

07 February

Via email: [netp@industry.gov.au](mailto:netp@industry.gov.au)

**RE: Consultation on *Incorporating an emissions reduction objective into the national energy objectives***

Dear Madam/Sir

Thank you for the opportunity to respond to the proposals set out in the *Incorporating an emissions reduction objective into the national energy objective* consultation paper published on 20 December 2022.

Squadron Energy is a leading renewable energy investor, owner and operator with, after its CWP acquisition, over 2GW of renewable energy under operation and an Australian development pipeline of 20GW. Accelerating the decarbonisation of Australia's economy is core to our purpose. We are currently building the \$3 billion Clarke Creek renewable energy hub in central Queensland, which is the largest grid connected project in the country, and will be commencing construction of another 2GW worth of projects within the next 18 months.

We welcome the proposed reform to incorporate an emission reduction objective into the national energy objectives. The proposed reform recognises the importance of emissions reduction in the energy system and the need for changes to existing rules and regulations to help manage the transition to net zero.

In this response we would like to highlight several key points:

- existing market arrangements are not working given Australia is the world's largest LNG exporter yet there is a domestic gas shortage; and
- our energy terminal at Port Kembla (PKET) is available to receive LNG for delivery into the Eastern Gas Market to help manage the domestic gas shortfall and in the longer term may transition to other green energy uses; and
- the regulatory framework needs to encourage renewable and green energy and transition fuel investments (such as PKET), not new gas production.

#### **Existing gas market arrangements are not working**

As the ACCC's *Retail Gas Enquiry 2017-2022* interim report noted, while LNG producers have capacity available to address the projected 2023 shortfall across the east coast market, they also have the ability and incentive to divert that gas into the currently substantially more profitable export markets.<sup>1</sup> This has contributed to the projected shortfall in coming years.

The impacts of our export-linked gas market have significant implications for the costs that consumers face. Given gas is essential to generating electricity, the rise in international gas prices is also increasing the price of electricity. It is therefore necessary that any future regulatory arrangements are designed to de-link gas for domestic purposes from the export Liquefied Natural Gas (LNG) price. Further, any future reforms should ensure that gas producers are not able to limit competition in the transport or sale of gas.

---

<sup>1</sup> ACCC's Retail Gas Enquiry, 2017-2022, interim report, p.13.

It remains essential that reforms to existing market arrangements are progressed to ensure less of a reliance on fossil fuel-based generation and in the interim supply of gas at lower costs than we see today. Such reforms are critical to support the long-term interest of all customers.

**Our export terminal will transition to green energy uses**

While the hydrogen, ammonia and renewable gas industry is presently small, it is important that the regulatory framework is prepared for the extension of the industry to include lower emissions fuels. Such a forward-looking approach will aid informed and efficient operational and investment decisions in the sector which will ultimately be in the long-term interests of consumers.

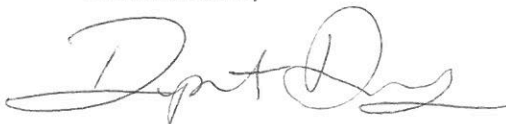
**The regulatory framework should encourage renewable energy and green energy investment, not new gas production**

Gas production must stop if we are to meet decarbonisation objectives. Economical technologies such as wind and solar power are already in widespread use and new technologies such as batteries and hydrogen are under development. These new technologies will be crucial where peaking and firming capacity is required and because some sectors will be especially hard to decarbonise, such as steel manufacturing and other heavy industries.

We consider that changes to encourage the future development of these new technologies and sources of energy necessitates changes to, and flexibility in, the application of the National Electricity Law (NEL) and National Gas Law (NGL). In general, we support the Draft Bill's proposed replacement of 'consumers of electricity' in the National Electricity Objective (NEO) and 'consumers of natural gas' in the National Gas Objective (NGO) with 'consumers of energy' in so much as these changes encourage continued innovation in new renewable technologies and green energy opportunities and services for customers.

We look forward to continued engagement on the Draft Bill. Please reach out if you would like to further discuss any elements of this submission: [rdoney@squadronenergy.com](mailto:rdoney@squadronenergy.com)

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rupert Doney', written in a cursive style.

Rupert Doney

Senior Policy and Regulatory Manager