

4 April 2019

Dear AEMC,

RE: Submission on Northern Gas Pipeline Draft Rule Determination— derogation from Part 23

Thank you for the opportunity to make a submission as part of the consultation on a rule change request that seeks to remove an exemption applicable to the Northern Gas Pipeline.

The Lock the Gate Alliance is concerned by your draft decision not to make a draft rule to remove the Northern Gas Pipeline's (NGP) derogation from regulation under Part 23 of the National Gas Rules (NGR).

We understand that in relation to this matter, the AEMC is guided by The National Gas Objective (NGO): "to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas."

Our ongoing concerns related your draft decision and the pipeline rule derogation are in response in part to this objective.

With relation to the safety, reliability and security of supply:

This pipeline derogation and an investment in the pipeline expansion that could flow would lead to a major contribution to global climate change. Climate change presents a risk to gas infrastructure – pipelines, shipping, upstream extraction, health of gas related workers. The climate change inducing impacts of this pipeline, including the upstream production and downstream gas burning, is relevant to this decision and should be further investigated.

It is particularly galling that this derogation applies to 300 terajoules of gas per day, which is 210 TJ/day more than the maximum volume of the newly constructed Northern Gas Pipeline. The derogation is effectively a regulatory holiday for any new pipeline. This is inappropriate. The Australian Financial Review has reported that Jemena is already considering a \$3 billion-\$4 billion expansion of its \$800 million Northern Gas Pipeline to bring unconventional shale gas from Beetaloo to the eastern states.

The appropriate regulation and decisions around such a future pipeline should be as strict as possible, not fluid and open to discussions due to previously negotiated derogations.

A future pipeline of this scale brings the climate change concerns and the very real impacts from a rapidly changing climate into sharp focus. The gas industry boasts of over 200 trillion cubic feet of gas available in the Northern Territory. The life cycle emissions of this gas have been measured to

be equivalent to opening up 50 new large coal fired power stations and operating them for 25 years. The NT Fracking Inquiry found emissions from fracking just one large fracking field in the Beetaloo would increase Australia's national emissions by at least 5%, right at the time we need to bring down emissions.

The current pipeline, and any future pipelines that are now linked to this derogation deal will have consequences for the future safety, reliability and security of supply of natural gas. There are difficult decisions to be made about protecting existing infrastructure by taking appropriate action to limit future global warming and associated extreme weather events.

The AEMC has a role to play in these critical climate and infrastructure related decisions.

Further, the process of tender decisions and approval of the fast-tracked Jemena Northern Gas Pipeline was already opaque to the public at many levels. Promises were made to Traditional Owners that the pipeline corridor would not facilitate any unconventional fracked gas. Assessment documents were sent to the Federal Government for consideration before the tender process had been finalised. More regulatory oversight into the assessment process and rule derogation process would have benefited local communities and gas users.

The new national gas rules are supposed to increase the transparency for gas pipeline arrangements in Australia. The rules should place new obligations on businesses in relation to information disclosure, contract negotiations and dispute resolution. The rules should also regulate access to pipelines, and therefore effective monopolies like Jemena's Northern Gas Pipeline (NGP).

Please reconsider your draft decision and move to remove the Northern Gas Pipeline's (NGP) derogation from regulation under Part 23 of the National Gas Rules (NGR).

Sincerely,

Naomi Hogan
For Lock the Gate Alliance