31 March 2025

Submission: AEMO 2025 Inputs, Assumptions and Scenarios Report Stage 2

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure. APGA members ensure safe and reliable delivery of over 1,500 PJpa of gas consumed in Australia alongside over 4,500 PJpa of gas for export.

APGA welcomes the opportunity to contribute comments to the 2025 Inputs, Assumptions and Scenarios Report Stage 2, and looks forward to reviewing the inputs to be used in developing gas development projects to be published with the Draft 2025 Network Options Expansion Report. APGA reiterates comments made to Stage 1 of the consultation.

Sensitivities

Do you have any further views on the proposed sensitivities? What additional uncertainties are valuable to explore with sensitivity analysis?

- The retirement extension of the Eraring Power Station materially affected gas supply forecasts and demonstrated that coal generation remains critical to energy system stability. It is entirely possible that Yallourn Power Station, having already been subject to an agreement with the Victorian Government regarding its closure, will extend its retirement beyond 2028, potentially up to 2035. This will necessarily impact the timing of when GPG investment becomes necessary, and hence the flow of gas in the system.
- The 'alternative coal retirement schedule' sensitivity should consider *both* directions – where coal generator retirements are either extended or brought forward.
- APGA also agrees with the proposal to explore the effect of *lower* or higher CER uptake. CER uptake forecasts have been moderated in this IASR but still remain ambitious given the pace of uptake to date.

Multi-sectoral modelling influences to demand forecasts

Are the key assumptions and outcomes described in Table 15 suitably aligned with scenario definitions?

- **Electrification –** in Step Change, the assumptions note gas consumption in the residential sector is displaced mainly by electricity. While there is concerted policy effort towards this goal in the major residential market (Victoria), the pace of this towards 2030 and beyond is likely subject to the same challenging economic conditions as Progressive Change. Across all scenarios, the availability of electric alternatives for gas for industrial processes does not mean that these alternatives are suitable and that they can or will be taken up by industry.

- **Energy Efficiency –** energy cost is a strong driver for investment in energy efficiency measures. While it makes sense that energy efficiency is lower in the Step Change and Progressive Change scenarios, where weaker economic growth leads to lower electrification, this could also lead to higher ongoing energy bills for consumers and hence investment wherever possible in more efficient alternatives.
- **Fuel Switching –** The sharp reduction in assumptions of hydrogen export across all scenarios is appropriate, where it is far more likely that production of hydrogen will be used domestically. Each scenario has different assumptions for that use, and APGA considers that the minimal use of hydrogen in green commodity production in Step Change and Progressive Change may be unambitious given strong government policy incentives. Higher biomethane volumes across all scenarios is appropriate given the correction to costings assumptions from ACIL Allen. Biomethane to displace methane in networks is mentioned, but this should also call out use to decarbonise GPG

Hydrogen production

Do you agree with the assumed portion of on-grid electrolysers by region?

- APGA notes the change in assumption of hydrogen electrolyser location to REZs rather than close to ports. APGA appreciates that AEMO has listened to stakeholders (including APGA) on amending this assumption.
- Following from this, AEMO's assumption that electrolysers in remote Queensland and South Australia may be more likely to be developed off-grid is sensible (assuming 'off grid' and 'transmission' in this case refers to electricity rather than gas infrastructure). The point of locating electrolysers in REZs is that it is much cheaper to transport molecules than electrons, and hence an electricity grid connection becomes unnecessary to build especially where there is no existing transmission infrastructure.

Gas infrastructure

Do you have feedback on the location of candidate hydrogen hubs and ports?

- To the extent that APGA prefers not to have the locations of gas infrastructure planned at a granular scale in the ISP, the hubs and export locations identified in the document are reasonable and co-locates with existing infrastructure.
- APGA looks forward to considering the impact of alongside the gas development projection inputs to be published with the Draft 2025 Network Options Expansion Report.

To discuss any of the above feedback further, please contact me on +61 409 489 814 or crafael@apga.org.au.

Yours sincerely,

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