



17 August 2023

Submission: AEMC Rule Change Requests to harmonise Rules with the updated energy objectives

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure, connecting natural and renewable gas production to demand centres in cities and other locations across Australia. Offering a wide range of services to gas users, retailers and producers, APGA members ensure the safe and reliable delivery of 28 per cent of the end-use energy consumed in Australia and are at the forefront of Australia's renewable gas industry, helping achieve net-zero as quickly and affordably as possible.

APGA welcomes the opportunity to provide comments to the AEMC on two related Rule Change Requests. These represent important reforms to harmonise the Rules with the updated energy objectives for network and pipeline expenditure rules, and for electricity network planning and investment rules and AER guidelines.

APGA supports a net zero emission future for Australia by 2050¹. Renewable gases represent a real, technically viable approach to lowest-cost energy decarbonisation in Australia. As set out in Gas Vision 2050², APGA sees renewable gases such as hydrogen and biomethane playing a critical role in decarbonising gas use for both wholesale and retail customers. APGA is the largest industry contributor to the Future Fuels CRC³, which has over 80 research projects dedicated to leveraging the value of Australia's gas infrastructure to deliver decarbonised energy to homes, businesses, and industry throughout Australia.

It is in the long-term interests of Australians and also in the pipeline industry to recognise emissions reduction in the National Energy Objectives. The Rule Changes have been drafted to give effect to the policy intent of the updated National Energy Objectives – specifically to incorporate an emissions reduction objective alongside existing energy objectives, without giving any particular objective precedence.

On this basis, overall the proposed Rule Changes are reasonable.

APGA has some specific comments about the changes to National Gas Rule 79 and 91, and overall comments about the transparency of the Target Statement process.

¹ APGA, *Climate Statement*, available at: <https://www.apga.org.au/apga-climate-statement>

² APGA, 2020, *Gas Vision 2050*, https://www.apga.org.au/sites/default/files/uploaded-content/website-content/gasinnovation_04.pdf

³ Future Fuels CRC: <https://www.futurefuelscrc.com/>

Enabling repurposing through National Gas Rules 79 and 91

The proposed Rule Changes for capital and operating expenditure objectives and criteria aims to harmonise the existing Rules with the new emissions reduction objective. In effect it will support operators to make investments to reduce the emissions of their assets and activities, where the current Rules may impede these investments.

APGA agrees that the proposed changes to the Rules supports this intent, and should be pursued. When these new Rules are drafted, the wording must explicitly capture repurposing of existing assets to facilitate decarbonisation investment under the emissions reduction objective.

Additionally in Rule 91(1), the present focus on the 'lowest sustainable cost of delivering services' should be explicitly balanced with considering emissions reduction, as currently it could specifically preclude emissions reduction investment in existing facilities.

Targets Statement and transparency

APGA appreciates the AEMC for its efforts in maintaining transparency throughout this process. We look forward to continued open engagement on these Rule Changes as they progress.

Transparency must also be reflected in the development and updating of the Targets Statement by the AEMC. This document sets out the targets set by participating jurisdictions which the AEMC considers relevant to the emissions reduction objective. Therefore the criteria used to include (or preclude) a target or policy statement must be made public, as well as any substantive updates to that Targets Statement if and when they occur. This will ensure that market participants are operating on the same level of information as the AEMC when it comes to decisions made under the Rules.

To discuss any of the above feedback further, please contact me on +61 422 057 856 or jmccollum@apga.org.au.

Yours Sincerely,



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