

2 December 2021

Ms Meredith Mayes
Director
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2001

Via email

Dear Ms Mayes

Review into extending the national gas regulatory frameworks to hydrogen and renewable gases

Evoenergy welcomes the opportunity to provide a submission on extending the national gas regulatory framework to hydrogen blends and renewable gases.

Evoenergy owns and operates the gas distribution networks in the Australian Capital Territory (ACT) and Queanbeyan–Palerang Regional Council local government area (LGA) of New South Wales (NSW), and in the Shoalhaven City Council LGA of NSW. Together, these networks provide gas connections to approximately 162,000 gas customers.

We have welcomed the decision of the Energy Ministers to bring renewable gases (biomethane, hydrogen, and hydrogen blends) into the scope of the national gas regulatory framework and support the approach of expediting changes in respect of renewable gases suitable for consumption in appliances that currently operate using natural gas. We also support an approach of accommodating the evolution of renewable gas and avoiding changes that could have unintended consequences.

The ACT Government has legislated for net zero greenhouse gas emissions by 2045 and has implemented measures to prevent expansion of our ACT gas network beyond its current footprint, to prohibit new gas connections, and to provide incentives for current gas users to transition to electric appliances.

Evoenergy believes that there is a potential role for our gas network in transporting green gas, and that we can contribute to initiatives to decarbonise the gas supply in the ACT by investing in green gas opportunities. This ensures optionality for the ACT in the long-term interests of customers, particularly those industries and customers that absolutely need to use gas.

In order to support decarbonisation of the gas network, we need to be able to advance commercialised renewable gas projects at a scale that contributes to the ACT's net zero interim targets and demonstrates the viability of the gas network to allow for the possibility of green hydrogen and other zero-emission gas alternatives. No one else is progressing these opportunities in the ACT, so we must for the sake of the benefit to the community in retaining the network. We currently operate a testing facility that produces hydrogen to ascertain the suitability of our network facilities for operation with hydrogen blends and pure hydrogen. We are committed, where feasible, to using net zero emissions gas to fulfil our obligations regarding replacement of unaccounted-for gas.

Future investments in our gas networks will require assuredness that the regulatory framework can accommodate flexibility regarding the energy transition that is occurring on many fronts.

Evoenergy believes that the National Gas Law (law) and National Gas Rules (rules) as they relate to natural gas equivalents should always allow for a safe, reliable and affordable supply of energy to customers. Defining the detail of changes to the law and rules to accommodate natural gas equivalents at this stage presents significant challenges that could potentially result in unintended damage to the interests of network users and service providers should decisions be made with insufficient information. Evoenergy believes that significantly more time and wide-ranging consultation is required to understand how the market will evolve. We also favour a regulatory framework that includes sandboxing and other transitional regulatory arrangements to facilitate this major change to the energy landscape.

Should you wish to further discuss matters raised in this submission, please contact Chris Bell, Economic Regulatory Manager, at chris.bell@actewaql.com.au.

Yours sincerely



Peter Billing
General Manager Evoenergy