

DCAN submission to the Australian Energy Market Operator

Integrated Systems Plan (ISP) Methodology Issues Paper October 2024

To the ISP team at AEMO

DCAN thanks you for the opportunity to make a submission on the [Issues Paper](#) relating to the Integrated Systems Plan (ISP) Methodology (23 October 2024).

In relation to the questions about gas in the Issues Paper, DCAN makes these points:

1. We reject the terminology in questions 1 & 2 that imply expansion of the gas industry is needed.
2. Our submission points to how questions 3 & 4 about alternatives and availability might be addressed.

1. Apply the National Energy Objectives

In 2022, Energy Ministers agreed that achievement of targets for reducing or potentially reducing greenhouse gas emissions should be added to the three NEOs. These changes came into effect in 2023. The Issues Paper does not refer to these targets, or the related guidance.

They should be central to deliberations and modelling of the ISP. This is entirely consistent with the intent of energy ministers and with the guidance on dealing with emissions targets issued by the AER and the Australian Energy Market Commission (AEMC).¹ The Ministers expect that energy market authorities will “explicitly consider the achievement of emissions reduction targets alongside the existing components when they use their respective powers and functions.”²

2. Gas and its strategic back-up role

The Energy Ministers’ [response](#) to the ISP review envisages gas as a ‘strategic back up role’ and a ‘critical firming role’. Their language does not extend in the slightest to the terminology of a ‘gas supply expansion model’ that is envisaged in the Issues Paper.

¹ AER - <https://www.aer.gov.au/news/articles/communications/aer-releases-guidance-amended-national-energy-objectives-0>

AEMC - <https://www.aemc.gov.au/regulation/neo>

² As stated in the second reading speech introducing the amendments to the national energy laws [file:///C:/Users/Jim/Downloads/House%20of%20Assembly 2023 06 14.pdf](file:///C:/Users/Jim/Downloads/House%20of%20Assembly%202023%2006%2014.pdf) (pp.65-68).

3. Gas industry pressure should be resisted in developing the ISP

The ISP modelling should focus on the Ministers' expectations, not on gas companies continuing with business-as-usual. Consultation with the gas industry during ISP development should be equally balanced with consultation with consumer advocates, environmental and social justice NGOs, experts in energy-focused organisations (e.g. IEEFA, Grattan Institute, Climateworks), universities, and former industry workers now involved in researching the orderly decommissioning of the gas network as the energy transition gathers pace.

The gas companies have no interest in seeing end users electrify or adopt energy efficiency measures. It is important to point out that since 2017 the gas industry associations have been seeking to lock in gas as a so-called transition fuel - 5 of them together produced the strategic document *Gas Vision 2050*. Their arguments are now largely redundant due to the strong growth of renewables, though they will use the use of gas-powered generation in extreme situations of renewables drought to justify maintaining the status quo. The industry through its powerful voices, and unseen by the majority of Australians, is doing everything possible to block or slow a fast transition to electrification and improved energy performance in households and businesses.

4. Model reductions in domestic gas demand

Urgent assessment of ***ways to reduce demand for gas*** over the next decade is needed, and what the minimal transport and storage requirements would be. The release of Victoria's *Gas Substitution Roadmap* shifted the focus of debate from supply to demand for gas. ***The ISP should explicitly exclude new gas projects*** if they depend for financial viability on pumping gas to households through the existing distribution networks for more than 5-10 years. All new gas investments should be primarily for last-resort electricity generation, and in the small remaining number of industrial uses that are extremely hard to electrify.

5. Model potential for reductions in electricity consumption in each use

We know that Australian households and businesses are inefficient users of energy. Ministers expected the revised national energy objectives to achieve efficiency not just in investment and operation of energy services, but in their *use*.³ Business-as-usual assumptions about energy consumption should accordingly be reviewed.

6. Gas needed for GPG

Gas-powered generation (GPG) accounted for a significant 23% of domestic gas consumption in 2022. AEMO does not expect this demand to decline with 'electrification of everything', but this cannot go unchallenged given the narrowing uses that gas will serve (see above). In developing the ISP, serious consideration needs to be given to ***alternative pathways for providing the fuel*** for GPG, and the extent to which power stations and energy sources can be co-located. Should a power station be built near Iona gas storage for example?

³ Second reading speech, cited above.

7. Methane leaks and the climate emergency

AEMO should be making strong, clear and repeated reference to the exacerbating impact of fossil gas emissions. They should be emphasising that:

- Scientists have clear and consistent evidence that earth's systems are at tipping points
- Emissions of methane are 84 times more potent than carbon dioxide over a 20 year period
- Our gas system leaks massive quantities of methane in extraction, transport and in end use.

About DCAN

DCAN comprises a large group of local residents of diverse ages and backgrounds who meet regularly and work together to seek a safe climate future. We actively interact with all three levels of government, encouraging each of them to adopt the policy changes that are now urgently needed. We have over 5,000 supporters. DCAN networks with other climate groups across Australia.

Yours sincerely

The image shows two handwritten signatures in black ink. The signature on the left is 'Jim Crosthwaite' and the signature on the right is 'Ann Sanson'.

Dr Jim Crosthwaite and Prof. Ann Sanson, DCAN Convenor
on behalf of DCAN

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