mechanism and a gas replacement). However it is very early stages in this thinking process as none of these products are currently available;
* some businesses see a risk as to whether these alternatives will be available in the volumes required to replace natural gas for industrial customers.

Switching - Households:* the decision to switch household appliances tends to be based on personal preference:
* for hot water heaters, the urgency of the replacement after failure means it is more likely that the fuel type (based on existing connections) would be unchanged;
* room heaters may be upgraded to central heating or when a refurbishment occurs. The decision to move from a gas to electric cook top relates strongly to consumer preferences and the nature of the kitchen refurbishment;
* switching to electrical appliances may also require energy efficiency upgrades of the home.

ENA observe that any switching from gas to electrical appliances should consider broader issues such as the requirement of a 3-phase electricity connection, whether the ducting from gas heating can be repurposed, space and noise limitations of electrical appliances and whether other repairs will be required after the replacement of gas appliances with electrical ones.  |
| **Outlook for gas** |
| 1. Key opportunities and concerns as a gas user in Tasmania?
 | There were a range of views on the opportunities and concerns across gas users. Some stakeholders see an opportunity to expand the natural gas industry which would attract new business to Tasmania (including new manufacturing) and grow existing industries (TGP, Tas Gas, TMEC, TSBC). TMEC see a key opportunity to lobby the Commonwealth and have domestic gas supply separated from export gas and effectively quarantined for use of all domestic consumers.The majority of stakeholders see an opportunity to develop renewable gas options to reduce emissions and potentially increase competition and increase the use of gas in Tasmania.Production of renewable gases “on island” may keep gas prices more stable and reduce the supply risk and Tasmania is well suited to deploy these renewable gases and to build potential new energy export industries. Hydrogen in particular is seen as an opportunity. Gas distribution networks are exploring options for a hydrogen pathway via blending into the natural gas network (ENA). While significant investment would be required, Tasmania has an opportunity to use and scale up already available renewable hydrogen technology, including waste-to-energy hydrogen (electrolysis) production and methane capture (TSBC). FFI argues that the risk lies in failing to act or acting too slowly, thereby missing the benefits decarbonisation and renewable hydrogen offer to Tasmania.A key concern for the majority of stakeholders was the lack of certainty around the future supply and rising costs of gas (TMEC, TSBC, TGP, Tas Gas, TAM). Stakeholders observed that the small size of the gas market make it vulnerable and at risk of failing, or at best continuing to stagnate. Costs are recovered from a small customer base and lack of competition increases the risk that natural gas users switch to alternative fuels, further driving up prices for the remaining customers (TSBC). The location of the network and ability for future connections adds to this vulnerability (Tas Gas). Some stakeholders are concerned as a result of the variable and declining need for gas powered generation in Tasmania. Further, the relatively short length of gas transportation agreements between the Tamar Valley Power Station and TGP creates uncertainty around the “survivability” of the gas networks in Tasmania and future increases to network costs to customers. Cost of renewable gases is a significant concern - in particular that the cost of upgrading infrastructure and appliances will be borne by business making them unviable. Some stakeholders held concerns regarding government inaction and an absence of policy direction in the gas sector and no priority being shown by government to ensure secure gas supply certainty for many years into the future. |
| 1. Outlook for the pricing of gas in Tasmania?
 | The majority of stakeholders expect gas prices to rise in Tasmania. The lack of retail and commodity competition in Tasmania is likely to keep gas prices high. TSBC observed that the price of gas has doubled over the last 10 years.Tas Gas holds the view that as more gas is shipped longer distances and LNG imports become a bigger part of the gas supply mix, then inevitably gas prices in the Victorian Declared Wholesale Gas Market (DWGM) and Tasmania will rise. Stakeholders, particularly gas users, predict high network costs will remain and may increase if some gas customers opt to leave the network and costs are spread over fewer customers. TSBC argues network costs remain high because the pipelines are not currently subject to regulation. TGP suggests that while gas prices are expected to rise, Tasmania is well-positioned to cope with rising prices with TGP well positioned to take advantage of the new natural gas projects on the mainland and secure competitive prices.ENA suggest that due to the fact that the wholesale gas cost represents around 26 per cent of Tasmania’s residential gas bills any change in natural gas production costs will have only a relatively small impact on the retail price paid. |
| 1. Do you think there is any risk of supply?
 | Some stakeholders consider that there is a risk of supply of gas to Tasmania. Some stakeholders saw a general risk due to single supply line while others saw the increase in LNG exports threatening domestic supply and indirectly the Tasmanian market.Some stakeholders did not consider there to be a high risk of supply shortages.  |
| 1. If natural gas was unavailable in Tasmania, what would you do?
 | There was no consensus across stakeholder submissions about what gas users would do if natural gas was unavailable in Tasmania. Feedback included that some businesses would be forced to shut down, particularly if natural gas is their only possible source of energy supply. There is a potential for some businesses to switch to LPG, but at a higher cost and it would be less convenient. Some businesses might try to convert to alternative fuel sources or electrify where possible however this would be costly. Some businesses are already looking to renewable alternatives. Alternatives like ammonia, methanol and hydrogen are being considered as options that would involve not much change to gas appliances, but it’s early days in this process and costly (TMEC).  |
| **Decarbonisation**  |
| 1. Should Tasmania be transitioning to a decarbonised gas network?
 | There was broad in-principle support for decarbonisation from all stakeholders. There were, however, different views on the degree of urgency and what the transition pathway should be. Stakeholders, particularly those representing industrial and small business, argued the transition should only be done if the cost of transition is not prohibitive to the viability of business (TMEC, TAM, TSBC). Gas infrastructure providers were supportive of decarbonisation provided the transition was achieved through renewable gases and maintaining our gas networks (Tas Gas, TGP, ENA). Some stakeholders on the other hand strongly supported decarbonisation but saw electrification as the best pathway (TasCOSS, Climate Tas, CEC). |
| 1. What should the transition pathway look like?
 | The majority of stakeholders saw a role for government in supporting the transition, supporting the development of alternate fuels and helping users to adjust.Small businesses were concerned that the transition should only occur if competitors were also transitioning and business could keep products competitive. It should also consider equipment life expectancy, pricing, equipment capability assurance (for our equipment to accept gas alternatives), safety assurances, competitive supply cost, and transition support (TSBC). Stakeholders supported defined timeframes so consumers are aware of the plan and alternate fuel sources are well known and understood. It should also be over a time period that gives industry time to adjust (TSBC, TMEC, ENA). Other views were that a clear statement should be made from the Government that fossil gas use should decline and eventually be phased out completely. The State should electrify where possible, and where electrification is not possible, pursue renewable gas alternatives (renewable hydrogen and biogas) (Climate Tasmania, FFI). Tas Gas and FFI are of the view that Tasmania should begin transitioning to a net zero carbon gas network now. The opportunity for Tasmania is to attract new industry to Tasmania and increase global demand for net zero carbon exports. If Tasmania does not act now, it may lose the advantages to interstate or global competitors given global investment is occurring at a rapid rate and is set to continue. Most stakeholders saw a role for government in incentivising the transition (eg free installation, subsidies) and that the costs of the transition should not be passed on to gas consumers. Conversions that require few modifications should be prioritised. Some stakeholders agreed that subsidising the most cost-effective solutions first should be done however that these are likely to involve electrification. There was some concern that the transition should not jeopardise supply. Guarantee of supply of gas would need to be assured in any transition. Given renewable gases (eg hydrogen) will not be commercially competitive for some time, the transition should not occur until the industry is established and costs are at a comparable level. (TMEC, TGP, Tas Gas, TSBC). There was support for renewable gases that would utilise existing infrastructure. Synthetic natural gas and low level hydrogen blends can be readily transported using the existing pipeline network, and is compatible with end user appliances. ENA referred to Gas Vision 2050, developed by Australia’s gas industry associations which outlines how transformational technologies will be deployed to reach net-zero emissions from using gaseous fuels in Australia. The technologies include hydrogen, biomethane, renewable methane and CCS. The majority of stakeholders said the transition should involve consultation with gas market participants in Tasmania. TMEC supports the government leading the consultation with involvement from users, suppliers and industry experts. Tas Gas suggests a working team representative from the energy industry coordinating the transition, analysing and evaluating different non-fossil gas scenarios. The transition should capitalise on Tasmania’s competitive advantages (eg. supply excess electricity to produce H2 and incentivise clean energy generators to enter the market). Tas Gas, TGP and other stakeholders supported the development of renewable gas technology and infrastructure with the view to transition to this in the long-term.  |
| 1. Would a switch to a renewable fuel need to be cost-equivalent?
 | The majority of stakeholders were unlikely to support paying more for a renewable fuel. Tas Gas suggests consumers are generally positive about sustainability but less inclined to pay a material premium for sustainable products. This means that any significant increase in fuel costs may be met with resistance or, worse, may trigger a negative view on sustainable objectives in general. If it costs more to purchase and to upgrade, businesses will not be able nor inclined to convert. A lot of Tasmania’s businesses have thin margins and any increase in costs to the business may mean the business is no longer viable. In these cases, the alternatives would need to be equal cost, including equipment costs (or include government support) (TSBC and TMEC). ENA point out that the commodity cost, as modelled by Oakley Greenwood is only one factor that should be considered. Conversion costs and implications for networks costs should also be considered.If the fuel is not cost competitive it will also be important to consider whether these costs will be passed on to customers (TSBC). |
| 1. Risks with decarbonising?
 | Stakeholders agreed that that there are significant technical, economic and social risks in decarbonising.These include (but are not limited to): Technical risks: * consumers will not have equipment able to operate using alternative fuels and it will not be possible to invest in new equipment;
* there will be a loss in product quality:
* commercial and industrial consumers have optimised their product quality with respect to gas use. There are material risks in switching fuel sources - protections and support to de-risk the changeover will be critical. (TMEC);
* continued methane emissions if leaks and venting are not tightly controlled
* failure to act/acting too slowly, thus missing the benefits decarbonisation offers to Tasmania (FFI);
* biogas:
	+ costs in upgrading existing biogas infrastructure;
	+ public mistrust/misunderstanding of biogas;
* hydrogen embrittlement:
	+ reduces material toughness, causing potential pipeline cracks/ruptures;
	+ addition of 10% hydrogen with a natural gas blend is said to have no impacts on pipeline networks;
* legislative challenges, training and materials to transport, store and utilise replacement fuels.

Economic risks: * Tasmanian industry competiveness:
	+ Tasmanian manufacturing may become unviable if industrial gas users face the cost of decarbonisation suddenly or inconsistently against other states;
* supply risk, insufficient gas available or the available gas becomes too expensive;
* lack of demand. Customers are unable or unwilling to convert to zero carbon gas;
* lower utilisation of pipes resulting in increased prices;
* stranded suppliers and users of zero carbon gas when other parts of the implementation are delayed.

Social risks: * Economic hardship, particularly for vulnerable customers/users if it is not managed effectively;
* Decarbonisation costs may be felt by low-income end-users;
* Implementation delays. Resultant loss of first mover advantages to Tasmania, loss of brand position on world stage and technology leadership;
* Loss of community support if costs and schedule do not meet expectations.
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| 1. What are the key barriers for switching for commercial users?
 | Stakeholders identified a number of key barriers for switching for commercial users including: * switching to electricity will not provide adequate heat to be able to operate processes;
* some gas equipment may not be able to be modified to use renewable alternatives and the cost of replacing equipment may be prohibitive.
* any increase in cost of the alternative fuel may mean businesses become unviable;
* the time required for change-over may be lengthy with the potential for changes to disrupt operations;
* uncertainty around the reliability of supply of the alternative fuel;
* potential lack of availability of appliances which use renewable fuels;
* uncertainty around policies, costs and market pricing for renewable fuels and products.
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| 1. Role of government?
 | All stakeholders agreed there is a role for government. There were mixed views about what that role should be. Most stakeholders agreed that government should: * establish clear and consistent policy;
* ensure consistency with federal and state strategies and targets;
* remain flexible and not pick winners;
* consult with gas market participants across all parts of the supply chain; and
* maximise the economic benefits of the decarbonisation opportunity in Tasmania.

Stakeholders agreed that that the Strategy should send a clear signal about the future of the gas industry in Tasmania but there were mixed views about what that signal should be. Industry supported the government prioritising security of supply (at least until alternative fuels become widely available) whereas environmental groups supported a clear message that gas is to be phased out. There was broad support for the government to set clear targets however most stakeholders agreed there was a need to be flexible in the approach to any transition strategy. Given the unknowns of what the future of gas could look like, Government policy should be adaptable to potential new technology developments. Stakeholders supported the government consulting extensively with gas market participants. Strong community engagement was also supported to build trust, confidence and ensure community expectations are met. Government could also establish leadership groups to coordinate cross-industry implementation (TasGas). The majority of stakeholders agreed there should be some kind of government financial support to assist in the transition, but there were differing views on what that should be. Some of the options are set out below but are not a full list: * direct subsidies to gas consumers to assist in the transition;
* grant funding for demonstration projects;
* develop “reverse auction” or “power purchase agreement” arrangements for renewable gas to encourage its take up in the market;
* grant funding for commercial and industrial gas users to explore the business case for renewable alternatives to fossil gas where electrification is not practical;
* subsidise cost of renewable gas such that consumers are not paying more;
* provide partnership support to users to assist transition, conversion kits, compensation, no interest loans and related support.

TasCOSS see support to customers as critical and suggest the government should invest in a program of energy initiatives to support Tasmanian households with transition and conversion costs. To ensure the transition is fair and inclusive, greater support should be provided to people on low incomes, particularly renters who may face additional barriers due to limited choice or control in their energy options. The policies focus on electrification and could include subsidies, energy efficiency standards, tax rebates/ incentives and no-interest loans. Some other suggestions around the role of government included:* work at the national level to gain an Australian alignment around domestic supply certainty and what a national transition looks like;
* discouraging, or legislating against, further development of gas infrastructure;
* regulating to reduce methane emissions where possible;
* implement a renewable gas certification scheme
* implement a Green Gas Target;
* implement an Emissions Reduction Fund for biomethane.
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**Additional Feedback**

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| Energy Networks Australia | In addition to responding to the questions, ENA submitted that the key points to be considered are: * customers are looking for renewable gas options - governments should be developing market enabling mechanisms (certification, renewable gas targets) to provide customer confidence;
* LPG should be covered;
* there is a pathway to fully decarbonise the gas sector;
* renewable gases are essential - many industrial applications that require gas for high temperature heat or industrial feedstock cannot be replaced by electricity;
* disagrees with the Oakley Greenwood modelling; and
* electrification is not cheaper than hydrogen when broader system costs are considered.

ENA supports the pathways set out in the Gas Vision 2050, a report developed by the ENA in partnership with other Australian energy industry associations. The vision outlines how technologies will be deployed to reach net-zero emissions from using gaseous fuels in Australia.ENA also includes an attachment to its submission outlining what it sees as limitations to the Oakley Greenwood report. Its key criticism is that the modelling compares the commodity price of electricity, gas, hydrogen or biomethane but does not address the network and wider system cost issues. It prefers the modelling done by Frontier for the purposes of the Gas Vision 2050.Limitations: * OGW focuses on commodity price, not total systems cost
* OGW does not model energy network costs
* OGW fuel costs are unrealistic and do not recognise opportunities to reach cost parity of renewable gases
* OGW does not recognise that a planned transition is needed for electrification
* OGW does not recognise the broader opportunities for Tasmania as a renewable gas exporter
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| Clean Energy Council | The Future Gas Strategy represents an opportunity for Tasmania to phase out, or almost phase out, the use of natural gas and LNG by 2030.Gas plays a relatively minor role for household and commercial energy users, although it plays a more significant and critical role for a small number of large industrial users.Suggests education campaign to sell the benefits of cheaper electricity and potential new industries. |
| Tasmanian Advanced Minerals | The transition away from greenhouse gases is unavoidable but natural gas alternatives should be priced competitively. TAM competes on the global market against countries without emission reduction targets and any increase in energy costs directly impact the viability of the business. TAM processes high purity silica and uses natural gas in the drying process to heat the fluidising air to 600 - 800 C. Their research indicates that there is no commercial viable technology currently available to permit a change from burner fuel to electricity. As a gas user in Tasmania TAM makes the following points: * the transmission and distribution network operators are not regulated and costs are passed onto the customer and their discretion. Tas Gas is not subject to information disclosure requirements and the lack of transparency and bargaining power create an “uncontrollable business risk”.
* absence of a competitive retail market in the northwest. Significant increases to transportation costs with little explanation.
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| Tasmanian Small Business Council  | Outside of the 15 questions, TSBC outlines the concerns of small business about the current state and future of gas in Tasmania. TSBC references the Goanna Report 2016 on the Tasmanian gas market which outlines small business concerns with the Tasmanian natural gas market and are considered, for the most part, still relevant today. Additional concerns were also outlined that have emerged since the report. These challenges include: * gas market is small and vulnerable, therefore at risk of spiralling into failure or (at best) continuing to stagnate;
* gas market lacks scale, which contributes to its high unit costs (as fixed costs need to be recovered from a small base to begin with);
* a lack of competition in gas supply, the risk of natural gas users switching to alternative fuels (such as electricity, LPG, coal or wood);
* limited coverage by the distribution network;
* gas market is exposed to the significant risk of volume shrinkage due to the highly variable gas demand required for the TVPS and the limited tenure of its gas transportation agreement with the Tasmanian Gas Pipeline (TGP);
* Tasmanian gas pipelines are lightly regulated and Tas Gas has an exemption from certain parts of the regime (e.g., price reporting).

Since the report was published:* decarbonisation - means risks and opportunities for business;
* TVPS contract has been renegotiated providing more certainty; and
* Tasmania’s gas market being linked to the East Coast gas market which is now linked to LNG exports - implications for gas price.

TSBC would like to be part of the Working Group.  |
| Tas Gas | In addition to responding to the 15 questions, Tas Gas have made five recommendations that it considers integral to delivering greater energy security for the State while also aligning with a pathway to net zero: 1: Gas must be recognised as an essential part of Tasmania’s future net zero carbon energy mix.2: A hybrid fuel mix is important given the future is uncertain.3: Gas pipeline infrastructure and expertise is essential under any future scenario.4: Tasmania should begin transitioning to a NZC gas network now.5: Government support is required to enable the transition. |
| Climate Tasmania | The Future Gas Strategy should send an unambiguous message that the Government’s intention is for the use of fossil natural gas to be phased out (concerned about industry & consumers continuing to invest).Supports subsidies for electrification in residential and small commercial and industrial uses.Consideration should also be given to solid biomass fuels (e.g. wood pellets) as an alternative. |
| Tasmanian Minerals, Manufacturing & Energy Council | Focus is on security of supply at a reasonable price. Electrification is not a viable alternative for some critical production processes. Most business users of gas would shut down if it became unavailable.Support transition to a decarbonised gas network (with a defined timeline), but guarantee of supply needs to be assured until a viable alternative becomes available. |
| Fortescue Future Industries | FFI suggests a strategy should consider a combination of electrification for those areas that are practical and green hydrogen as the primary decarbonised gas for use cases that require a molecular fuel input.Tasmania’s unique green hydrogen opportunity:* Due to transport costs of natural gas to Tasmania, the price difference between natural gas and green hydrogen will be less in Tasmania than elsewhere on the mainland.
* Easier transition to green hydrogen in Tasmania, due to less gas customers.
* Increase energy security through domestic hydrogen production.
* Potential of a Tasmanian hydrogen export industry.
* Attract new industries to Tasmania.
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| TasCOSS | Not in a position to comment on alternative to gas supplies for industry, so focus of their submission is on residential customers.Policy priority should be to reduce gas use in households - electrification of homes.Consider a moratorium on extension of the gas network or connection of new homes.Budget Priorities Statement - invest in energy efficiency - including helping low income households to replace gas with electric appliances. |