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Smart Appliances Regulation Impact Statement (RIS) Project Team
Energy and Technical Regulation
Department of Energy and Mining
GPO Box 320. Adelaide, South Australia

Via email: smartappliances2019@sa.gov.au

Subject: Consultation Paper: "Smart' Demand Response Capabilities for Selected Appliances August 2019

APA Group (APA) welcomes the opportunity to make a submission to the above consultation.

APA acknowledges the efforts of the South Australian (SA) government in leading the consultation on the above, and as such, APA now offer a response to the paper.

About APA

APA own or manage and operate a portfolio of assets in excess of \$21 billion and deliver half the nation's natural gas usage. APA own 15,000 kilometres of natural gas pipelines that connect sources of supply and markets across mainland Australia. APA operates and maintains gas networks connecting 1.4 million Australian homes and businesses, and employs over 1800 people. APA also own or has interests in gas storage facilities, gas-fired power stations and renewable energy generation (wind and solar farms). APA Group (ASX:APA) is listed on the ASX and is included in the S&P ASX 50 Index.

APA's key points in relation to the paper are as follows:

- 1) APA supports the work being undertaken by the SA government developing Demand Side Response (DSR) opportunities for residential homes.
- 2) APA supports policy that is developed on a Technology Neutral (TN) basis and as such APA encourages the work being undertaken by the SA government to be undertaken in a TN manner.
- 3) The TN policy approach promotes the impartial assessment of a wide range of fuel appliance types when considering solutions to energy issues. These appliances could include not only existing appliance types such a renewable, electric and gas appliances, but also in the future, appliance fuel types such as those fuelled by hydrogen, renewable gas, etc..
- 4) Consistent with a TN approach, APA recommends that a broader suite of potential solutions to the electricity grid issues be considered, including solutions that do not rely on the involvement of electric appliances. For example, gas appliances installed in a residential home will take pressure off the electricity grid, in both general electricity usage times, as well in the more critical peak electricity demand times, by virtue of the fact that gas appliances use little to no electricity from the electricity grid. Therefore, by adopting a TN approach to the DSR issue, further innovative solutions will almost certainly emerge to help address the current electricity grid capacity issues.
- 5) Ironically, after having suggested the above TN approach which could potentially involve appliance types that do not require electricity from the grid to operate, APA is concerned that efforts being made by the SA government regarding bringing DSR opportunities to Australian households could be unfavourably impacted by the introduction of the 'electrification' concept, currently being promoted by a number of market players. APA view the 'electrification' concept as not being a TN based policy and as such, APA is concerned that its adoption will undermine the current efforts of the SA government to introduce initiatives to potentially curtail electricity appliance use at peak electricity demand times. Indeed, given that the 'electrification' concept

effectively argues for the replacement of gas appliances with electrical appliances, it is concerning to consider what impacts the introduction of such a policy will have on the SA government's efforts to introduce DSR initiatives to effectively reduce pressure on the electricity grid.

- 6) Policy design should include a mixture of incentives and penalty mechanisms, thus allowing choice for customers, and should not involve the mandating of, or for that matter, exclusion of a particular appliance type.
- 7) APA also supports the principle of providing industry with adequate time to make the necessary adjustments to inventories and tooling, for example, to meet new rules or regulations introduced. Having said that, APA is concerned that some key industries with exposure to the energy market, will have insufficient time available to them to implement required changes required as a result of the completion of the consultation and subsequent rule formalisation/legislation, for 2022.

Once again, APA Group thanks the ABCB for the opportunity to participate in this consultation and should the ABCB have any question regarding our submission, please contact Josh Hankey on (07 3565 3101).

Josh Hankey

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APA Group, Operator for AGN and Allgas