darebin climate action now
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Submission to the Australian Energy Regulator

Distributors' Access Arrangements 2023-2028

Prepared for Darebin Climate Action Now (DCAN)

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Background

Darebin Climate Action Now (DCAN) is a local not-for-profit organisation of City of Darebin residents of diverse ages and backgrounds who are concerned about the climate emergency. We work to educate ourselves and members of our local community about its causes and the required responses, and actively encourage all three levels of government to adopt the policy changes that are now urgently needed to ensure a safe climate future. Over 4,500 DCAN supporters have taken action in support of a stronger government response to this crisis.

DCAN is committed to a socially just transition to a zero carbon economy. To illustrate, we recently led the formation of the Darebin Climate Alliance, which includes 25 local groups concerned about achieving a safe climate future for everyone. These groups include community houses, community gardens, 'Friends' of parks and creeks, and sustainability groups. DCAN was a stakeholder partner in the Metropolitan Community Power Hub which worked to facilitate the uptake of renewable energy and energy efficiency measures by local households and businesses. We also recently convened a meeting with Darebin Council officers and the Earthworker Smart Energy Cooperative on promoting energy efficiency measures for low income households.

Our submission

In summary, our high-level arguments are:

1. It is imperative to cut methane use rapidly given the extreme (fat-tailed) risks of runaway climate change.
2. Energy agencies should take this as part of their mandate. We welcome the Commonwealth Government's steps to include an environmental objective in the Laws and Regulations governing energy markets.
3. Over a 20 year period, a unit of emitted methane will warm the atmosphere 84 times as much as carbon dioxide. The cumulative effect of atmospheric methane between now and 2050 is massive.
4. Particular note should be taken of methane leaks from pipelines managed by distributors. Our calculations (available on request) which are based on analysing distributors' reports suggest that the atmospheric effects of leaks from Victorian pipelines are nearly as significant as the carbon dioxide released when the gas reaching consumers is burnt.
5. The shift to renewables is not optional, and prolonged use of methane in our gas networks is unacceptable on grounds of both climate impact and cost to consumers.
6. The proposed 90% methane/10% hydrogen blend by 2030, and 100% hydrogen by 2050 (or 2040 at a stretch) has minimal impact on emissions over the critical next decades. It is highly uncertain and should not be pursued where it competes with proven alternatives like electrification.
7. The proposed cumulative investment by the gas industry is massive, and will unnecessarily lock in a fossil fuel future. Individual investment proposals by distributors and others should be seen in that context, scrutinised very closely and rejected unless justifiable on safety grounds.
8. Instead of these proposed investments, **actions to greatly reduce gas demand** (**annual and peak winter day) are both feasible and imperative.** So too is careful management of remaining gas supplies in southern states and improved system management.

9. There would be a significant long-term cumulative cost, including opportunity cost, from approving individual hydrogen investments as proposed by the distributors and others.

In considering the specific proposals of the gas distributors, we argue that:

1. Accelerated depreciation should be rejected. It will result in risk shifting onto consumers, at a high financial cost to them and with significant equity impacts.
2. Proposed replacement capital investment must be for safety reasons, and supported by clear evidence, a business case and consideration of all options.
3. Regulated businesses should be required to show how they will actively reduce demand for gas.
4. Measures to maintain and stimulate demand should be rejected, specifically the distributors' proposals for:
    - block tariffs whereby the price of gas falls the more is used
    - high fees if households and businesses stop using gas and request complete removal of gas infrastructure to their premises (abolishment), in addition to meter removal
    - funds proposed to educate consumers about "renewable gases", when the gas mix will be no more than 10% hydrogen.

The detailed arguments upon which this submission is based are included in our submission regarding APA's Access Arrangements, submitted 22 February 2022. (Accessible under submissions at https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/apa-victorian-transmission-system-access-arrangement-2023%E2%80%9327/proposal)

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