



11 August 2023

Submission: Safeguard Mechanism International Benchmarks

APGA welcomes the opportunity to provide feedback on incorporating international best practice benchmarks for baseline setting for the Safeguard Mechanism. Alongside the consultation on new production variables, this is an influential series of reforms.

APGA refers to its submission to the consultation on the Production Variables Update, and particularly to comments on industry averages, for additional background to our comments below.

As noted in the consultation paper, all new Safeguard Mechanism Facilities will be given baselines set at international best practice levels, adapted for an Australian context. This will lead to issues when considering the specific circumstances of gas transmission pipelines.

Australian gas transmission pipelines are not directly comparable to pipelines in other jurisdictions. In Australia gas supply tends to be further away from gas customers, and Australian gas demand is relatively small compared to our international peers. Due to this, Australian pipelines are longer, narrower, and operate at higher pressures than their international peers (Table 1). This means they also deliver comparatively less gas (Table 2) per emissions produced due to geographical and demand constraints, not due to unnecessarily emissions intensive design.

Table 1: Gas and transmission pipeline figures (all figures approximate)

Jurisdiction	Area (km ²)	Annual consumption (PJ pa)	Pipeline length (km)	Pipeline pressure (kpa)	Pipeline diameter (cm)
East Coast Gas System	5.1 million	580	37,300	10,000 – 15,000	30-60
United States	8 million	27,000	480,000	1,300 – 10,000	40-120
<i>New York City</i>	<i>738</i>	<i>500</i>	-	-	-
European Union	4.2 million	15,000	200,000	8,000 – 10,000	40-220
<i>Belgium</i>	<i>30,530</i>	<i>600</i>	-	-	-

Table 2: Energy consumed per pipeline length and jurisdiction area (approximate)

Jurisdiction	Energy per km pipeline (PJ pa)	Energy per km ² (PJ pa)
East Coast Gas System	0.0155	0.0001
United States	0.0562	0.0034
<i>New York City</i>	-	0.6775
European Union	0.0750	0.0036
<i>Belgium</i>	-	0.0198

Compared to the East Coast Gas System, the United States delivers 3.6 times more gas (PJ) per kilometre of pipeline, and 24 times more gas per square kilometre of surface area. The European Union delivers 4.8 times more gas per kilometre of pipeline, and 31 times more gas per square kilometre.

Granular examples provide an even more stark comparison. With approximately the same annual consumption of gas as the East Coast Gas System, Belgium consumes 1,730 times more gas per square kilometre. New York City consumes just under 6,000 times more gas per square kilometre.

The differences between the Australian gas transmission industry and those in other jurisdictions are sufficiently wide as to make comparison fraught. Australian pipelines operate under different frameworks, and with different standards – including safety standards. This means that benchmarking to international standards, such as for emissions intensities, will not produce the outcomes intended for the Safeguard Mechanism.

Further, the nature of these international benchmarks and how the framework for identifying 'best practice' will be determined is unclear.

In the consultation paper, DCCEEW has requested feedback on identifying which production variables to prioritise for benchmarking. Considering the above, APGA recommends that natural gas transmission be abandoned, or at least deprioritised until the appropriateness of international benchmarking can be fully considered for the industry.

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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About

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.