



AGL Energy Limited
T 02 9921 2999 Level 24, 200 George St
F 02 9921 2552 Sydney NSW 2000
agl.com.au Locked Bag 3013
ABN: 74 115 061 375 Australia Square NSW 1215

Parliament of Victoria
Public Accounts and Estimates Committee
Parliament House, Spring Street
EAST MELBOURNE VIC 3002

By email: paec@parliament.vic.gov.au

Dear Committee

Re: Inquiry into Auditor General Report No.202: Meeting Obligations to Protect Ramsar Wetlands (2016)

AGL Energy Limited (**AGL**) welcomes the opportunity to make a submission to the Committee inquiry into *Meeting Obligations to Protect Ramsar Wetlands*.

About AGL and our operations

AGL is one of Australia's leading integrated energy companies and the largest ASX listed owner, operator and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources.

AGL is also a significant retailer of energy and provides energy solutions to 3.7 million customers in New South Wales, Victoria, Queensland, Western Australia and South Australia. In FY19 this involved 167 PJ of gas sales across AGL's small customer, large business customer and wholesale customer base.

The Gas Import Jetty Project

In close consultation with the community, AGL is currently progressing plans to use an existing jetty in Crib Point, Western Port in Victoria to import liquefied natural gas (LNG) into Victoria (the Project), providing much needed additional supply of gas to customers into the Southern States. We understand that some stakeholders have identified the Project as a new issue that has arisen since the last VAGO report into Victoria meeting its obligations to protect Ramsar Wetlands and have made submissions to that effect.

As part of the proposed Project, a Floating Regassification Storage Unit (FSRU) - essentially a type of LNG carrier - will be continuously moored at the end of the jetty. The Project at Crib Point is within the southern boundary of the Western Port Ramsar site and community members have raised concerns about the impact of the proposed Project on the local wetlands.

We are aware there is significant community concern around the potential impact the Project will have on seagrasses and mangroves and acknowledge these are of environmental significance. The combination of the mangroves, seagrass and wildlife in Western Port make it a very valuable marine ecosystem both in Australia and internationally. Western Port is an important environmental asset that must be cared for.

As part of this proposed project, AGL will not remove mangroves nor is it expected to have a direct impact on the wetlands. One of the reasons we were attracted to this location was that Crib Point has an existing jetty already in commercial use. The jetty was built in the 1960s by the petroleum industry to help fulfil Victoria's needs - and is still used today to bring petroleum into Victoria. The Project will increase shipping traffic in Westernport. Currently the Port of Hastings hosts 142 vessels each year.

Our proposed project would add initially, about 12 ships a year, but this could range up to 40 ships a year depending on the state's future gas needs.

Assessment of Environmental Effects

The community have made their concerns known to the Victorian Government and they have been successful in making sure the Project is now assessed independently through an environmental effect statement (EES) process (under the *Environment Effects Act 1978*). The EES will also be used by the Australian Government to assess the environmental impact of the Project under the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act).

The EES currently underway will look at the potential environmental, social, economic, and planning impacts of the Gas Import Jetty and Pipeline Project, the approach to mitigating these impacts, and will be considered by relevant Government decision makers when determining the required approvals or conditions on the Project. AGL believes that Victoria is meeting its requirements outlined in VAGO report recommendations in regard to meeting its protection of Ramsar Wetlands through processes such as the EES which are assessing our Project.

We will follow all assessment standards as required by Victorian and Australian Government agencies and are willing to be held to these rigorous standards.

A key issue under the EES for assessment is the effect on the local wetlands including seagrasses and mangroves, and also, the '*potential for impacts resulting from increased shipping activity on cetaceans and other large marine animals, including acoustic impacts and potential collisions.*'

We are consulting closely with the community through the EES process. The EES, once finalised, will go through a public review process, which includes being placed on public exhibition, followed by a public inquiry process, being an inquiry into the Project's potential environmental effects, including by considering the EES and submissions in response.

Why Import Gas?

From a commercial perspective, the Project is still in the feasibility stage and AGL has yet to make a final decision to fully fund the proposed project.

However, there is a genuine and looming need for gas in the southern states. In its 2019 Gas Statement of Opportunities, the Australian Energy Market Operator (AEMO) highlights that the southern states face tight gas supply from 2021, and shortfalls from winter 2024, if more is not done to replace rapidly declining output from Bass Strait and supplies from Queensland limited by pipeline capacity.

AEMO, has also recently stated that an import facility in Victoria has the biggest projected impact to reduce projected gas shortfalls.

"Without any upgrade to the existing pipeline infrastructure: An import terminal in Victoria, either Melbourne or Gippsland, has the biggest projected impact to reduce projected shortfalls. In addition to providing an additional unconstrained source of gas for Victoria, this terminal is projected to reduce pipeline and storage infrastructure congestion, enabling greater access to supply from northern fields."

Our gas market is shaped by Australia's vast geography. While gas supply from the northern states can be transported to Victoria, the pipeline system does not have enough capacity to meet Victoria's peak winter demand.

A number of our generation assets are also impacted by the potential gas shortfall in the southern states. As ageing coal generators close, existing gas generation assets are running for longer periods of time. As a result, high gas prices have the potential to increase the cost of generating electricity. As the energy sector progressively transitions from thermal power (like coal-fired plants) to more renewable energy (like wind and solar) – gas, which generally has lower emissions than coal, will play



a role in enabling firming capacity to complement renewables at peak times or when renewables are not available.

The proposed Project will play a key role in the transition to renewable power by ensuring we have an affordable, stable and secure gas supply in southern Australia when it is needed most. Before the Project can proceed, it must meet the robust independent assessment and approval requirements set by the Victorian and Australian Government, which will take into account potential impacts on, and the management of, the Ramsar site.

Should you have any questions in relation to this submission, please contact me on

[Redacted contact information]

Yours sincerely,

[Redacted signature]

Sam Guthrie

General Manager, Stakeholder Relations