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## **2022 Western Australian (WA) Gas Statement of Opportunities (GSoO)**

Dear Kate,

We are writing to you concerning the matter of AEMO WA GSoO (December 2022 - Market outlook to 2032). SEN is concerned about the apparent internal inconsistencies between reports published by AEMO on the energy sector in Western Australia, namely the GSoO and the 2022 Wholesale Electricity Market Electricity Statement of Opportunities (ESoO).

While one of these reports concerns gas, and one electricity, both use different assumptions about the development trajectory of the overall energy sector over the next decade. We question why there is no coherent AEMO position on this in a time of increasing international, national and state-based action on decarbonisation.

The Rules governing the GSoO require AEMO to forecast supply and demand for natural gas (Rule 2 (2)(b)).

The GSoO assumes (as in previous years) that business will continue largely as usual, with gas demand steady or increasing. The impact of state and federal emissions reduction initiatives and imperatives across industry sectors is hardly addressed in the report.

SEN's view is that the executive summary and one of the modelled scenarios should have considered potential *reductions* in gas use and hence emissions, through for example, replacing gas with electricity for:

- heat and other process applications in mining and industry
- domestic and commercial hot water production, space heating and cooking

Climate change is only referred to once in the GSoO report (indirectly) on page 62, and this was only referring to gas use for household heating. SEN questions whether the GSoO has done an adequate job in addressing Rule 2 (2)(b)).

Further to this, in terms of electricity generation, the GSoO recognises the impending closure of coal-fired generation, but assumes that most of this capacity will be replaced by gas. Discussion of the increasing penetration of renewables, and how this could be ramped up to reduce emissions and generation costs, is largely absent.

Variations of the following statement appear several times in the report:

“AEMO’s modelling projects that increasing renewables penetration will be insufficient to fully compensate for the loss of coal-fired baseload power and gas generation will have to increase to complement renewable generation. (page 7)

“...the South West Interconnected System (SWIS) generation gas demand, which is forecast to grow from 127 TJ/day in 2023 to 304 TJ/day in 2032, as Synergy’s scheduled coal retirements are only partially replaced by renewables. (page 3)”

The GSoO presents no evidence of this modelling, but claims that gas use for electricity generation on the SWIS will increase by 140%.

Discussion of **baseload** power highlights the outdated stance of the GSoO and the disconnect between the gas and electricity functions within AEMO.

The ESoO, on the other hand, has

“...considered the ongoing and accelerating transition of the SWIS to low-emissions energy and greater decentralisation through higher DER, which are key enablers of the transition to net zero greenhouse gas emissions in the WA economy.” (Page 7)

The ESoO predicts that:

“DPV is forecast to grow at an average annual rate of 7.0% (238 MW per year), to reach an estimated 4,716 MW of installed capacity by the end of the 10-year outlook period.” (Page 4)

This means that renewable distributed PV will make up a large proportion of the generation mix by 2032, without considering wind and utility PV. In fact, the ESoO predicts that **baseload** power will no longer exist by 2026/27.

“If left unconstrained, minimum demand is forecast to fall as low as 11 MW by 2026-27 due to continued growth in DPV installations.” (page 4)

We hope you can see that these are very large inconsistencies. They raise questions about communications processes within AEMO, and whether reports are tailored to specific industry sectors with insufficient alignment to State and Federal emissions reduction policies.

SEN appreciates that the two reports have different purposes, but they are both used to advise industry and government. SEN thinks it is incumbent on AEMO to present a holistic view of future trends in energy use that are consistent with State and Federal policies, plans and targets. By communicating a business as usual approach and predicting an increase in gas demand AEMO is signalling to industry and investors that there is no climate risk, and hence no investment risk, associated with the gas industry.

We look forward to the opportunity to discuss the topics raised in this letter, particularly how the GSoO reached its conclusions.

Yours faithfully,



**Fraser Maywood**

Chair

Sustainable Energy Now Inc

Approved by the SEN Committee on 10/01/2023.

*Sustainable Energy Now Inc. (SEN) is a not-for-profit incorporated association advocating for the utilization of sustainable energy sources within Western Australia.*