



Jim Miller
Chair
Infrastructure Victoria

26 February 2021

RE: Draft 30 Year Strategy

Dear Mr Miller

Thank you for this opportunity to comment on the draft 30 year strategy.

There is a great deal of uncertainty in the future of the energy markets. Which technologies will meet the states future needs in 30 years is an evolving matter.

This in its very nature means that a strategy must be somewhat open ended as it will be the economics of different technologies that will determine the outcomes. Natural Gas accounts for 19% of energy consumption in Victoria. This accounts for more energy use than provided by electricity (12%).

Natural gas plays a significant role in Victoria in the near term and any attempt to prematurely move away from the use of natural gas will lead to significant negative outcomes for customers, industry and the environment.

The presence of natural gas in the Victorian market has significant impacts in reducing the amount of electricity infrastructure that is necessary to meet the energy needs of Victoria. In the absence of gas infrastructure to support the use of natural gas for electricity production, heating and cooking the electricity network will have to be expanded dramatically to meet these energy needs. These additional costs will be borne by energy consumers in Victoria both residential and commercial and industrial.

The existing electricity generation mix in the NEM, and in Victoria in particular, has a much higher CO₂e profile than natural gas so any short-to-medium term transition from the use of natural gas as an energy source to the use of electricity would result in an overall increase in the CO₂e emissions in the energy sector. Likewise, the use of batteries in Victoria is currently storing electricity with a relatively high emissions profile.

It is also important that the draft infrastructure plan needs to reflect the work that the Victorian Government is pursuing through the Victorian Hydrogen Investment Program. Hydrogen will need to be reflected in both:

- the role it could potentially play in the future energy system as a source of storage and generation in the long term, and
- the role it could have in lowering the CO₂e intensity of natural gas in the short and medium term so that Natural Gas continues to play a role in reducing CO₂e emissions.

A decision that results in gas distribution system not being laid when developing new estates will effectively be an irreversible decision; history has shown once the opportunity to lay gas mains has been foregone at the time of initial development it is highly unlikely that it will be either



economically nor socially viable to retro-fit later. Effectively these areas would be precluded from ever being able to benefit from the access to hydrogen.

The natural gas delivery system today is the “gaseous” delivery system of tomorrow which could viably transport alternative lower-emission future fuels, subject to technical and economic feasibility. Long term infrastructure planning should recognise that transport systems can be feasibly repurposed over time. Conceptually this is similar to other transport systems such as toll roads, that carry hydrocarbon-emitting vehicles today but can carry electric vehicles tomorrow.

The gas infrastructure industry has been engaging with the Victorian State Government regarding the better recognition and protection of high pressure gas pipelines within the Victorian Planning Framework (VPF). We are advocating that Infrastructure Victoria recommend a planning overlay to be introduced into the VPF. This approach both recognises the importance of existing and future gas transmission infrastructure and, if introduced, will provide long term recognition and enhanced community safety.

We would welcome the opportunity to expand upon points made above. We also look forward to working with Infrastructure Victoria as it prepares its gas infrastructure advice for the Victorian Government.

Sincerely

Julian Peck
Group Executive Strategy & Commercial
APA