



**CONSERVATION
COUNCIL** ACT REGION

Submission to the Australian Government Department of Industry, Science, Energy and Resources: Gas-fired recovery plan

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NON-CONFIDENTIAL

The Conservation Council ACT Region is the peak non-government environment organisation for the Canberra region. Since 1981, we have spoken up for a healthy environment and a sustainable future for our region. We harness the collective energy, expertise and experience of our more than 40 member groups to promote sound policy and action on the environment.

We campaign for a safe climate, to protect biodiversity in our urban and natural areas, to protect and enhance our waterways, reduce waste, and promote sustainable transport and planning for our city. Working in the ACT and region to influence governments and build widespread support within the community and business, we put forward evidence-based solutions and innovative ideas for how we can live sustainably.

At a time when we need to reimagine a better future, we understand that the changes we need will only happen with the collective support of our community.

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Introduction

The Conservation Council ACT Region welcomes this opportunity to comment on the Australian Government's 'Gas-fired recovery plan'.

The Conservation Council supports a rapid phase-out of gas within the ACT and nationally over the next ten years as a way to support meeting State and Territory emission reduction targets, and as a meaningful response to the urgency of the climate change crisis. Further discussion can be found in the Council's submissions regarding Evoenergy's gas network 2021–26 access arrangement ([April 2020](#) and [August 2020](#)), the [ACT Government's Draft Variation 373](#) (March 2020), the [ACT Sustainable Energy Policy 2020-25 Discussion Paper](#) (October 2019) and our [ACT 2020 Election Priorities](#).

Australian Government policy direction and the global climate emergency

While there is perhaps justification for supporting Australian business through a post-COVID recovery, the world is in the midst of a climate crisis and proposals for a 'gas-fired recovery' are at odds with a safe climate.

Gas is a fossil fuel contributing to climate change and environmental damage, and must be phased-out to reduce Australia's emissions. Gas is expensive for consumers and risky for the environment. Gas companies are largely foreign-owned, provide relatively few jobs, and return little in revenue to the Australian people. There is no justification for the Australian Government to spend public money on more gas infrastructure – the solution is to use less gas, not more.

Meanwhile, the global scientific community is calling for immediate and urgent action to reduce greenhouse gas emissions to stabilise the planet's climate, amongst abundant evidence of the warming that is already underway. Australia's east coast suffered the most extreme and devastating bushfire season on record barely 12 months ago, immediately followed by floods and a global pandemic, and in March 2021 the heaviest rainfall and most extensive La Niña flooding in decades, all of which are linked to human impacts on the environment.

Tax-payer funds would be far better spent on scaling up renewable energy sources, improving the energy efficiency of buildings and electrifying gas appliances in residential, commercial, manufacturing and industrial applications to eliminate domestic demand for gas. The Australian Government could also invest in exporting renewable energy technologies to traditional gas markets to replace Australia's gas exports.

All States and Territories now have net-zero emissions targets by 2050 or sooner, implying that gas will need to be phased out nationally within the next 30 years, not expanded. For instance, South Australia was the first Australian state to set a net-zero emissions target by 2050 with an interim target of reducing emission by 50% by 2030. In 2020, South Australia sourced 60% of its local electricity demand from wind and solar and plans to reach net 100% renewables by 2030 and the removal of gas from transport and buildings. Both South Australia and Tasmania plan to produce excess renewable electricity and green hydrogen to displace coal and gas consumption in other states in applications from electricity generation to transport fuel, green steel and

chemical feedstock. In 2020, the New South Wales Government legislated a target of net-zero emissions by 2050 and released *Net Zero Plan Stage 1: 2020–2030* which includes reducing emissions by driving the “uptake of proven emissions reduction technologies” and “electrification using renewable energy” for emissions-intensive industries. Victoria’s *Climate Change Act 2017* commits to a target of net zero emissions by 2050, and the Victorian Renewable Energy Target legislates that 50% of the state’s electricity will be provided by renewable sources by 2030. The Queensland Government in 2017 committed to net-zero emissions by 2050, and set an interim target of at least 30% reduction on 2005 levels and at least 50% of energy from renewables by 2030. Western Australia was the last Australian state to set a target of net zero emissions by 2050, with initiatives including large-scale renewable energy and battery production and green hydrogen production from waste biogas.

The ACT has the most ambitious net zero target date of 2045 and clearly identified the need to eliminate the 22% of emissions due to stationary gas consumption. The Parliamentary and Governing Agreement for the 10th Legislative Assembly of the Australian Capital Territory established between the ACT Labor and ACT Greens Members sets out a clear policy direction to “phase out fossil-fuel-gas in the ACT by 2045 at the latest”. This will be no mean feat given that Canberrans are the second largest consumers of residential gas at around 42,000 megajoules annually per customer, second only to Victorians at 57,000 Mj. The Parliamentary Agreement commits to no new gas mains to future stages of greenfield residential development from 2021–22 and infill developments from 2023. It also includes incentives and support for Canberra gas users to switch to electricity, and commits to a number of gas-free commercial and public infrastructure projects.

In the ACT, Evoenergy’s revised Gas Network Access Arrangement for 2021–26 (GN21) takes these policy measures into account with falling demand forecasts, reduced capital expenditure and market expansion, and shortened asset depreciation timeframes. Evoenergy responded to both community consultation and the ACT Government policy direction by revising market expansion capex down from \$34.8m in the initial draft GN21 plan in February 2020 to \$26.3m in its June submission to the AER, then down again to just \$11.7m in its revised GN21 plan in January 2021. This effectively halts market expansion in the ACT while Evoenergy explores ways to achieve the ACT Government’s net-zero emissions target.

Although the ACT Government policy is currently the strongest mandate among Australian jurisdictions to reduce gas use, other State Governments and local councils are investigating policy options to follow suit, such as South Australia’s \$118 million home battery scheme and \$60 million for energy efficiency measures in government buildings, Yarra City Council’s plan to “raise the bar for new buildings to drive a shift towards all-electric homes powered by 100% renewable energy”, and Moreland City Council’s 2040 vision that “homes and businesses are powered only by electricity, following a supported phase-out of gas”. Canterbury Bankstown city council has just released draft master plans for Campsie and Bankstown city centres that will exclude the provision of gas service, requiring new buildings to be all-electric by 2036, with electric buildings being “the most significant strategy to place Bankstown on a netzero emissions trajectory, providing our community ongoing economic and amenity benefits”. Major city councils – Brisbane, Sydney, Melbourne, Adelaide, Hobart and Perth – plus dozens of smaller city councils – eg Wollongong, Moreland, Noosa, Maribyrnong, Blacktown, Northern Beaches – are moving to eliminate emissions from their own operations, often by 2030, as well as their communities, commonly by 2050.

Internationally, Point 7 of the UK's Ten Point Plan for a Green Industrial Revolution aims to "move away from fossil fuel boilers"; the Netherlands' *Klimaatakkoord* sets out that 75% of total new housing built between 2018 and 2021 will be "without natural gas" and no new buildings after 2021 will be fitted with gas connections; 22 municipalities in Ontario, Canada, have passed resolutions calling on the Government of Ontario to phase out the province's gas-fired power plants; dozens of US cities such as Berkeley, Oakland, San Francisco, Brookline, Los Angeles and Seattle and at least 16 US states are legislating to prevent new gas infrastructure and encourage the transition to all-electric buildings. The Conservation Council asserts that growing awareness about the impacts of the gas industry on local environments and global climate and the ongoing high cost of gas for consumers will provide an incentive to hasten this transition.

The Australian Energy Market Operator in its annual Gas Statement of Opportunities is also predicting that demand for gas will not increase over the next 20 years, and could decline by as much as 20% by 2040 and faster to 2050. Gas-powered electricity generation in Australia's main grid fell in 2020 to the lowest level in the past decade, sidelined by increasing amounts of large-scale wind and solar and rooftop solar PV, a trend that will accelerate in all scenarios. Domestic gas consumption from the grid is expected to fall another 40% in 2021.

The corporate sector is also increasingly factoring climate change into financial risk decisions, corporate social responsibility, asset management and the ability to attract investors who see climate and environmental responsibility as core elements of business sustainability. Even fossil fuel companies are divesting themselves of fossil fuel liabilities and shifting to clean renewable energy projects. The Australian Government should be doing the same, not proposing to invest tax-payers money in expansion of the gas industry that employs just 0.2 people for every million dollars of output (0.2% of the Australian workforce), compared to education or health that employs upwards of 10 people for every million dollars. The role of the Australian Government is to serve the Australian people, not increase the profits of multinational corporations.

Of note, the majority of Australian gas is not available for use by the Australian people. More than 80% is exported, benefiting only the multinational corporations that control the industry whilst burdening Australian farmers with the environmental damage and foisting atmospheric pollution on other countries' populations. The gas industry already receives millions of dollars of effective [subsidisation](#) every year through a range of fuel tax credits, exploration incentives, research and development funding, carbon capture and storage program, infrastructure reliability funding, depreciation of assets, carrying tax credits forward to later income years, plus significantly the absence of a clear carbon price. Meanwhile, the gas industry reaps billions of dollars in [revenue](#) from the export of tens of millions of tons of liquefied natural gas – \$29.7 billion revenue in 2017–18 from \$32 billion of exports, \$22.7 billion revenue in 2016–17 – yet pays little in royalties to the Australian Government under the petroleum resource rent tax (PRRT) – just \$1.07 billion in 2017–18 and less than \$1 billion in 2016–17. Big multinational gas companies such as Chevron, ExxonMobil and Shell create financial structures that minimise profits within their Australian operations so that they are not legally liable for PRRT payments to the Australian Government.

The Australian Government would be irresponsible to invest further public money in an export industry that faces global decline as the international community (except Australia) ratchets up

their emissions reduction commitments under the UNFCCC Paris Agreement, including Australia's major gas export markets and trading partners Japan, Korea and China aiming to achieve net-zero emissions by 2050 and 2060 (China) with interim targets to increase renewable electricity generation by 2030. Giving further public funds to fossil fuel companies that don't return significant taxation revenue, let alone any compensation for damages, to the Australian economy is completely at odds with the polluter pays principle. It is also morally reprehensible for Australia to continue to contribute to global carbon emissions through the export of gas and other fossil fuels whilst claiming that Australia is not accountable for the emissions created.

The Australian Government should instead invest in a transition plan for those engaged in associated gas industries including support for workers to retrain, and training institutions to prepare workers for electrification. Australian Government policy or lack thereof will determine how rapid, smooth and equitable, or slow, chaotic, disruptive and unjust the workforce transition will be. At present, the latter is prevailing.

The Conservation Council reminds the Australian Government that we must achieve rapid decarbonisation of all human systems if we are to keep Earth habitable for humans and other species. We can say with great certainty and simplicity that the most effective way to rapidly decarbonise gas consumption is to stop extracting and using it. This means that the Australian Government must commit to an urgent and proactive transition off gas, and, above all, stop exporting gas and its emissions to the world. At the very least, the Australian government must cease providing the gas industry with further public funding.

Transparency and accountability

From the outset, the National COVID-19 Coordination Commission (NCCC) created by the Australian Government was heavily weighted with gas industry advocates and jumped directly to pushing a gas-led recovery agenda without due consideration of other, more sustainable alternative pathways. There has been little public consultation or transparency in the development of the gas-fired recovery plan and the allocation of funding.

The Government must make public the NCCC's report that recommended a gas pathway, the terms of reference and assumptions informing NGIP modelling, all interim or draft reports, and conduct full public consultation before funding is committed or contracts signed.

The Government must also explain why the NGIP is being developed within Angus Taylor's Department instead of by the AEMO with appropriate transparency and extensive expert consultation like the Integrated System Plan for electricity, and integrate the ISP's recommendation of less gas, not more.

Reducing gas use through energy efficiency and electrification

Gas is not needed for residential or commercial purposes. Electrification of buildings reduces total energy consumption, and results in cost savings for homeowners and businesses through elimination of the gas supply charges and the greater efficiency of electric appliances. Many electric appliances will always be more efficient than equivalent gas appliances that burn any kind of gas (biogas, hydrogen etc) to provide heat energy. Heat pumps have a coefficient of performance of 3–5 compared to gas appliances which can never achieve more than 1. A gas network will always result in fugitive emissions. Burning gas in homes and businesses will always carry health and safety risks that electric appliances do not.

Switching from gas to electricity in buildings is one of the most technologically straightforward actions that Australia can take to eliminate the greenhouse gas emissions contributed by stationary energy. No significant behaviour change is required, just clear policy direction, targets and adequate support and communication for users. The Australian Government should therefore be supporting States, Territories and local Governments to pursue this course, encouraging development of clearly timetabled, ambitious plans to cease all new gas infrastructure immediately, then enact a deliberate and orderly transition off gas extraction, infrastructure and consumption. Investing in gas demand reduction would deliver emissions reductions that deliver greater benefits (energy cost savings, comfort, health, protection of the environment, climate resilience etc) to the Australian community than subsidising companies to build gas pipelines.

In the UK, the recent decline in coal use did not lead to a rise in gas consumption – rather, energy efficiency and renewable energy displaced both coal and gas. Energy use for residential space heating declined 22% per household from 2000 to 2018 due to installation of efficient boilers and cavity wall insulation in homes. The [International Energy Agency](#) predicts that by 2050, gas use in buildings globally could be less than half of 2017 levels due to building envelope improvements and low-carbon technologies such as electric heat pumps and solar thermal heating. The [Center for Strategic & International Studies](#) observes that electricity is more likely to meet the needs of new buildings, not gas, and very few countries are actively constructing new gas networks or introducing gas to buildings – “the trajectory is against gas as a new fuel for buildings”.

For industrial applications where gas is still needed for high-heat processes, biogas is a useful energy product, and when collected from sources such as agricultural waste, mining, sewage processing and landfills, can avoid greenhouse gases being released into the atmosphere. Using such biogas consumption on site or within a contained system to generate heat or electricity can be highly efficient and result in cost savings for operators that can then eliminate the need for fossil gas. It is also likely that greater capture of methane emissions from such activities will displace fossil gas for those hard-to-replace applications of gas, reducing demand for fossil gas in sectors including heavy transport and aviation.

Beyond Zero Emissions has produced a series of reports including “[Electrifying Industry](#)” about how Australian industries could be supported to reduce emissions whilst generating ongoing

jobs for a sustainable future. ClimateWorks Australia has a comprehensive report mapping [“Pathways to deep decarbonisation”](#) and The Australia Institute’s [“Gas-fired backfire”](#) report details how Australia’s manufacturing sector does not need more gas – it needs electrification and renewable energy sources.

In developing the NGIP, the Australian Government must consider and compare costs and benefits from electrification using low-cost renewable energy, energy-efficiency measures to use less gas, against emissions from ongoing or increased gas use, before making any commitments to funding any gas projects.

Communication and social licence

Many members of the public still believe that “natural gas” is “clean”, “efficient”, “better”, “necessary”, a “transition fuel” and so on because they are still hearing this message on television and other media, from the Australian Government, the gas industry, appliance retailers and housing developers. This message is outdated, factually incorrect and dangerously misleading.

Gas is polluting, environmentally damaging, and inefficient compared to modern electric technologies. It is unnecessary for residential and commercial buildings or manufacturing. Gas is only a small margin less damaging than coal and far more harmful than renewable energy sources. Gas is three to five times more expensive to produce than renewable electricity and does not deliver value either technically, environmentally or economically.

As noted previously, the gas industry does not create a significant number of jobs nor does it contribute significant revenue to the Australian economy. “Investing” in gas pipelines will not be an efficient and productive use of public funds nor stimulate a long-term recovery for the Australian economy.

The Australian Government has an obligation to communicate accurately with the Australian community on the role of gas. Messages such as “gas is needed as a transition fuel” and the “baseline” paradigm should cease: rather, the Government should ensure that Australians are made aware that the global community needs to cease using gas, and all associated companies (energy retailers, building developers, appliance retailers, installers etc) should stop advertising and selling gas and installing gas appliances. The Australian Government also needs to update its messaging about renewable energies: they are not “emerging technologies” – many are fully developed, proven and now well-established industries that are technically, commercially and economically viable.

There is increasing public awareness of the environmental damage caused by gas extraction as well as the greenhouse gases emitted. Repeated and steadfast public protests are evidence of the diminishing social licence for all fossil fuels including gas. The Australian Government needs to catch up with the science, the economics and public sentiment.

Summary and Recommendations

In a country with abundant sun and land area, and some of the leading technology scientists in the world, the Conservation Council suggests that Australia is in an excellent position to invest in and demonstrate leadership in the transition away from gas to renewable electricity. There is no justification for Government investment in the gas industry.

Given the state of the Earth's climate and the global agreement and efforts towards zero-emissions by mid-century, investing tax-payer funds in an industry that has no future is foolish, particularly when it could be better invested into the renewable energy and electrification needed anyway for a sustainable future.

The Conservation Council ACT Region recommends that the Australian Government:

- Take account that all States and Territories have now set targets for net-zero emissions by 2050 or sooner, creating the imperative for fossil gas to be phased out;
- Release all reports, terms of reference and modelling for the NGIP for full public consultation;
- Invest in electrification and energy efficiency, and reconfigure the national electricity network to support the changing demands due to new electric technologies;
- Invest in alternative technologies to transition gas-dependent manufacturing and other industrial applications off fossil fuels;
- Plan to strategically, proactively and urgently phase out the extraction, processing, consumption and export of fossil gas, consistent with the global climate emergency and at the latest by 2050;
- Create a transition plan to retrain the gas industry workforce for an all-electric future;
- Investigate alternative pathways for investing in COVID recovery that deliver multiple co-benefits to the Australian people while supporting progress towards a sustainable climate.