



Australian Pipeline Industry Association Ltd

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GAS INDUSTRY WELCOMES EMISSIONS TRADING SCHEME, BUT WARNS ON COSTS AND RENEWABLE TARGETS

The Federal Government's emissions trading scheme will encourage a move from coal-fired power generation to natural gas, and this has been welcomed by the Australian Pipeline Industry Association. (*APIA is the peak national representative organisation for the natural gas transmission industry.*)

However, APIA warns that the costs imposed on gas transmission companies are unfair and the impact of a Renewable Energy Target (RET) would, by discouraging the use to natural gas, undermine the intention to reduce overall emissions.

"It is appropriate to encourage increased use of natural gas, given Australia's abundant supply of natural gas," Chief Executive of APIA, Cheryl Cartwright, said today. "Generating power from natural gas produces half the emissions of coal-fired power, and given Australia's reserves of natural gas, it is sensible to encourage power generators to move to gas - particularly in the medium term."

However, APIA warned that introduction of the proposed Renewable Energy Target, would negate the CPRS encouragement of natural gas in the energy mix.

"The Renewable Energy Target - if it is not expanded to include 'lower emissions' technologies - combined with the CRPS will discourage the use of natural gas and the Government should postpone the RET indefinitely," Ms Cartwright said.

"The RET is unrealistic, distortionary and expensive, and would not assist the Government to meet its carbon reduction targets.

"It is one thing to provide Government assistance to the renewable energy industry - giving renewable energies an unfair advantage over natural gas - but far worse to mandate the use of renewable technology, which is less reliable and more expensive than natural gas."

APIA is concerned that the CPRS does not allow the pass through of costs that this scheme will impose on gas infrastructure.

"Most gas transmission contracts are long term and do not allow for a scheme such as the CPRS. By increasing costs to the transmission industry, the increased pressure on these vital companies could see a reduction in the supply of gas, just when the demand increases.

"Clearly this would not help to reduce carbon emissions."

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