



3 April 2023

Submission: Removing the barriers for Queensland's renewable hydrogen industry

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 consultation on removing barriers for Queensland's renewable hydrogen industry through the *Gas Supply and Other Legislation (Hydrogen Industry Development) Amendment Bill 2023* (the **Amendment Bill**). APGA commends the Queensland Government for taking steps to recognise the importance of renewable gases (green hydrogen and biomethane) and ensure legislation considers it on an equal footing with natural gas.

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 2050*², 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 throughout Australia.

Amending legislation in support of the renewable energy transition

The proposed Bill seeks to amend the existing the *Gas Supply Act 2003* (the **GS Act**) and the *Petroleum and Gas (Production and Safety) Act 2004* (the **P&G Act**). These Acts currently provide the approvals pathway for proponents seeking to transport natural gas through pipelines. As with other pieces of legacy legislation nationally, these Acts need to be updated to reflect the future renewable gas industries as we transition. Ensuring a clear and consistent licencing environment for renewable hydrogen and biomethane pipelines helps form the foundation of Queensland's burgeoning renewable gas industry.

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

² APGA, 2020, *Gas Vision 2050*, https://www.apga.org.au/sites/default/files/uploaded-content/website-content/gasinnovation_04.pdf

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

APGA particularly approves of the Queensland Government's approach extending the existing licensing scheme to renewable gas transmission pipelines under the P&G Act, rather than creating a bespoke scheme. It is important however to ensure the remaining changes to legislation are not drafted in a way that results in unintended consequences.

Proceed with due caution

As noted in the Information Paper, Energy Ministers agreed to extend the current gas regulatory framework under the National Gas Law (the **NGL**) and National Energy Retail Law (the **NERL**) to hydrogen, biomethane and other renewable gases. This introduces a new term, 'covered gases', which includes natural gas, hydrogen, biomethane and synthetic methane, along with a blend of these gases.

APGA notes that the same term has been used within the Amendment Bill, however the Amendment Bill extends the definition to a range of hydrogen carriers not previously considered within NGL amendment consultation.

6A Substances that are regulated hydrogen

For the 2004 Act, section 11A(c), the following substances are prescribed—

- (a) methanol;
- (b) methyl-cyclohexane (MCH);
- (c) toluene;
- (d) ammonia;
- (e) dimethyl-ether.

While this is a positive move from a pipeline licencing perspective, this could indicate an intention to replicate this extended definition of 'covered gases' within a future amendment to the National Gas (Queensland) Act 2008 (the **NG(Q) Act**). This could either occur through direct replication of the proposed P&G Act definition of 'covered gases' within the NG(Q) Act directly, or through the NG(Q) Act referencing the P&G Act definition of 'covered gases'.

If either of the above were to occur, future amendment to the NG(Q) Act may extend economic regulation currently designed to regulate natural gas pipelines to pipelines which carry hydrogen carriers identified in the Amendment Bill. This would occur without proper consultation as to whether applying economic regulation to these hydrogen carriers has a positive net value to the Queensland economy.

Application of natural gas pipeline economic regulation to hydrogen and biomethane pipelines has been considered at a national level, however application beyond these gases was not. APGA's opposition to this extension of economic regulation to a nascent industry can be found in its submissions to the Federal Government's process.⁴ APGA's position

⁴ APGA, 2021, *APGA Submission: Extending the national gas regulatory framework to hydrogen blends & renewable gases: Changes to the NGL, NERL and Regulations Consultation Paper*, https://www.apga.org.au/sites/default/files/uploaded-content/field_f_content_file/211201_apga_submission_-

within these submissions equally applies to hydrogen carriers introduced by the Amendment Bill, noting in short:

- The negative impact of economic regulation on investment, in particular where not necessary;
- The absence of experiential justification to apply economic regulation to infrastructure for a nascent industry; and
- The absence of theoretical justification to apply economic regulation to infrastructure for manufactured gases which do not experience the same locational constraints of natural gas (undermining potential for infrastructure market power).

Care must be taken in drafting the NG(Q) Act Amendment Bill to ensure that the wording accurately reflects the intentions of the Queensland Government with regards to broadening economic regulation of pipeline infrastructure. APGA looks forward to contributing in the event that the Queensland Government seeks to consult on the possible introduction of economic regulation for hydrogen carrier pipelines.

APGA welcomes the opportunity to further consult with the Queensland Government on these proposed amendments. 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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[_extending_the_national_gas_regulatory_framework_to_hydrogen_renewable_gases_energy_officials.pdf](#)

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