AusNet

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10 August 2022

APA VTS Australia (Operations) Pty Limited ACN 083 009 278
Level 25, 580 George Street
Sydney NSW 2000

Attention: Harriet Floyd
By email:

Dear Harriet

Re: Victorian Gas Transmission System – Hydrogen Safety and Integrity Assessment

With this letter AusNet confirms its support for APA Group's (**APA**) hydrogen safety and integrity assessment, as part of its Victorian Gas Transmission System 2023–2027 Access Arrangement submission to the Australian Energy Regulator (**AER**).

AusNet is the owner and operator of one of Victoria's three gas distribution networks. Our network covers Melbourne's western suburbs and towns across western Victoria, providing gas to 760,000 customers.

AusNet is working together with industry to identify opportunities to reduce emissions from gas including through use of hydrogen blends. We are a founding member of the Australian Hydrogen Centre (**AHC**), an ARENA-backed initiative between energy businesses and the Victorian and South Australian governments, exploring the feasibility of hydrogen and hydrogen blending in gas distribution networks.

Started in 2019, the AHC work program consists of feasibility studies of blending 10% renewable hydrogen in a regional gas distribution network and Victorian and South Australian distribution networks, as well as a transition to 100% hydrogen across Victoria and South Australia.

Through these studies we have evidence the gas distribution sector is well advanced in establishing the technical capabilities to handle hydrogen blending and conversions. This is positive news for our customers who have told us they value the optionality of sustainable gas pathways in this time of uncertainty, through extensive customer and stakeholder engagement on our 2024–2028 gas access arrangement proposal.

Consequently, our access arrangement proposal includes optionality value of a hydrogen future. Hydrogen is also recognised as a low carbon alternative to natural gas in the recently published Victorian Gas Substitution Roadmap, which includes plans for development of a Victorian Renewable Gas Target (**RGT**) in 2023.

With several Victorian gas distributors proposing to blend hydrogen in their upcoming access arrangements, and with the Victorian Government's RGT plans, it is paramount the gas transmission network conducts the necessary complementary hydrogen safety and integrity assessments. The technical challenges for the transmission network, particularly where the transmission and distribution networks interact, will be crucial to finding a viable pathway to a safe, reliable and affordable hydrogen future. As stated in APA's submission, repurposing existing gas infrastructure for hydrogen is lower cost than building entirely new pipeline networks or full electrification of energy systems.

APA has a strong track record in this area of research, and we understand APA is transferring learnings from its hydrogen conversion tests on a section of the Parmelia Gas Pipeline in Western Australia, where possible. However, each transmission pipeline has unique characteristics that need to be tested for susceptibility to brittleness, which is why we support the specific testing and investigations proposed on APA's Victorian assets.

If you have any questions about this letter of support, please do not hesitate to contact Sonja Lekovic at [_].

Sincerely,

Tom Hallam
General Manager Regulation (Transmission and Gas)
AusNet Services