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Infrastructure Victoria

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### **Towards 2050: Gas infrastructure in a zero emissions economy Interim Report**

The Australian Hydrogen Council (AHC) supports the Victorian Government's Climate Change Strategy and recognises that transitioning the state's natural gas resources to a low emissions fuel is critical to achieving net zero emissions by 2050.

Victoria's dependence on natural gas for reliable energy has developed over many years. It stands to reason therefore, that any change to consumer's relationship with the gas network should be well considered and planned for.

While noting that electrification has a role to play in reducing emissions, AHC has engaged with a range of stakeholders and formed a view that some industrial processes cannot be electrified and consequently, Victoria's gas infrastructure will be required for the foreseeable future. Hydrogen will be required to reduce, and eventually eliminate emissions from natural gas use.

Victorian consumers have relied on gas as an energy source to a greater extent than any other jurisdiction in the country. AHC strongly supports an initial step of blending clean hydrogen into existing natural gas pipelines.

We consider that the adoption of 10% target for blending hydrogen into the natural gas network will have a number of benefits. It will lower the carbon intensity of homes and business connected to the network while allowing these entities to defer potentially significant investment decisions until connected appliances reach the end of their useful life. In similar vein, it will allow the long term investment that Victoria has made in gas infrastructure to be recovered.

A 10% target will also enable additional planning to be undertaken to further determine the economic and social ramifications (e.g. the ability of low income households to transition to new energy sources) of electrification or transition to higher concentrations of hydrogen.

Importantly, imposing a target for hydrogen injection would provide certainty of offtake for hydrogen producers and assist the development of a domestic hydrogen production industry which will allow the gas to be used cost effectively beyond this initial step in our energy transition.

We understand that Interim Report provides scenarios to facilitate planning for a net zero emissions economy. A 10% hydrogen blending target should form the basis of all of these scenarios because of the short term benefits it can bring. With this as an initial step towards reducing the carbon emissions associated with Victoria's gas usage, planning as to whether Victoria's gas infrastructure will convey hydrogen blended with other renewable fuels indefinitely or ultimately transport 100% hydrogen can occur.

We look forward to continuing to engage with the Victorian Government on this issue.

If you would like to discuss any aspect of this submission, please contact me on [REDACTED] or via email to [REDACTED]

Yours sincerely



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