



29 April 2022

Submission: Green hydrogen network charge exemptions

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 contribute to the New South Wales Governments' consultation on Green hydrogen network charge exemptions (the **Consultation**). APGA commends the New South Wales Government for supporting the early development of the green hydrogen industry through this initiative and its broader hydrogen strategy.

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 in NSW and across the nation.

The greatest challenge to overcome in developing a future green hydrogen industry is driving hydrogen production through electrolysis down the commercial cost curve. Experience with the solar PV industry shows that this will occur through development of hydrogen production assets. Using spare capacity in sunk cost electricity infrastructure investment to enable early hydrogen development represents an efficient and low cost method to enable hydrogen production.

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

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

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

Establishing this program today comes with the risk that future programs may attempt to apply the same exemptions to new or spare capacity on new electricity infrastructure. This would incentivise the use of electricity transport for hydrogen related energy transport over pipeline transport. *Pipelines vs Powerlines: A Technoeconomic Analysis in the Australian Context*⁴ produced by GPA Engineering and commissioned by APGA demonstrates that hydrogen pipelines represent the least cost pathway to hydrogen supply chain development.

APGA strongly advises against driving higher hydrogen costs by extending this scheme to cover new or spare capacity on new electricity infrastructure, noting that hydrogen pipelines are the least cost energy transport pathway for a hydrogen energy supply chain⁵.

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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⁴ Pipelines vs Powerlines: A Technoeconomic Analysis in the Australian Context, GPA Engineering 2022

https://www.apga.org.au/sites/default/files/uploaded-content/field_f_content_file/pipelines_vs_powerlines_-_a_technoeconomic_analysis_in_the_australian_context.pdf

Results Summary Dataset:

https://www.apga.org.au/sites/default/files/uploaded-content/field_f_content_file/appendix_3a_and_3b_results_summary.xlsx

⁵ Pipelines vs Powerlines: A Summary, APGA 2022

https://www.apga.org.au/sites/default/files/uploaded-content/field_f_content_file/pipelines_vs_powerlines_-_a_summary.pdf