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19 May 2022

Energy Senior Officials
Department of Industry, Science, Energy & Resources
GPO Box 2013

renewablesgas@industry.gov.au

Dear Sir/ Madam

Re: Review into Extending the National Gas Regulatory Framework to Hydrogen and Renewable Gas and Blends

We thank you for the opportunity to comment on this important issue in relation to the incorporation of hydrogen and other renewable blends into the gas framework. We understand that this stage of the review is to develop initial rules that will extend the regulatory frameworks to low-level hydrogen-natural gas blends and other renewable gas blends.

We have provided some comments under the headings below for your consideration. These comments relate to questions 1, 2, 2.6, 3.1 and 3.2 of the Department's feedback template.

Retail Authorisations

Under the existing retail authorisation framework, authorisation is granted to retailers to supply either electricity or gas (or both) to all customers in jurisdictions that have adopted the National Energy Customer Framework (**NECF**) in perpetuity. As noted in the consultation paper, the intention of this review is to extend the framework to include hydrogen and renewable gas and blends not presently covered by the existing framework. We understand that the intent is to future proof the framework such that, when other gases such as higher percentage blends of hydrogen can be safely injected into an existing or modified gas network, the regulatory framework will allow for these to be supplied.

The consultation paper seeks to create a separate and distinct retail authorisation for the retail supply of prescribed covered gas (**PCG**).

The consultation paper defines PCG as a '*covered gas (other than natural gas or an NGE) that has been designated in the National Energy Retail Regulations as a prescribed covered gas.*'

Under the existing framework, in order to satisfy the entry criteria to be authorised as a retailer, the AER will assess authorisation applications against the entry criteria set out under

the *National Energy Retail Law* and must be satisfied that the applicant has the financial, technical, and organisational capacity and expertise to manage the activities it declares it wishes to undertake.

If a covered gas is designated to be a prescribed covered gas under the *National Energy Retail Regulations*, it would be expected that a review of the quality or technical specifications of the covered gas would be conducted, including the ability of the gas to be supplied through existing distribution systems (including those distribution systems which have been modified to supply the relevant gas in the future).

AER's current retail authorisation assessment process does not include such considerations. Therefore, the considerations involved in assessing a PCG retail authorisation application would not differ materially from that of a gas retail authorisation application.

The AER expects that the technical specifications and safety of the relevant gas would be reviewed and certified prior to it being designated as a PCG – perhaps with the involvement of appropriate jurisdictional oversight. Further guidance on the proposed process to designate a covered gas as a PCG would be of value to the AER in understanding the implications of the reform.

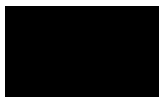
The AER would seek confirmation that an applicant retailer held the relevant safety certification for the relevant PCG as part of an application for retail authorisation.

It may be appropriate that the existing gas retailer authorisation category could be extended to cover the supply of PCG. This approach could align with the proposed approach for extending existing gas authorisations to include natural gas equivalents under transitional arrangements.

At this time, we do not consider the supply of PCG would be sufficiently unique to necessitate the creation of a new authorisation class such that a retailer supplying gas in different jurisdictions with different gas blends would require multiple authorisations. That said, the AER has identified that there are challenges with the existing authorisation framework more holistically as part of its Authorisations and Exemptions Review.

If you have any questions please contact Neil Unantenne, Acting Director, Compliance & Enforcement on [REDACTED].

Yours sincerely



Rowena Park
General Manager
Compliance and Enforcement Branch

Sent by email on: 19.05.2022