



31 October 2023

Submission: Senate Environment and Communications References Committee Inquiry into the Middle Arm Sustainable Development Precinct

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 provide comments to the Senate Inquiry on the Middle Arm Sustainable Development Precinct. This development will be vital in helping the Northern Territory's realise its goal of a \$40 billion economy by 2030 under the Top End Region Economic Growth Plan, and its overarching objective of net-zero emissions by 2050. APGA supports a net zero emission future for Australia by 2050¹ and is pleased to support this important development as a prime example of balancing necessary economic development with environmental sustainability.

The Middle Arm Sustainable Development Precinct has the opportunity to be a world-class integrated industrial hub utilising cutting-edge renewable energy technologies and embodying modern principles of sustainable development. It includes optimal utilisation of renewable energy, achieving economic growth and unlocking new jobs with minimal environmental and social impacts, judicious water use complemented by reuse strategies, embracing a circular economy with waste repurposed as feedstock, carbon capture, and making efficient use of infrastructure.

The Northern Territory Government has continually demonstrated its commitment to environmental responsibility and due diligence in developing energy resources in the Territory. In 2016, the Territory announced an independent Scientific Inquiry into Hydraulic Fracturing of Onshore Unconventional Reservoirs in the Northern Territory (the Pepper Inquiry). This inquiry examined the environmental, social and economic risks and impacts of using hydraulic fracturing to access unconventional energy resources. In 2018 the Territory Government committed to enact all recommendations and findings of the Pepper Inquiry and has adhered strictly to the Implementation Plan. This demonstrates the Northern Territory Government is prioritising development that proceeds with the utmost regard for environmental safeguards and local stakeholders.

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

Natural gas power generation provides critical firming services for electricity networks today. This will only become more important as the proportion of variable renewable energy generation increases. The Northern Territory is also heavily reliant on gas power generation, which provides 88% of its electricity, and will remain important as renewable energy generation increases. This is also true across the whole of the National Energy Market, in spite of the fact that its contribution to the energy mix is forecast to decrease over the medium term.

In light of the pressing challenges facing gas supply in southern Australia, as outlined in AEMO's 2023 Gas Statement of Opportunities, the Middle Arm Sustainable Development Precinct as well as the gas exploration in the Beetaloo Basin are vitally important to safeguard national energy security. Australia has world-class conventional and renewable energy resources, and in the Northern Territory these resources are well-located to serve both domestic and international customers.

The GS00 outlines the current risk of gas shortages in the southern states, necessitating robust gas supply and storage solutions and forward planning. By 2027, the potential discrepancy between gas supply and demand highlights the urgency for increased gas production as well as the exploration of sustainable alternatives such as biomethane and hydrogen.

As Australia continues its necessary journey toward reducing emissions and reaching net zero by 2050, the role of gas remains indispensable.

Natural gas is currently used by a broad range of customers for electricity generation, mining, industrial, commercial and residential users. While for many domestic and global energy users currently reliant on higher emitting fuels, such as coal and diesel, switching to natural gas will result in reduced emissions. Natural gas currently provides a necessary role in electricity generation to meet peak demand and as a bulk energy provider and is increasingly operating flexibly around intermittent renewable generation.² Gas will support the phasing-out of coal-fired generation and the continued growth of renewable electricity in Australia by providing vital firming when weather dependant wind and solar is not available.³

In addition, renewable gases represent a real, technically viable approach to lowest-cost energy decarbonisation in Australia. As set out in Gas Vision 2050⁴, 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 CRC⁵, which has over 80 research projects dedicated to leveraging the value of

² Frontier Economics, 2021, *The role of gas in the transition to net-zero power generation*, https://www.apga.org.au/sites/default/files/uploaded-content/field_f_content_file/frontier-economics-report-stc.pdf

³ Grattan Institute, 2021, *Go for Net Zero: a practical plan for reliable, affordable, low-emissions energy*, <https://grattan.edu.au/wp-content/uploads/2021/04/Go-for-net-zero-Grattan-Report.pdf>

⁴ APGA, 2020, *Gas Vision 2050*, https://www.apga.org.au/sites/default/files/uploaded-content/website-content/gasinnovation_04.pdf

⁵ Future Fuels CRC: <https://www.futurefuelscrc.com/>

Australia's gas infrastructure to deliver decarbonised energy to homes, businesses, and industry throughout Australia.

As such the APGA supports the inclusion of natural gas and hydrogen as part of a suite of complementary renewable and low emission energy technologies in the Middle Arm Sustainable Development Precinct. APGA also supports the Northern Territory's broader aim of developing a world class precinct, designed to take advantage of the Territory's natural advantages and deliver clean energy investment and economic development for the benefit of Territorians.

To discuss any of the above feedback further, please contact me on +61 422 057 856 or jmccollum@apga.org.au.

Yours sincerely,

A handwritten signature in grey ink, appearing to read 'JM', is positioned above the printed name.

JORDAN MCCOLLUM
National Policy Manager
Australian Pipelines and Gas Association