SUBMISSION

VICTORIA'S RENEWABLE GAS CONSULTATION PAPER

6 October 2023

INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

Thank you for the opportunity to make a submission under DEECA's Victoria's Renewable Gas Consultation Paper. The EUAA supports further investigation of renewable sources of gas as a replacement and/or supplement to traditional sources of methane.

It is pleasing to see that DEECA have recognised that hard to abate sectors (i.e. high heat industrial processes) face a difficult challenge and therefore we must recognise that the use of traditional sources of methane will be required for many years to come as renewable gas builds scale and reduces in cost. It must also be recognised that in some cases, such as hydrogen, consumers will be required to invest heavily in new end use technology (assuming it is technically feasible). In many cases it is the consumer who may be the largest investor as part of a renewable gas policy.

The EUAA has performed its own analyses on options for renewable gases and has discussed these with members to understand the suitability for each particular industry. This has been used to form a number of our responses.

The EUAA notes that the Victorian Government through Regional Development Victoria and Sustainability Victoria has performed two separate biomass audits across Victoria in 2014 and 2021. These audits estimated the total biomass resources across Victoria to be approximately 9 to 10 million tonnes per annum, with up to 6 million tonnes per annum from primary production (agricultural residues). This certainly indicates the potential for a meaningful amount of bio-methane to be produced to support the decarbonisation of the Victoria gas system.

However, there are significant challenges that must be resolved. For example, much of the residues from agriculture will be difficult to be harvested for biomethane production due to their location (distance from potential biomethane production sites) or their low quality and/or high moisture content. Depending on the technology chosen, quality and type of biomass input and its moisture content, a digestor could produce anywhere from 20 cubic metres to 600 cubic metres of biomass per tonne of biomass.

Given these variables, collection of 100% of the available biomass might produce anywhere between 4PJ and 120PJ of biomethane. This upper limit is about half of Victoria's current consumption of fossil sourced natural gas of approximately 200PJ per annum. Realistically, it is likely that the total amount of biomethane produced will be in the range of 40-60PJ per annum, assuming all economic sources of biomass are harvested, and best technology is

utilised for conversion. While this is a meaningful amount it still falls well short of anticipated state demand. We would be wary of other pressures such as interstate demand or even export demand which raises questions about the prioritisation and protection of what could be a scarce feedstock resource.

A further challenge will be re-distribution of network charges. The current distribution of fossil gas across Victoria is approximately 50% for residential, 10% in commercial buildings, 31% for industrial heat, 1% for industrial feedstocks and 8% for gas powered generation (GPG). We anticipate that with the level of electrification of residential and small to medium enterprise will see a decreasing total volume of gas flowing through existing pipeline infrastructure.

This will mean that under the existing regulatory system where regulated businesses recover a total revenue figure that is not related to the number of customers or total volume, those who will continue to use the existing gas system (i.e. those who can't afford to electrify or are unable to do do) will pay an increasingly higher per unit cost.

This creates a dual affordability issue (higher cost molecules plus higher cost transportation) and intergenerational equity issues of those who are left to pay the bill when others have left the party.

Green hydrogen will also face difficulties in being rolled out and scaled up to meet the Government's net zero emissions targets. Green hydrogen is most likely to be utilised by the heavy transport sector and as a replacement fuel for some industrial heat processes with some power generation also using green hydrogen as a fuel. The EUAA believes that setting too high a target for green hydrogen, particularly over the next decade, could place additional strain on water and electricity infrastructure (these issues are not identified in AEMO's 2022 Integrated System Plan[1]) at a time when the system is already at breaking point due to cost escalation, supply chain bottle necks and skilled labour shortages.

By our modelling, in the long term (20-25 years), replacing 80% of the current Victorian heavy-duty vehicle diesel consumption[2], 100% of diesel-powered railways and up to 40% of industrial heat with green hydrogen will require in the order of 1 million tonnes of green hydrogen per annum (120PJ). The resources required to achieve this level of green hydrogen production would necessitate 8 ML of clean water[3] and 4 GW[4] of additional electricity generation (assuming 24/7/365 production of electricity).

The balance of industrial heating (up to 60%), the existing GPG and 100% of the industrial feedstock consumers of fossil gas could be served by the 40-60PJ of biomethane.

Over a longer timeframe, and assuming a well-planned energy system, all of this is not unreasonable. But of course, this assumes hydrogen is competitive with methane (of various origins), liquid fuels (it already appears to be close) and electrification (the jury is still out on the total cost to the consumer).

It is from this perspective that the EUAA strongly believes that the parts of the economy that can electrify, should electrify (i.e. residential, commercial buildings, personal vehicles, light commercial vehicles and some industrial

[1] AEMO's 2022 ISP estimates Victoria will require up to 23GW of new renewable energy generation capacity by 2050.
[2] Victoria currently consumes approximately 3.6 billion litres of diesel equivalent to 138PJ. Approximately 53% of diesel consumption is used in heavy duty vehicles – Victorian Greenhouse Emissions Report 2020
[3] Melbourne's annual water consumption is approximately 18.5 GL – Melbourne Water
[4] Compared to approximately 6.5GW of 24/7/365 electricity generation to electrify all fossil gas consumption.

heating), and that the limited biomethane and initial tranche of green hydrogen production should be reserved for the industries that can not electrify. Further, we suggest consideration be given that biomethane should have enhanced protections to ensure that the limited supplies go to those industries that cannot electrify and cannot utilise hydrogen.

To resolve some of the issues around utilisation of renewable gases, including collection of feedstocks for biomethane, the EUAA strongly urges DEECA to orchestrate the transition by identifying industry that requires biomethane and assisting in co-locating biomethane production either onsite or nearby. In addition, food harvesting and processing regions make ideal candidates for biomethane production and consumption. The EUAA considers Shepparton and Echuca make great examples of industrial heat co-located with abundant biomass resources.

Similar orchestration could also be performed for the green hydrogen industry, and any green hydrogen production facility built for export should have a domestic reservation applied to its production levels to avoid a repeat of the Queensland LNG export program's impact on domestic fossil gas prices.

Given the relative scarcity of both biomethane and hydrogen over the next decade, the need for industry to decarbonise and remain competitive nationally and internationally, and the reliance on the methane molecule by many industrial heating loads and as a feedstock, the EUAA strongly recommends a Victorian renewable gas policy that targets these hard to abate businesses with a targeted policy of orchestration, facilitation and where appropriate to maintain competitiveness, financial support of the renewable gas production facility and/or the consumer business.

We also urge further discussion on the evolving intergenerational equity challenges of gas pipelines that may face a dwindling group of at risk (cast afford to change) or high value/hard to abate customers who may end up paying disproportionate network fees.

RESPONSE TO KEY QUESTIONS

2.1 Key considerations of biomethane and hydrogen

a. Do you agree with the use cases this paper has set out for biomethane and renewable hydrogen?

b. Are there any other use cases that should be incentivised through a policy mechanism?

The EUAA agrees broadly with DEECA's assessment of renewable gas use cases presented in Table 1 of the Consultation Paper. The only adjustment to DEECA's assessment is to consider limiting future GPG to green hydrogen until all industrial uses of biomethane are operationally supplied with biomethane.

The EUAA strongly recommends an orchestrated approach to the investment, placement and supply of renewable gases to ensure those industries that require biomethane and green hydrogen have suitable access to these resources.

3.1 Policy objectives

a. Regarding specific technology development, do you think the objective should be to:

i. considers all renewable gases neutrally (e.g., the lowest cost is supported); or

ii. target specific technologies (e.g., renewable hydrogen)?

Consider this on the basis of commercial readiness, emissions and energy intensity.

Globally, the bioenergy sector is far more mature with many countries already possessing biomethane manufacture and distribution, reduction of emissions and lower cost than green hydrogen. The green hydrogen industry by comparison has relatively few operational large-scale plants globally, requires additional investment in electricity generation and networks and is currently much higher in cost. Further, to distribute green hydrogen, existing gas pipelines need to be upgraded and/or new transport mechanisms established (i.e. tankers).

With the immediate concern (in the next decade) being replacing the methane molecule for hard to abate sectors and industries that rely on the methane molecule in their production process (e.g. brick kilns and industry that utilise methane as a feedstock), the EUAA firmly believes that policy objectives should be technology neutral.

3.2 Market-based approach

a. Should a renewable gas policy in Victoria be government-funded or market-based? Why?

b. Have we captured the advantages and disadvantages of a market-based approach? Are there any missing?

Applying the right policy response to the stage of industry evolution will be important. It would appear to us that both green hydrogen and to a lesser extent biomethane, still require a level of early stage deployment funding. In the case of biomethane, incentivising (funding for trials etc) feedstock orchestration will be also be critical as we build the total value chain.

When contemplating market-based approaches, we would consider it appropriate to be applied once technology risk has subsided and investor confidence in scalability is beginning to grow. We recognise this can be something of a chicken and egg conversation but to try and force deployment through a market-based mechanism too soon will add risk and costs to the program that will have to be recovered from consumers.

Obviously, a market-based approach for renewable gas will increase the cost for consumers, in addition to the increased cost from transitioning to renewable gas (it is known that biomethane costs more than fossil gas and green hydrogen is even more expensive). Government should be alleviating these additional costs during the early years of implementing a renewable gas policy wherever possible, incentivising the transition and attracting new investment to the state through cheaper renewable gas implementation costs than elsewhere.

As a general rule we prefer a consolidated Federal approach rather than one that is state based, allowing for industry to apply one rule across all jurisdictions. The Renewable Energy Target (RET) and coinciding certificate scheme is a good example of a Federal market-based approach that met or exceeded its targets throughout its active life allowing for efficient allocation of resources.

We are supportive of the least cost renewable gases being able to participate on merit so while hydrogen is more expensive than biomethane it shouldn't be given special treatment in a market-based response, as this would increase total costs for consumers. We are also wary of including transport energy in a mechanism that includes stationary energy use as we fear that stationary energy users would end up cross subsidising transport energy

users. These two end use applications are likely to be on different deployment and cost trajectories so should be treated separately in a market-based approach.

We note there is a trend to move toward a form of government backed CFD style arrangement, such that we have seen with the NSW Energy Infrastructure Road Map LTESA arrangements. In these circumstances it is the state that takes the risk, not energy users, which would reduce negative bill impacts and dilutes any potential cross subsidisation risks between stationary energy and transport energy users of renewable gas.

Therefore, at this point in time the EUAA's strong preference is to have a government funded renewable gas policy as the next step.

3.3 Types of policy mechanisms

a. Have we captured the potential policy options (and their advantages and disadvantages) to drive the uptake of renewable gas?

b. Which policy mechanism would be best suited to deploy renewable gas in Victoria? Why?

c. What are the critical factors or policy design elements that are needed for successful project investment?

DEECA has captured the advantages and disadvantages of having a rounds-based competitive grants scheme, however has not considered the benefits of having grants that are "always open" such as those that are delivered by ARENA or industry grants previously delivered by DJSIR. "Always open" grants ensure that benchmarks are developed that are neither too high nor too low to ensure that grants are only awarded to projects that are economically and technologically viable, have strong proponents able to deliver the project and are fully funded (with the grant). "Always open" grants remove the disadvantage of rounds-based grants not having these market dynamics.

DEECA have also not considered orchestration and facilitation as a policy mechanism, which have been successfully used by AusIndustry and Invest Victoria.

EUAA considers that a combination of policy mechanisms is required to stimulate the deployment and uptake of renewable gases in Victoria. The first policy mechanism is orchestration and facilitation, where government identifies the consumer with the specific renewable gas requirement, e.g. identifying industry that requires biomethane and facilitating the co-location of biomethane production either onsite or nearby. Another example is for government to identify regions with co-located resource (biomass) from food harvesting with food processing located nearby. These make an ideal candidate for biomethane production and consumption with government providing orchestration and facilitation services, e.g. Shepparton and/or Echuca.

The second component of the policy would allow for grants to either or both the production facility (to reduce the cost of the renewable gas) and the consumer (to reduce the cost of implementation, particularly where they business is transitioning to green hydrogen.

The EUAA is not opposed to a certificates-style scheme for renewable gases, however we remain concerned about costs to consumers and the cross-subsidisation of new renewable gas consumers (transport) by existing fossil gas consumers. Given that in the next decade it is highly likely that the majority of biomethane will be used for

industrial heating and feedstocks, while green hydrogen is likely to be used to replace diesel, the EUAA remain open to the type of market-based mechanism to drive broader deployment.

3.4 Managing consumer impacts

a. Do you agree with the energy consumer types most impacted above? Are any user types, or potential impacts, missing?

b. What potential consequences should we consider in analysing the impact of potential policy costs?

c. What are the best support policies for the different energy consumer types?

DEECA has listed most of the consumer impacts for a market-based mechanism, including reduction in international competitiveness, reduction in revenue and potentially employment as well as the technical barrier to switching fuels that some industries may have. The additional costs that are not present in the list for large industrial users is the switching cost itself (should a different fuel or fuel mix be provided through their existing gas connection necessitating a change in equipment) and the additional cost of the fuel itself.

While a 1-5% rise in gas costs may be able to be absorbed by small consumers, for large consumers, this small percentage rise can result in millions of dollars in additional costs. The increased per unit cost of pipeline transportation must also be considered in an environment where much of Victoria's domestic gas load will be encouraged to electrify.

In terms of analyses of potential costs, the impact to large energy consumers that should be considered is the magnitude of the increase in gas costs (inclusive of renewable gas purchase price, supply charges, plant conversion costs and the cost of policy implementation) and the impact these have on competitiveness, both domestically (interstate) and internationally.

From a policy perspective, the EUAA would support exemptions based on the quantity of gas, e.g. above 0.5PJ per annum, which would maintain domestic and international competitiveness for these large energy consumers and would also capture EITE sites. However, as mentioned above, it is EUAA's strong preference government to have policies that orchestrate, facilitate and provide financial support through grants.

3.5 Target design

a. Have we captured the relevant considerations for target design? If not, what aspects are missing?

b. What are your views on:

i. the final target year and scheme duration?

ii. target levels, including in intervening years?

iii. target design?

iv. target basis, including whether the target should be based only on distribution-connected sales or include transmission (i.e. Victoria-wide) sales?

In reviewing the target design presented by DEECA, EUAA gets the impression that DEECA is thinking of direct injection and blending of renewable gases in the short term to increase the quantum of the target. EUAA considers

that this approach may lead to locking-in residential gas loads and locking-out large industrial sites from conversion to 100% renewable gas earlier.

The EUAA considers that, in setting a target, DEECA should consider which industrial loads can convert quickly to renewable gas in a reasonable timeframe (note, to date medium scale biogas facilities have taken a minimum of 2 years to reach financial close, if they ever achieve financial close), while encouraging (through financial assistance) electrification of those gas loads who can electrify easily. The target for each period could be identified as the difference between the two groups. This approach keeps with DEECA's Roadmap Program Logic to "Free up gas for industry…" and is also consistent with the sectorial abatement approach being pursued by the federal government as part of the revised safeguard mechanism.

Given the Victorian Government's target of net zero by 2045, DEECA needs to consider a sufficiently rapid targets recognising that the first major renewable gas plant with significant volumes may be 2-4 years away under a best-case-scenario. On this basis, the EUAA recommends an exponential target curve rather than the ordinary linear curve, applying to the whole state and set as a percentage of total volume sold (which takes into account falls in gas consumption through electrification.

3.6 Hydrogen sub-target

a. Have we captured the issues, and the advantages and disadvantages, of including a renewable hydrogen sub-target? If not, what is missing?

b. Should there be a renewable hydrogen sub-target in any policy design?

c. Does hydrogen have a greater role in the decarbonisation of the gas network following the announcement of recent Australian and international policies (e.g., the Hydrogen Headstart program and United States Inflation Reduction Act)?

The EUAA does not support separate targets, or sub-targets for renewable gases within a single market-based mechanism. The EUAA recognises that this may delay green hydrogen production plants for purely domestic consumption, however this will not hinder the investment of export green hydrogen production plants as there exist different drivers economically, technically and politically for the export of green hydrogen (i.e. Japan and Korea require the import of energy and do not want to invest in countries with high sovereign risk).

Setting a domestic reservation as part of the approvals process for export focussed green hydrogen production facilities will ensure some amount of green hydrogen is available to meet any renewable gas target. Additionally, the cost of green hydrogen production is expected to fall over the coming decade which will also reduce the cost of the green hydrogen. Not having invested in large domestically focussed green hydrogen production facilities would allow Victoria to adopt a fast-follower approach to domestic green hydrogen production, and take full advantage of cheaper green hydrogen should that occur.

3.7 Project eligibility

a. Have we captured all the potential end uses of renewable gases?

b. Have we captured the advantages and disadvantages of broad project eligibility?

c. Should any Victorian renewable gas policy allow behind-the-meter, transport and/or electricity firming projects to be eligible?

DEECA have captured all of the possible potential end uses of renewable gases for the purposes of project eligibility, including supplying hydrogen to heavy duty vehicles, on-site production, chemical feedstocks, injection into existing pipelines and in the longer-term supplying GPG. However, the EUAA would caution DEECA in how it will assess the eligibility of pipeline injection projects. Should pipeline injection eventuate in predominantly domestic consumption of biomethane, a future issue may arise that there are insufficient supplies of biomethane for the industries that require the methane molecule. Orchestration and facilitation will ensure this does not eventuate.

Some of EUAA's members are currently considering behind-the-meter hydrogen and/or biomethane projects. To not include these projects in any Victorian Renewable Gas policy would make the remaining gas network connected users target more difficult to achieve. As such, the EUAA believes that all behind-the-meter projects should be eligible for any Victorian Renewable Gas policy.

The EUAA views heavy duty vehicles as a "difficult to abate" sector, as electrification reduces the overall payload and will result in additional heavy-duty vehicle on the roads. Fuelling heavy-duty vehicles with hydrogen has the least impact on payload of the technologies available today (and assuming biomethane is reserved for the hard to abate sector. However, inclusion in the renewable gas target will not see the consumption of fossil gas reduce, but rather diesel consumption will reduce. To avoid biomethane being used in vehicles, to avoid cross subsidisation and to ensure there is a net reduction of fossil gas from any domestic renewable gas production site being built, the EUAA does not support the inclusion of heavy-duty vehicles in any Victorian Renewable Gas policy.

GPG is a relatively small consumer of fossil gas in Victoria and is a relatively small contributor to the emissions profile of the electricity network. However, GPG plays an essential role in the transition to 100% renewable energy by providing firming and system security services.

The EUAA supports the inclusion of GPG in any Victorian Renewable Gas policy in the out years (i.e. post-2035), unless a new facility is listed in AEMO's ISP as required prior to 2035 for firming or system security. This approach is to ensure that industry can decarbonise quickly, electricity system security and reliability is maintained, and allows for any new-build GPG post-2035 to be powered from renewable gases. This is consistent with DEECA's list of potential end uses of renewable gases.

3.8 Benefits of a policy mechanism

a. Have we captured the co-benefits of a renewable gas policy mechanism?

i. What is missing or needs to be changed?

The EUAA considers that DEECA have captured most of the environmental, social and economic co-benefits. However, missing in this analysis is maintaining the existing industrial base who can not electrify. The opportunity cost of losing these businesses, through either not being able to access renewable gas and/or becoming uneconomic to interstate and/or international competitors could run into the billions of dollars.

Access in Victoria to suitable volumes of reliable and economically viable gas remains as one of the EUAA members' largest concerns for those who have high temperature industrial heat or feedstock requirements.

3.9 Barriers to increasing the uptake of renewable gas

a. Have we captured the barriers to increasing the uptake of renewable gas? What is missing or needs to be changed?

The EUAA considers that DEECA have captured most of the barriers to increasing the uptake of renewable gases including technical barriers, capital and operational expenditure, regulatory barriers, safety concerns, training and education and social license.

Additional regulatory barriers not mentioned by DEECA are the lack appropriate mixed-use approvals (i.e. the Planning Scheme does not always allow for on-site biomethane production) and for a business that has to purchase feedstock for biomethane production (rather than utilising their own waste), often they must register as a waste-treatment plant with corresponding planning requirements. To ensure the rapid uptake of these technologies, DEECA should work with its planning division to ensure these potential regulatory barriers are minimised.

The EUAA would also suggest that DEECA not underestimate the need for education and consultation with the community to obtain social license for renewable gas production facilities, renewable gas injection into pipelines and consumption in industry, ensuring the public is across all of the barriers identified by DEECA.

3.10 Certification and administration

a. Have we captured the key certification and administration issues?

b. What options exist for a Victorian-based scheme for renewable gas production and how could this align with and/or complement the Guarantee of Origin scheme once legislated?

DEECA have captured the key certification and administration issues.

The EUAA strongly recommends that the Victorian Government uses the Federal based Certificate of Origin scheme as the basis of its policy. Creation of a duplicate scheme to cater for different policy objectives in Victoria creates an unnecessary burden on consumers, both financially as many industrial consumers have plant in multiple states, and legally if different legal obligations exist across different jurisdictions.

5.1 Australian policies and schemes

a. Do you think measures taken in other jurisdictions are an effective way of increasing the uptake of renewable gas? If so, what can Victoria learn from these other jurisdictions?

The Queensland and South Australian governments have the most effective policies in place for increasing the uptake of renewable gas. Both have, or are, orchestrating, facilitating and financially supporting specific projects to produce and utilise renewable gases. For South Australia this is in the form of a specific green hydrogen production facility that will supply a GPG to improve firming and system security services in the South Australian electricity network. For Queensland, the government is orchestrating and facilitating a green hydrogen hub for export, with specified targets for domestic supply, initially for GPG for the same purposes as South Australia.

These two governments have demonstrated that orchestration and facilitation with financial support are a very effective policy measure for governments to increase the uptake of renewable gas.

New South Wales on the other hand, has established a market mechanism for renewable gases through the Renewable Fuel Scheme (for green hydrogen) and Energy Saving Scheme (for biomethane). The Renewable Fuel Scheme has created a cross subsidy from the existing fossil gas users to heavy duty vehicles.

Using the Energy Saving Scheme for biomethane has resulted in projects that capture methane that would otherwise be released to the atmosphere or used to create electricity (e.g. Malabar). While the Malabar Biomethane Injection Project is a good outcome, the Energy Saving Scheme does not encourage the construction of biomethane production plants from biomass that is not already collected and disposed of at one location (as is done at the Sydney wastewater treatment plant).

5.2 Interaction with the Commonwealth Safeguard Mechanism

a. Should a Victorian renewable gas target and/or certificate be additional to an Australian Carbon Credit Units (or the proposed new Safeguard Mechanism Credits)?

b. To what extent would, for current gas distribution companies, the Safeguard Mechanism create an incentive and an incentive to implement renewable gas?

c. Is it likely that any Victorian Safeguard-regulated company would develop renewable gas production projects to meet their Safeguard obligations? How might a Victorian renewable gas scheme assist in this regard?

The EUAA supports any Victorian renewable gas target being complementary to the Safeguard Mechanism. If the Victorian Government creates a Victorian renewable gas certificate that is additional to an ACCU, the emissions reduction achieved will be double accounted and double funded, leading to increased costs for all consumers. Orchestration, facilitation and financial support for projects in Victoria will eliminate the double accounting and will not increase costs for consumers.

Several Victorian Safeguard-regulated companies who are members of the EUAA are considering developing renewable gas production to reduce their emissions profile. A clear policy environment that does not result in the Safeguard-regulated companies cross-subsidising other industries would assist these companies in their project development. Additionally, orchestration, facilitation and financial support would get these projects built.

5.3 Victorian water corporations: Renewable gas opportunities?

a. What opportunities are there for water corporations to enhance their biogas production in order to fulfill their, and Victoria's net zero obligations (both for onsite and offsite use)?

b. What are the opportunities and challenges water corporations could encounter when transitioning from producing biogas to biomethane?

c. What opportunities and challenges are there for water corporations to consider when investing in renewable hydrogen projects?

d. All things considered, what is the current strategic focus for water corporations: biogas, biomethane or renewable hydrogen?

The EUAA has chosen not to respond to this question.

5.4 United States Inflation Reduction Act

a. What aspects of the Inflation Reduction Act will have the largest impact on Victoria's energy transition?

b. How can Victoria capitalise on and respond to, global clean energy investment, such as the Inflation Reduction Act and the Compact?

The Inflation Reduction Act will have many impacts on Victoria's energy transition. These include redirection of resources away from Victoria (jobs, infrastructure and raw materials) which will place upward pressure on their costs. Long term, the scale of the IRA may result in a reduction in the cost of items like hydrogen electrolysers, allowing Victoria to be a fast-follower and capitalise on the reduced cost of hydrogen production.

CONCLUDING REMARKS

The EUAA supports the Victorian Government's efforts to reduce Victoria's emissions to net-zero by 2045. However, care must be taken to ensure that social license is in place for the transition and that the transition occurs in the least-cost for suitable equipment, and not at any-cost (gold plated). This includes any Victorian renewable gas policy.

The EUAA does not support cross-subsidisation from the existing fossil gas consumers (industry, households) to new renewable gas consumers (transport). We also do not support increasing costs for large fossil gas users that make them uncompetitive either nationally or internationally.

The EUAA will support a Victorian renewable gas policy that supports those who can electrify to electrify, reserves biomethane for those industries that require the methane molecule for either their industrial heating requirements or as a feedstock and includes a domestic reservation for export oriented green hydrogen projects.

EUAA would also welcome further discussion on the stranded asset risk of gas pipelines and the need to deal with potential intergenerational equity issues that may occur.

It is EUAA's position that the best suited policy position for the renewable gas industry is orchestration, facilitation and financial support, as has been described throughout this submission.

The EUAA welcomes further discussions with us and our members around the issues raised in this submission.

Do not hesitate to be in contact should you have any questions.

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