Gas Appliance Manufacturers Association of Australia

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Thursday 2nd December 2021

Project EMO0042
Australian Energy Market Commission
Level 15
60 Castlereagh Street
Sydney NSW 2000
Via web: www.aemc.gov.au

Subject: Project EMO0042 - Review Into Extending the Regulatory Frameworks to Hydrogen and Renewable gases

Thank you for the opportunity to respond to this paper.

The Gas Appliance Manufacturer's Association Australia (GAMAA) is the peak industry body representing the interests of Australian manufacturers and suppliers of domestic and commercial gas heating, hot water and cooking appliances and components. Our member companies employ a combined total of 4,500 workers in Australia. The gas infrastructure in Australia delivers more energy than the electricity infrastructure and the vast majority of the 18 million gas appliances in use are supplied by GAMAA members. As such, our members have a significant interest in the outcome of this review.

First and foremost, GAMAA is fully supportive of the goal to decarbonise Australia's existing and future energy systems, including the gas networks. Hydrogen blends and renewable gases have the potential to become mainstream using existing gas infrastructure. Indeed, renewable hydrogen is already being blended on a trial basis in the Adelaide and Sydney gas distribution networks and further renewable gas projects are under development for Victoria, Western Australia and Queensland. As such, the overall objective to bring hydrogen blends, biomethane and other renewable gases within the scope of the national gas legislative and regulatory framework is laudable and one we fully support.

We note however that any changes required at a jurisdictional level will not be considered as part of the work on the national gas regulatory framework. We respect and appreciate that this limitation in scope is reflective of the regulatory frameworks currently in place, in particular the demarcation between national and state/territory (jurisdictional) responsibilities, however this raises various concerns for us.

As you are aware, the state and territory regulatory frameworks cover gas quality, appliance and component safety, installations and gasfitter training and licensing. These aspects have a significant and direct effect on our members. The review and revision of these aspects to incorporate hydrogen blends and renewable gases should be as nationally consistent as possible to achieve the transition away from natural gas at the lowest cost and disruption and to maintain the enviable safety record of the gas industry over many decades. Any mis-steps, particularly with regards to safety, can and will be magnified and used to damage the reputation of the gas industry and undermine community confidence in not just the gas networks and associated appliances and components, but also the more widespread use of renewable gases such as hydrogen in other sectors. As such, a coordinated approach between federal and state/territory jurisdictions is required, as is a coordinated, synchronised and timely approach between the state/territory jurisdictions themselves, through the Gas Technical Regulators Committee (GTRC).

In addition to the regulatory aspects and from a broader perspective, manufacturers will make investment decisions for research, development and commercialisation of renewable gas appliances and components based largely on the size and market certainty for such appliances. To establish these, a timetabled roadmap is required that encompasses the following:

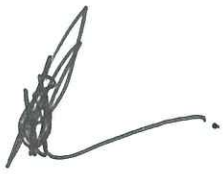
- As a first step, a transition plan for the roll-out of 10% hydrogen blending by market segment (residential, commercial and industrial) supported by governments, state/territory regulators and industry.
- A transition plan towards 100% renewable gas. In the case of hydrogen, this must take into account that an ever-increasing blend of hydrogen is not technically and commercially viable and that once a 10% blend is reached, the next viable step is a step-change to 100% hydrogen.
- A structured plan, developed in consultation with industry, to underpin the transition away from the natural gas networks, appliances and components.

An uncoordinated approach by jurisdictions and/or network operators to deal with the transition in isolation resulting in a staggered or undated rollout of hydrogen blends and renewable gases will act as a disincentive for manufacturers to invest, with the likely result that demand and supply for gas appliances and components that are compatible with hydrogen blends and renewable gases will not eventuate.

In summary, a nationally consistent and coordinated approach regarding the regulatory aspects of gas quality, appliance and component safety, installations and gasfitter training and licensing is required in the transition to hydrogen blends and renewable gases, as is a timetabled roadmap for their rollout, in order to maximise the opportunity for a successful transition away from natural gas.

Should you have any questions or would like further discussions please don't hesitate to contact Leon Bogers (leonb@rinnai.com.au, 0419 531 619) or myself (ross.jamieson@sitgas.com.au, 0409 858 077).

Yours sincerely



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