

7 February 2023

Mr David Fredericks PSM
Secretary
Department of Climate Change Energy
the Environment and Water

Dear Mr Fredericks

**Incorporating an emissions reduction objective into the national energy objectives –
Consultation paper – Chemistry Australia submission**

1. Chemistry Australia welcomes the opportunity to make this submission on the consultation paper.
2. The \$38B chemistry industry plays a vital role in the Australian economy, underpinning more than 212,000 jobs and supplying products, technologies, and innovations to 108 of Australia's 114 industry sectors. It is essential to healthcare, mining, agriculture, construction, infrastructure, transport, and manufacturing. In addition, the products of the chemistry industry support urban and regional communities and the daily lives of all Australians, including providing clean and safe drinking water and keeping food fresh from the farm to the plate.
3. Chemistry will play a critical role in supplying the technologies, products and solutions that enable Australia to transition to carbon neutrality and leverage the benefits of a circular economy. However, our capacity to drive and support these ambitious outcomes relies on our continuing viability and global competitiveness.
4. Energy markets that operate efficiently and prioritise the delivery of a reliable and affordable supply of energy to retail and industrial consumers are critical to ensuring global competitiveness and the viability of Australian industry. Energy markets must also prioritise a reliable supply competitively priced gas as feedstock for chemical manufacturing that delivers critical inputs to Australia's mining, agricultural and food processing sectors.
5. Chemistry Australia supports the proposals outlined in the consultation paper to incorporate an emissions reduction objective in the national energy objectives through amendments to the relevant legislation.
6. Chemistry Australia makes the following additional comments regarding the proposals.
The need for a coordinated approach to emissions reduction across government agencies
7. Adding an emissions reduction objective into the national energy objectives is intended to ensure that agencies incorporate emissions reduction considerations in their decision-making process. However, it also carries the risk of establishing multiple agencies setting different paths or strategies for emissions reduction. Competing and uncoordinated approaches across agencies will

make the transition to net-zero more complicated and may stymie or delay investment.

8. The government should establish a framework to ensure that agencies adopt coordinated and consistent approaches to emissions reduction.

Guidance and transparency

9. An environment of certainty, transparency and predictability is critical to support the investment needed to achieve emissions reduction and net zero by 2050. Therefore, guidance materials will be necessary to provide an appropriate level of clarity on how regulators intend to interpret the emissions reduction objective and how they plan to exercise their discretionary powers.

Consumers of energy/supply of energy

10. Chemistry Australia concurs with the commentary in the consultation paper regarding the increasing inter-relationship between the electricity and gas markets. Hence, Chemistry Australia supports the adoption of the term "consumers of energy" in place of the current references to "consumers of electricity" or "consumers of gas". The phrase "consumers of energy" should be further defined to include consumers of gas as feedstock.
11. Chemistry Australia also agrees with the decision to retain the current distinction between the "supply of electricity" and "supply of natural gas" in the relevant legislation. Substituting both terms with the term "supply of energy" would ostensibly result in two regulatory agencies regulating the supply of energy.
12. We would be happy to discuss this submission in more detail. If you have any questions, please contact me by email at blee@chemistryaustralia.org.au or on 03 9611 5411.

Yours sincerely,



Bernard Lee
Director - Policy and Regulation