



29 November 2021

Energy Senior Officials
Department of Industry, Science, Energy and Resources
GPO Box 2013
CANBERRA ACT 2601

Lodged via email: renewablegas@industry.gov.au

Dear Senior Officials,

EXTENDING THE NATIONAL GAS REGULATORY FRAMEWORK TO HYDROGEN BLENDS & RENEWABLE GASES – CHANGES TO THE NGL, NERL AND REGULATIONS

Origin Energy Limited (Origin) welcomes the opportunity to provide feedback to the Senior Officials on their proposed approach to extending the regulatory framework to renewable gases and hydrogen blends.

Origin recognises the role that hydrogen blends and renewable gases can play as we look to reduce emissions in the energy sector. We consider the likely excess of renewable energy generation at certain times of the day is an opportunity to fuel the production of hydrogen which could help to bring forward the growth of the hydrogen market at scale.

We therefore broadly support the proposed approach set out in the paper, specifically:

- Extending the application of the national gas framework to natural gas (NG) equivalents (i.e., renewable gases and hydrogen blends up to a level that is suitable for use in existing consumer appliances).
- Amending the law to empower the market bodies to make relevant changes, over time, for other gas (OG) products (e.g., 100% hydrogen). We consider it appropriate to defer consultation on the rules and procedures for other gas products to a later date.

Origin supports ensuring the regulatory framework is fit for purpose in integrating new types of fuels in a timely manner. However, we note there are trade-offs involved in expediently consulting on the required changes, including that market bodies and industry are working on imperfect information that is subject to change. With trials still under way, it is likely that further learnings will emerge that could require additional changes to the rules and regulations in the future as our understanding of hydrogen blends and renewable gases improves.

Natural gas equivalents and their constituent gases

Given that there are already trials under way with respect to low-level hydrogen blends, we consider it is appropriate and timely to amend the relevant laws and regulations to allow these types of fuel (i.e., NG equivalents, or blends that are compatible with existing gas equipment) to be injected into the gas network. We provide more specific responses in Table 1.

Table 1: NG equivalents and related constituent gases and facilities

Question	Origin response
Q1. What are your views on the potential approach to extending the application of the NGL to NG equivalents and related facilities and activities?	We support extending the application of the national gas framework to NG equivalents.

<p>Q2. What are your views on the policy intention to enable all elements of the national gas regulatory framework to apply to NG equivalents and their related facilities and activities in the same way that they do to natural gas?</p>	<p>We support this approach in principle. We note that the AEMC is consulting on the details of how the regulatory framework would apply to NG equivalents and we are providing feedback through that process where additional changes may be needed to accommodate NG equivalents or to minimise costs.</p>
<p>Q3. What are your views on the NGL requiring jurisdictions to make a local regulation to confirm when a gas blend or gas blend authorised for supply through a pipeline (or part of a pipeline) is an NG equivalent?</p>	<p>We support this approach to the extent that it provides regulatory certainty and ensures that only blends that are suitable for consumption in existing appliances (i.e., an NG equivalent) are authorised for supply.</p>
<p>Q4. Who is likely to operate the blending facilities involved in the creation of NG equivalent blends?</p>	<p>From a principles-based point of view, NG equivalent suppliers would be the most likely candidates for creating the blends, rather than service providers, similar to existing arrangements for producing natural gas.</p> <p>However, given the emerging nature of NG equivalents and the fact that there are trials still under way, it is difficult to provide a definitive response without first understanding all the technical aspects of blending facilities.</p>
<p>Q5. Do you think blending facilities should be subject to the same economic regulatory framework that applies to pipelines?</p>	<p>As noted in the consultation paper, this will depend on who owns the facility, which has yet to be determined. In the event service providers, which are monopoly businesses, own and operate these facilities, it would be prudent for economic regulation to apply to ensure NG equivalent suppliers and retailers receive fair treatment, including in terms of access to the facility and control of the gas.</p>
<p>Q9. What are your views on the proposal to amend the NGL to enable the national gas regulatory framework to apply to the constituent gases and related facilities and activities involved in the supply of NG equivalents, where appropriate to do so?</p>	<p>We understand that rules and regulations may need to change to include constituent gases used in blending with natural gas. For example, there may be a need for a regulatory framework for pipelines carrying hydrogen to a blending facility for making an NG equivalent.</p> <p>We support changes that are proportional and that are necessary to ensure that the constituent gases used for NG equivalent gases can be appropriately integrated.</p>
<p>Q15. Do you think arrangements are needed for distribution pipelines attached to the DWGM and STTM to provide for independent management of blending limits (or gas specification requirement) imposed by a jurisdiction?</p>	<p>We support exploring a centralised approach option whereby AEMO would be responsible for determining gas quality standards for the distribution system, approving monitoring</p>

	systems and managing compliance at distribution injection points.
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Other gas products and their constituent gases

We understand that the intent of the proposed law changes is to empower the market bodies to make rules and procedure changes at a time when Energy Ministers are satisfied there will be no unintended consequences from doing so.

Given the longer-term outlook for the development of other gas products such as 100% green hydrogen and other blends that are not suitable for use in existing appliances, we agree that a more cautious approach is needed from a regulatory point of view. We therefore support the Officials' approach to future proofing the legal framework, to the extent that they are satisfied that there are no unintended consequences from doing so. This will then enable the market bodies to quickly respond to any developments in other gas products as they unfold.

Should you have any questions or wish to discuss this submission further, please contact Sarah-Jane Derby at Sarah-Jane.Derby@originenergy.com.au or by phone, on (02) 8345 5101.

Yours sincerely



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