6 June 2025

Submission: Energy Safety Review

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure. APGA supports a net zero emission future for Australia by 2050[1] and sees renewable gases such as hydrogen and biomethane playing a critical role in decarbonising gas use.[2]

APGA welcomes the opportunity to provide comments on the Energy Safety Review. The safety of gas transmission pipelines and infrastructure in Victoria has an exemplary record, guided by the Gas Safety Act 1997, Pipelines Act 2005 and Energy Safe Victoria Act 2005. We work closely with Energy Safe Victoria, including through APGA's Pipeline Corridor Committee, to address potential pipeline corridor interactions and risks.

Transmission and distribution pipelines have a comparative advantage over electricity infrastructure as they are inherently underground infrastructure. Pipelines are physically removed from most environmental risks as well as from accidental or malicious damage.

Pipeline easements can typically be maintained as recreational corridors or remain available to landholders for most common use cases. Being generally out of sight – and hence, out of mind – for consumers can lead to interaction risks. These are generally well managed by pipeline operators and guided by regulation, but there are opportunities for consumer education by the regulator especially as peri-urban developments increase in scale. There are additional considerations for pipeline safety with the transition to net zero, particularly regarding distribution connections and the integration of renewable gases.

APGA looks forward to continued close collaboration with Energy Safe Victoria and with DEECA on any proposed changes to pipeline regulations and safety frameworks.

To discuss any of the above feedback further, please contact me on +61 409 489 814 or policy@apga.org.au.

Yours sincerely,

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[1] APGA, *Climate Statement*, available at: https://www.apga.org.au/apga-climate-statement
[2] ACIL Allen, 2024, *Renewable Gas Target – Delivering lower cost decarbonisation for gas customers and the Australian economy*, https://apga.org.au/renewable-gas-target

Questions for comment

4. What is your perception of the degree or severity of safety risk arising from Victoria's energy transition?

The Victorian Government's policy priority to electrify commercial and residential gas use presents potential risks arising from the need to decommission infrastructure. The costs of this to all consumers to date has not been fully appreciated, including in the Victorian Gas Substitution Roadmap. Consumer-side considerations on this are discussed in APGA's answer to question 14.4.

The consultation paper notes some risks emerging with renewable gases. APGA limits our comments to those, and considers the following safety risks associated with these below, but generally considers the safety risks to be low.

Biomethane

As biomethane is functionally identical to natural gas, it carries the same risks in consumption and transport. The likely decentralised nature of biomethane production may require additional connections to transmission or distribution networks which could present risks, especially where biomethane producers are not familiar with procedures.

APGA's Renewable Gas Connections Code of Practice[3] provides some guidance on approaching these issues, but to date we have not identified specific gaps in safety regulations that need addressing.

Renewable hydrogen

As briefly acknowledged in the consultation paper, the nature of hydrogen means there are some additional considerations for carriage at high pressures (gas transmission), and pipeline suitability for this is on a case by case basis. These do not exist in the same degree at low pressures (gas distribution), and indeed Victoria's gas distribution network has historically carried hydrogen at reasonably high concentrations, up to 50%, in the form of town gas.[4]

Gas distribution network operators have been proactively replacing cast iron, PVC and galvanised mains to polyethylene, which has increased the safety of those networks for natural gas. This has made the existing distribution network immediately compatible with blends of hydrogen at 10%, and with some modifications up to 100%.

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[3] APGA, 2024, *Code of Practice for Renewable Gas Connections*, https://apga.org.au/code-of-practice-renewable-gas-connections

[4] Australian Hydrogen Centre, 2023, *Australian Hydrogen Centre State-Wide Blending Studies – Summary Report*, https://arena.gov.au/knowledge-bank/australian-hydrogen-centre-summary-report/

APGA notes that the Australian Gas Industry Group's 10MW Hydrogen Park Murray Valley (HyP MV) project will inject a 10% blend of renewable hydrogen into the Albury-Wodonga local network from late 2025.

The Energy Safety Review should directly consider renewable hydrogen injection into distribution networks, as this represents a viable alternative to electrification of gas use.

9. How well understood is Victoria's current energy safety regulatory framework?

In terms of pipeline regulations, the responsibilities of pipeline operators are well understood. The responsibilities of third parties with respect to those regulations are not always understood by those third parties. This becomes important where there are increasing interactions between pipeline operators and, for example, landholders or developers.

Managing interactions between landholders and use of land with potential interactions with pipelines has become and complex, and costly exercise for pipeline operators, not only for larger developments (i.e. new housing estates on peri-urban and rural land). Small landholders, particularly new hobby farmers, may not be made sufficiently aware of the easement on purchase of the land and may not understand signage or appreciate the risk of even minor earthworks in the vicinity of those assets.

A more proactive education approach for third parties should be considered by the regulator to ensure they understand their responsibilities when it comes to high pressure pipeline assets on their properties

14. What are your views on the reform options outlined, reflections on opportunities or challenges to implementation, and any other improvements that could be made?

<u>4 Support and educate consumers who choose to switch to electric to do so safely</u>

APGA agrees that residential and commercial customers who choose to switch to electrify should be supported to do so safely. But the cost of **all** aspects of this switch must be made clear to consumers in advance of making this decision. This includes the cost and necessity of abolition of their gas connection (which is not the same as temporary disconnection), and also necessary electrical upgrades to the property.

When permanently electrifying a property it is necessary to abolish the gas supply services at the main to mitigate safety risks and liability concerns of inactive gas infrastructure, including leaks, corrosion and ignition. This requires excavation and severing the connection between the gas main to the property service line. Disconnection, on the other hand, simply plugs or removes the meter and caps the service line; it is not intended to be a permanent solution.

The fee customers are charged to abolish a gas connection in Victoria is capped at $220. The actual costs of abolishment exceeds this at approximately $950-980. Temporary disconnection by plugging capping is much cheaper, at between $70-120.

This means the majority of the cost of abolition is shared across the remaining customers on the network, including those who cannot afford to electrify. This necessarily has equity issues that must be considered, although is beyond the scope of safety-related legislation.

Consumers must be educated on the importance of permanent abolition of their gas connection rather than a temporary disconnection if their intention is to fully electrify their property. At the same time, policies that encourage electrification need to take into account the risks of consumers not abolishing their connection, and provide sufficient education to consumers on the risks.

5.4 Assess the feasibility of consolidating the Acts and regulations

The costs, benefits of risks of merging the Electricity Safety Act, Gas Safety Act, Pipelines Act 2005 and Energy Safe Victoria Act 2005 into a single Act must be **very** carefully considered.

The Gas Safety and Pipelines Acts are complex pieces of legislation dealing with a complex industry. This industry has a strong safety record, guided by these regulations. The responsibilities of pipeline owners and operators are well understood under the current Acts.

There would need to be strong evidence that the safety and operation of gas distribution and transmission networks in Victoria would be improved by being included in a broad umbrella Act. The 'if it ain't broke, don't fix it' principle should apply unless there are very clear cases for reform uncovered in such a cost/benefit analysis.