

30 August 2016

Victorian Government’s gas ban a risk to customers and environment

The decision to ban onshore gas exploration and development in Victoria creates risks for energy customers, the environment and the economy, the Energy Networks Association (ENA) said today.

ENA Chief Executive Officer, John Bradley, said that natural gas was vital for enabling Victoria’s transition to a cleaner energy future.

“Imposing a state wide ban on gas exploration and production will undermine the role natural gas can play in supporting a cleaner, affordable energy system,” Mr Bradley said.

“At a time when gas distribution networks are cutting costs, the government is making a decision to restrict supply that could lead to cost increases for families and business.

Mr Bradley said the decision was ‘high risk’ given the role of gas in supporting power system security and reliability.

“Victoria is seeking to introduce 5,400 MW of renewable generation capacity in less than a decade, has an ageing coal-fired power fleet, and a high level of gas demand among manufacturers and nearly two million homes.

“This ban is a ‘step into the unknown’ and will have nationwide impacts for Australia’s energy system.

“The price volatility and security risks of South Australia’s energy system are already highlighting the need for national policies that take into account the implications of carbon and energy policy.”

Mr Bradley said gas remained a key enabler for achieving emission abatement targets at lowest cost, while providing energy security.

“Low emission, responsive gas-fired generation is vital to support the ups and downs of renewable generation. Instead, we see it being squeezed out by government policies that are not technology neutral.

“Only in March the Commonwealth Department of Industry forecast that southern gas markets in Victoria, New South Wales, Tasmania and South Australia currently have insufficient reserves to meet long-term supply requirements.”

Mr Bradley said the Victorian Government could ensure evidence-based environmental regulation that provides confidence to the community.

“Best practice environmental regulation uses Environmentally Sustainable Development principles to assess each resource project on case by case basis, rather than a policy ‘ban’.”

Mr Bradley said independent scientific advice from the Australian Academy of Technology & Engineering (ATSE) had found that:

There is no evidence of widespread, systemic impacts on drinking water resources from hydraulic fracturing of shales in the United States.¹

ATSE highlights that the use of established procedures for conventional oil and gas operations will minimise impacts on water resources.

“Ignoring scientific evidence will create risks for Victorian energy customers,” Mr Bradley said.

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The Energy Networks Association is the peak national body representing Australia’s electricity transmission and distribution networks and gas distribution networks on economic, technical, environmental and safety regulation, and national energy policy issues. ENA members provide energy to virtually every household and business in Australia.

¹ <https://www.atse.org.au/Documents/reports/atse-unconventional-gas-workshop-communicue.pdf>