

2 JULY 2022

VICTORIAN ROADMAP IS GOING IN THE WRONG DIRECTION FOR CONSUMERS AND EMISSIONS

Today's Victorian Gas Substitution Roadmap will push consumers onto coal, ignores the cost imposts caused by years of gas development bans in the State and bizarrely proposes that other States should forego export revenue.

Acting Chief Executive of the Australian Petroleum Production & Exploration Association, Damian Dwyer, said the roadmap was philosophy over fact and would not only not achieve the government's goals, but have the opposite effect.

"In Victoria, more than 60% of electricity is still generated using higher emissions brown coal, and as has been made abundantly clear in the last month, renewables are simply not yet at high enough penetration to shoulder the load. That means encouraging consumers to switch to electricity is effectively switching to coal," he said.

"Not only is a higher emissions option, the widespread failures of coal-fired generation over the past few months has risked reliability and seen costs increase – and ironically it was the very gas this government is trying to substitute that saved the day.

"With gas being "substituted" out of the energy mix, coal being put under even more pressure even as plants close and clear evidence that renewables can't yet do the job, this roadmap is heading in the wrong direction."

Mr Dwyer also said the roadmap was also sent a disappointing message to potential investors in new gas supply – which would simply further exacerbate costs caused by long standing bans on development.

The Australian Energy Regulator has found that gas users in southern states such as Victoria are paying \$2 more per gigajoule simply because of the cost of bringing gas down from Queensland.

"The industry is keen to build on its massive investment in Victoria. This would make sure local gas keeps flowing to manufacturers, homes and businesses, is available to back up ageing brown coal and intermittent renewables, and create more jobs," Mr Dwyer said.

"Instead, the Victorian Government is proposing that Queensland forego export revenue from its highly successful onshore gas industry to send it south, while Victoria puts up the closed for business sign again.



“The roadmap claims to be about choice but it tries to pull the wool over consumers’ eyes about the very things that matter to them - cost, reliability and emissions reduction.”

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Notes to editors:

In EY modelling for the Victorian Renewable Energy Target from 2017, significant increases in gas were forecast to be needed to replace coal and support renewables (scenarios below). The government has not released updated modelling to support today’s roadmap.

Figure 13: Victorian generation by fuel type - Reference Case

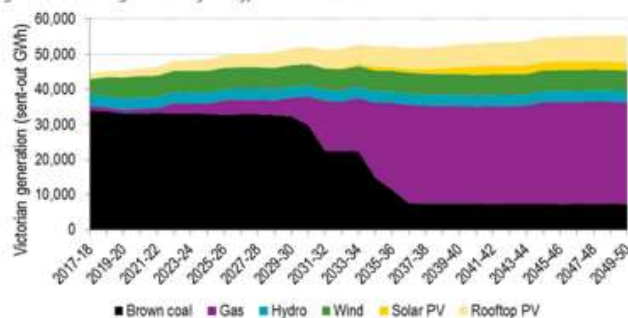


Figure 14: Victorian generation by fuel type - VRET 3400 MW

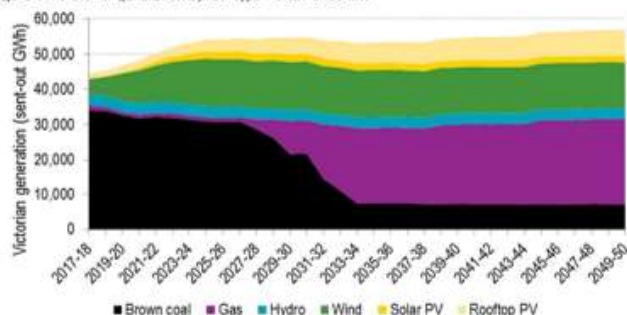


Figure 15: Victorian generation by fuel type - VRET 5150 MW

