

Op-ed published on 27th August 2024 in the [Renew Economy](#)

Sustainable Energy Now (SEN) welcomes the release of the parliamentary inquiry into Western Australia's Domestic Gas Policy by the Economics and Industry Standing Committee of the Legislative Assembly.

A state parliamentary inquiry into Western Australia's domestic gas supply policy has made the right connection between gas and electrification, but failed to look at solutions that could help manage its gas shortage problem and reduce emissions.

If WA can reduce demand for gas-generated electricity through the many renewable electrification technologies available today, there will be more winners than losers from the inquiry's recommendations, Sustainable Energy Now (SEN) believes.

The inquiry report contains many positive recommendations which would result in lower emissions if implemented by the state government, who have repeatedly said they want to rapidly decarbonise the economy.

However, SEN contests the report's finding that the clean energy transition will require more gas, not less.

A rapid roll-out of new wind as well as large-scale and rooftop solar energy to replace WA's retiring coal fleet can result in the energy mix of the South West Interconnected System (SWIS) being nearly 90% renewable by 2030, according to [energy modelling](#) SEN conducted last year.

Only a moderate amount of gas generation capacity would be required to act as firming and back-up to renewables as the transition unfolds, our modelling shows. The amount of gas actually used on an annual basis would be less than is used now for electricity generation in WA, and would continue to fall as the contribution of renewables and energy storage in the energy mix increases.

We also strongly support the report's call for an "ongoing inquiry" into the liquefied natural gas (LNG) export market, noting there needs to be less export of LNG, not only to meet climate targets but also to manage WA's domestic gas supply. In this context, the recommendation to prohibit the export of onshore gas for LNG unless or until domestic demand is met is wholly justified.

The inquiry report highlights that there appears to be no single source of truth about the volume of gas going into the domestic and export markets, making it difficult to forecast future gas supply. SEN supports the recommendation for greater transparency on gas supply based on independently verified evidence not just industry representations.

SEN also supports the recommendations to improve communication and data sharing between government entities, and particularly the recommended changes to the Australian Energy Market Operator (AEMO) Gas Statement of Opportunities to include "forecasting of decarbonisation pathways for gas users" and "to increase the integration of gas and electricity planning". As gas supply and demand tightens, regulators require greater levels of high quality information to manage supply during the transition.

Another positive recommendation is for the state to develop a new policy to integrate gas and electricity demand forecasting. From SEN's perspective it is sensible to combine electricity and gas into a Domestic Energy Policy given the "increasing interdependency and interrelationships between the two", and very sensible to include consideration of greenhouse gas emissions within this policy.

A unified state energy policy should consider electrification and energy efficiency measures to reduce gas demand, SEN recommends. This is consistent with the call by Unions WA and the Australian Manufacturing Workers Union (AMWU) for a transition away from natural gas. “The sooner WA achieves an emissions-free extraction and processing model, or transitions away from natural gas altogether, the better it will be for Western Australians who are both consumers of electricity, and workers in a more diversified economy,” Unions WA said in its submission to the inquiry.

On the negative side, the inquiry has accepted that there will be an ongoing and increasing gas shortage in the WA domestic gas market. This is based on the uncritical adoption of business-as-usual scenario projections and a failure to factor in interim emission reduction targets, or the huge potential for government policy to reduce gas demand.

The inquiry has seemingly accepted AEMO’s Gas Statement of Opportunities (GSoO) projections, which assumed a business as usual scenario. In February 2023, SEN wrote to AEMO and other stakeholders, pointing out the inconsistencies between its GSoO and its Electricity Statement of Opportunities (ESoO), noting that only the latter factored in significantly greater renewable energy in its decarbonisation scenario.

Its finding that decarbonisation is “likely to increase demand on the supply of gas as domestic consumers use it to support electricity grid firming and the electrification of downstream business processes” is particularly problematic. If the State Government was to accelerate the transition to renewables then gas demand (and any potential shortfalls in supply) would reduce more quickly.

The inquiry’s uncritical acceptance that Carbon Capture and Storage (CCS) as a credible solution to decarbonisation also needs to be challenged - studies have shown that gas consuming industries deploying CCS would be uncompetitive with peers and competing technologies (look what happened to “clean coal” power plants).

The report also suggested that gas would be needed for critical minerals mining and refining. New critical minerals mines and processing industries must be fossil fuel-free from the outset using electrification, renewable energy and storage, SEN believes.

Where to from here? Domestic gas supply and demand need to be managed down in the transition as the economy rapidly decarbonises.

With a wider energy lens, not just gas, a raft of commercially available technologies are available to reduce gas demand and ease any shortages. These include electrification and energy efficiency, demand side management, optimising customer energy resources (i.e. much more rooftop solar, including on commercial and industrial buildings, combined with behind-the-meter storage), new and improved battery storage technologies and systematically embracing ‘virtual power plants’ on a large scale.

Government also needs to invest in the common user transmission infrastructure to provide sufficient capacity to enable renewable energy projects to connect to the publicly owned grid. Without this, the economy will struggle to decarbonise via electrification and more gas will likely be required.

Finally, the findings of the report that gas producers are “finding it increasingly difficult to access investor capital” and that “public sentiment towards the gas sector in Australia has become increasingly unfavourable” provide evidence to the state government – if more evidence was ever required – that it is no longer socially acceptable to be burning fossil fuels. The State Domestic Energy Policy needs to reflect the climate change concerns of the wider community.

About SEN

Sustainable Energy Now (www.sen.asn.au), formed in 2006, is a grass-roots not-for-profit member-based advocacy group promoting renewable energy and decarbonisation. Supported by the best science and our own modelling and simulation, we advocate on how Western Australia can make a swift and orderly transition to clean renewable electricity safely, reliably, and affordably with commercially proven technologies.

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