

EXECUTIVE SUMMARY

Gas Energy Australia (GEA) is the national peak body which represents the bulk of the downstream gaseous fuels industry, which covers Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). The industry comprises major companies and small to medium businesses in the gaseous fuels supply chain, refiners, fuel marketers, equipment manufacturers, LPG vehicle converters, consultants and other providers of services to the industry.

GEA is calling on all Parties and independents to adopt the following commitments for the 2018 Victorian State Election.

- 1. Support Victorian manufacturing and gas industry jobs** through the use and development of gas technology and building on Victoria's natural advantage.
- 2. Reform Victorian Government policies and programs to ensure gaseous fuels have the same access to government support as other low emission technologies** - so that Victorian families can save up to \$600 per year on their electricity bills by converting their electric hot water systems to instantaneous gas.
- 3. Strengthen Victoria's energy security with gas sourced distributed energy** and support the flexible and lower cost distribution of gas through virtual pipelines.

Gaseous fuels like LPG, CNG and LNG are Victoria's natural advantage. With significant existing and flexible distribution networks through virtual pipelines that can be very responsive to changing demand without expensive additional pipelines, gaseous fuels and have an important role to play in:

- **providing improved energy security for Victorians;**
- **reducing energy costs for the business, community and residential sectors;**
- **improving environmental outcomes by reducing emissions; and**
- **supporting both direct and indirect jobs in the industry and manufacturing jobs more broadly.**

In particular, gaseous fuels are:

- *making a significant contribution to increasing our energy security and offering particular opportunities for consumers especially in fringe distribution areas and regional communities;*
- *providing cleaner air and improved health outcomes compared to diesel fuels;*
- *delivering reliable power and goods to regional areas;*
- *providing a flexible and rapid response energy source for communities affected by natural disasters;*
- *reducing carbon emissions by up to 25 per cent;*
- *sustaining a range of current manufacturing and technology industries, including some innovative Victorian businesses working at the cutting edge of cleaner fuels;*

- *delivering better economic and environmental outcomes across Australia;*
- *improving the economic and environmental sustainability of Australia's public transport fleet - including trains, buses, ferries and taxis - by reducing running costs, cutting emissions and slashing harmful particulate pollution to almost zero; and*
- *leveraging examples of gaseous fuel, maritime fuel and bunkering applications taking place in Australia and overseas*

Gaseous fuels can also be used for a range of domestic, commercial, industrial and transport applications including:

- *lower emitting fuel for off-grid, remote and end-of-network power generation;*
- *being used alone where renewables are not optimal or in hybrid technology along with renewables to ensure continuous cleaner power;*
- *domestic space heating and water heating, including solar gas hybrids which are among the lowest emitting and most cost-effective source of domestic hot water;*
- *lower emitting and less polluting transport fuels as an alternative to increasingly imported, higher emitting and higher polluting oil-based fuels; and*
- *being the only viable and lower polluting alternative for heavy transport applications, which are increasingly dependent on imported diesel and dirty bunker oil from some of the most dangerous places on earth. Indeed, there is no renewable energy likely to be suitable for these heavy transport tasks for the foreseeable future.*

GEA's Victorian State Election Statement isn't about choosing between gas or renewables, it is about making sure that the right energy source and right technology can work together to provide, secure, affordable and low emission energy to all Victorians. One of the measures for example would support either standalone off-grid gas-fueled power generation or gas-renewable hybrids instead of higher polluting diesel fuel.

As such, gaseous fuels will continue to have an important role in delivering greater energy security for Victoria - and in conjunction with other lower emitting sources - can provide a more independent and cleaner future for Victoria, support local jobs in the industry and manufacturing jobs more broadly and provide a cleaner environment.

To find out more, please visit www.cleanercheaperfuels.com.au.





PRIORITY ONE

1. PROVIDING GREATER SUPPORT FOR THE DEVELOPMENT AND DEPLOYMENT OF LOW EMISSION GAS TECHNOLOGIES

The incoming Victorian Government needs to support the important role gas can play in providing reliable, cleaner energy. In particular, Victoria is the home of Australia's gas industry providing not only important energy for manufacturing jobs, but also supporting the jobs and technical skills of the "downstream" gas support industry. Gas is also the fuel of choice for Victorian consumers with 2 million households connected and gas providing 69% of total Victorian household energy per year.

There are many Victorian based companies directly and indirectly involved in the downstream gaseous fuels industry. These companies led the way in developing "virtual" gas pipelines allowing flexible deployment of cleaner, cheaper Australian fuels. And that continues to this day, with Manchester Tank in Echuca, CEM International in Coolaroo and Advanced Fuels Technology in Tullamarine playing a critical supporting role. A number of local Melbourne businesses also established the LPG Autogas Centre of Excellence in Melbourne and some other local Melbourne businesses have been undertaking an interstate LPG dual fuel heavy truck trial. The Victorian gaseous fuels industry is also strongly supported by production of LPG in refineries in Geelong and Altona, as well as the Longford gas processing plant in the Gippsland. And Dandenong is home to the BOC/APA Group domestic LNG production and storage facility which was the first of its type built in Australia.

But all of that is at risk. Policy settings aimed at "picking political winners" that can't support reliable power, puts thousands of Victorian jobs at risk by subsidising other technologies that might not do the best job for a given task – in manufacturing or transport. In contrast, technology neutral policies would allow the best low emitting energy technology for any given use to not only assist the transition to a lower emitting future but protect jobs and the families who depend on them. It's not just emerging tech industries that are developing new technologies. The gaseous fuels sector is constantly developing new ways to provide lower polluting Australian fuel options, technology and practices to deliver cleaner and cheaper products, lower emissions and better outcomes for its customers.

GEA has long advocated for governments at all levels to not disadvantage the gaseous fuels industry, which also provides greater energy security for Victorians, increased emissions reductions, improved health outcomes and protection of niche Victorian technology/manufacturing jobs. Victoria must also retain the skills and knowledge of its manufacturing sector and capture and develop the expertise and skills from the recent construction phase of the LNG export sector. Therefore, it is imperative the incoming Victorian Government preserves local jobs by building and promoting a leading role for Victoria in developing gas-related technologies and supporting Victoria's highly skilled manufacturing work force.

To this end, GEA calls on all Parties and independents to adopt the following commitments for the 2018 Victorian State Election:

- ***facilitate recognition and approval of gas technologies to meet more ambitious environmental and health targets; and***
- ***ensure that all innovation related policies and programs extend funding beyond the information and high technology sectors - to include all industries including the gas sector - to support real world gaseous fuels innovation that has practical and beneficial outcomes and will deliver local niche design, manufacturing and production jobs.***



2. REFORM VICTORIAN GOVERNMENT POLICIES AND PROGRAMS TO ENSURE GASEOUS FUELS HAVE THE SAME SUPPORT AS OTHER LOW EMISSION TECHNOLOGIES

Given the significant benefits of using gaseous fuels, the incoming Victorian Government should provide gaseous fuels the same support as they currently do for other competing low emission technologies by:

- *Providing equivalent incentives for Victorians to switch to gaseous fuels for their domestic hot water, heating and gas-fired cooking needs;*
- *assisting Victorian businesses with equivalent incentives to use gaseous fuels to help reduce their operational costs and provide better environmental outcomes; and*
- *updating government procurement rules and policies to ensure gaseous fuels are not excluded from the preferred fuel types, particularly for government fleet vehicles, bus and train services.*

The benefits of adopting these simple measures would not only lower energy costs for government, businesses and every day Victorians, but would also reduce carbon emissions. For example, when used to power household hot water systems, LPG can be much better for the environment than current solar electric hot water systems. But it's not just the environment that can benefit from the use of gaseous fuels – Victorians can also dramatically reduce their household energy costs.

A case in point is when a customer in regional Australia replaced her old electric hot water system with a LPG hot water system. The installation of an LPG hot water system saw this customer's three-person household electricity bills reduce from an average usage of 1650kWh per quarter at a cost of \$340 to 660kWh at a cost of \$190 per quarter (excluding service charges). That equates to an enormous electricity bill saving of up to \$600 per year for that household.

Gaseous fuels should be supported along with other low emissions technologies and should not be excluded from the preferred fuel types to assist the transport sector achieve improved emission and environmental outcomes.

The recently established Autogas Centre of Excellence in Melbourne can provide fleet buyers with a seamless autogas installation service prior to new car delivery, providing an OEM (Original Equipment Manufacturer) styled system and service covering a broad range of vehicle selections including Camry Hybrids. The utilisation of autogas in fleets can also significantly lower running costs as autogas is approximately 40 to 45% cheaper than traditional fuels, such as petrol or diesel.

Therefore, governments should also not exclude gaseous fuels from preferred fuel types as they contemplate fuel efficiency and tighter emissions standards for passenger vehicles. It makes sense that the incoming Victorian Government could itself lead the way with its own fleets and public transport options.

To this end, GEA calls on all Parties and independents to adopt the following commitments for the 2018 Victorian State Election:

- ***adopt a truly technology neutral approach to interest free loans, rebates and energy concessions - and give gaseous fuels the same support as they currently do for other competing low emission technologies; and***
- ***ensure Victorian Government procurement rules and policies do not exclude gaseous fuels from the preferred fuel types, particularly for government fleet vehicles and public transport.***



PRIORITY THREE

3. STRENGTHEN VICTORIA'S ENERGY SECURITY WITH GAS SOURCED DISTRIBUTED ENERGY

Gas is an essential element to the Victorian economy and our modern lifestyle and as Victoria transitions to a cleaner energy future, the incoming Victorian Government needs to ensure gaseous fuels are part of this transition.

However, the recent blackouts experienced across Victoria over the last two years - along with the Tasmanian energy security crisis - are real-time examples of the need for greater energy security in Victoria. Gaseous fuels can strengthen Victoria's energy security by providing more reliable low-emission power generation, support distributed energy solutions and through the use of gas/renewable hybrid options.

Not only can the "virtual pipelines" of LPG, LNG and CNG offer flexible and lower cost alternatives to expensive fixed pipelines, some communities and isolated users can get cleaner and more reliable power through distributed energy options.

Regional and end-of-network communities also have a heavy reliance on generators running on imported dirty diesel and increasingly from often subsidised unreliable renewable sources. Gaseous fuels afford the ability to provide highly efficient decentralised power generation complementing renewable energy sources, which mostly depend on the wind and sun.

LPG's person-to-person distribution system has also created a rich distribution network of local and distributors across Victoria, which employs over 500 direct jobs in Victoria - with many of these located in regional Victoria. No other commercial fuel has the flexibility for transportation, and the capability for being one of the lowest infrastructure cost options for energy. And because LPG can be transported by virtual pipelines, Victorians living in off-grid, remote and end-of-network communities don't have to wait for expensive permanent pipelines to be funded and built.

In addition - and just by virtue of their geographical distribution - decentralised energy supplies can pass through natural disasters like bushfires untouched, while a centralised facility and/or distribution systems may have been damaged or destroyed.



GEA has proposed an innovative national pilot program to the Federal Government to provide energy security for regional and end-of-network communities, which would also enhance the ability of Victoria to move to a low emissions future.

This initiative provides a fantastic opportunity for the Victorian Government to work with a willing gaseous fuels industry – along with the Federal Government - to convert these communities to cleaner fuels by developing business cases for solar, wind and gas generation. This plan would not only cut emissions but would also provide secure and affordable power through the utilisation of gaseous fuels given batteries to back up intermittent renewable energy are still very expensive.



As gaseous fuels are currently transported by tanker to essentially create 'virtual pipelines' of energy without the capital expense of fixed energy infrastructure, this pilot program would be supported by the hundreds of kilometers of existing 'virtual pipelines' currently providing gaseous fuels to communities and industries all over Victoria. These 'virtual pipelines' move readily with demand and already create hundreds of local jobs.

In contrast to centralised electricity generating facilities such as coal and gas fired power stations, hydroelectric dams, giant lithium ion batteries and large-scale wind farms - all of which typically require electricity to be transmitted over long distances - distributed energy is decentralised, modular and located close to the energy need it meets, increasing energy security.

Gaseous fuels are the distributed energy source that currently have the price advantage, availability, portability and proven environmental benefits to make them the ideal 'here and now' energy option for regional and end-of-network homes, businesses and communities.

To this end, GEA calls on all Parties and independents to adopt the following commitments for the 2018 Victorian State Election:

- ***establish a pilot program in conjunction with the gaseous fuels industry to enable regional and end-of-network communities to use reliable cleaner fuels including gas and gas/renewable hybrids, which will provide greater energy security for Victorians and deliver considerable environmental benefit; and***
- ***work with the Commonwealth Government and other States and Territory Governments to reform the current regulatory barriers that exist to the uptake of distributed energy resources.***