

# Gas critical to renewables transition, says Bowen



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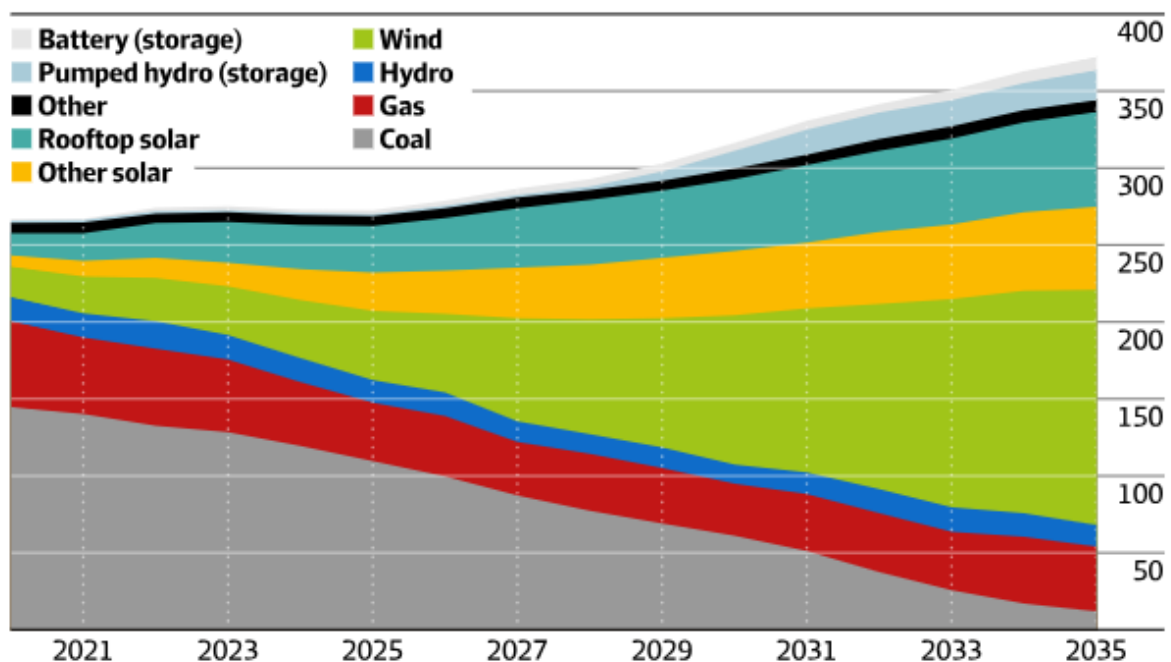
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[Gas will be a critical part of power generation](#) well into the second half of the 2030s and it will also underpin efforts by export partners like Japan to decarbonise, according to Labor projections that support industry calls for ongoing exploration and extraction.

The explosive forecast, which will anger environmental campaigners and many teal independents who want an [accelerated exit from gas-powered energy generation](#), suggests gas and a diminishing amount of coal will end up producing about the same amount of power as large-scale solar by 2035.

The projections released by Climate Change Minister Chris Bowen come as the latest official national tally shows climate-warming emissions are again rising after several years of decline and stagnation, suggesting the country is heading in the [wrong direction to meet its internationally binding promise](#) to cut atmospheric pollution by 43 per cent in 2030.

Australia's electricity generation mix in the baseline scenario, by fuel (TWh)



SOURCE: CLIMATE CHANGE AUTHORITY

In a growing shift to become more [overtly supportive of the gas industry](#), Mr Bowen has also rejected a recommendation on Thursday by the independent Climate Change Authority, which advises the government on climate issues, to follow Victoria and the ACT by imposing what would be a politically fraught nationwide ban on gas connections to new homes.

“While we invest in cleaner and cheaper energy for the future, gas will continue to play a role in supporting the transition to renewables, particularly as coal-fired generation leaves the system,” the Albanese government said in its second annual climate change statement, released on Thursday.

Labor also believes Australian gas will help “[support regional stability](#)” and energy security among allies across Asia as they move to reduce their emissions by exiting coal usage.

## **‘Significant’ gas shortfall, says BCA**

For the energy grid, gas “will continue to play a key role as dispatchable power during periods when insufficient renewable generation or stored electricity is available”, the government said.

Business Council of Australia chief executive Bran Black told *The Australian Financial Review* that there are “significant” potential supply shortfalls that will require new investment in upstream supply, pipelines, re-gasification terminals and storage.

According to a BCA submission to the government’s inquiry into the Future of Gas Strategy, demand will exceed supply on the east coast by 53 petajoules and in Western Australia by 213 petajoules by 2030.

“Every Intergovernmental Panel on Climate Change scenario for how the world achieves net-zero contemplates a role for gas in the coming decades and with approximately 50 per cent less emissions of coal, it is clear gas will help both Australia and our region successfully transition to net-zero,” said Mr Black.

The government said in this year’s climate change report, released to parliament on Thursday, that its Future Gas Strategy would be ready in 2024 with a view to ensuring ongoing supply of “affordable and secure gas”.

Mr Bowen [acknowledged in mid-November that falling supply from Bass Strait](#) requires developing new sources of natural gas, which would increasingly be required to cover the remaining 18 per cent of energy generation once the nation reaches its [82 per cent renewables target](#).

Labor concluded months of negotiations in October with gas exporters over a code of conduct to ensure sufficient supply to the domestic market and it this week granted an [exemption to local producer Senex](#) from its \$12 price cap.

According to the government's "baseline" modelling outlook, future energy generation will rely on a near five-fold increase in wind capacity by 2035, and a doubling of solar capacity.

## **Within 'striking' distance of 43pc**

Coal-fired power generation is expected to dwindle to near-zero by 2035, and gas generation will hold steady at around 60 terawatt-hours, according to the projections.

While emissions rose last financial year, Mr Bowen said cuts to industrial and resources emissions from this year's reformed safeguard mechanism, which began in July, as well as last week's [decision to underwrite up to \\$60 billion in renewable energy projects](#), mean Australia will reduce emissions this decade by 42 per cent on 2005, falling just short of the official 43 per cent target.

A year ago, the government's projections were for a 40 per cent reduction on 2005 levels.

Mr Bowen told parliament the country is now "within striking distance" of its UN target.

"The updated emissions projections we are releasing today show good progress but that we must stay the course in implementing our policies."

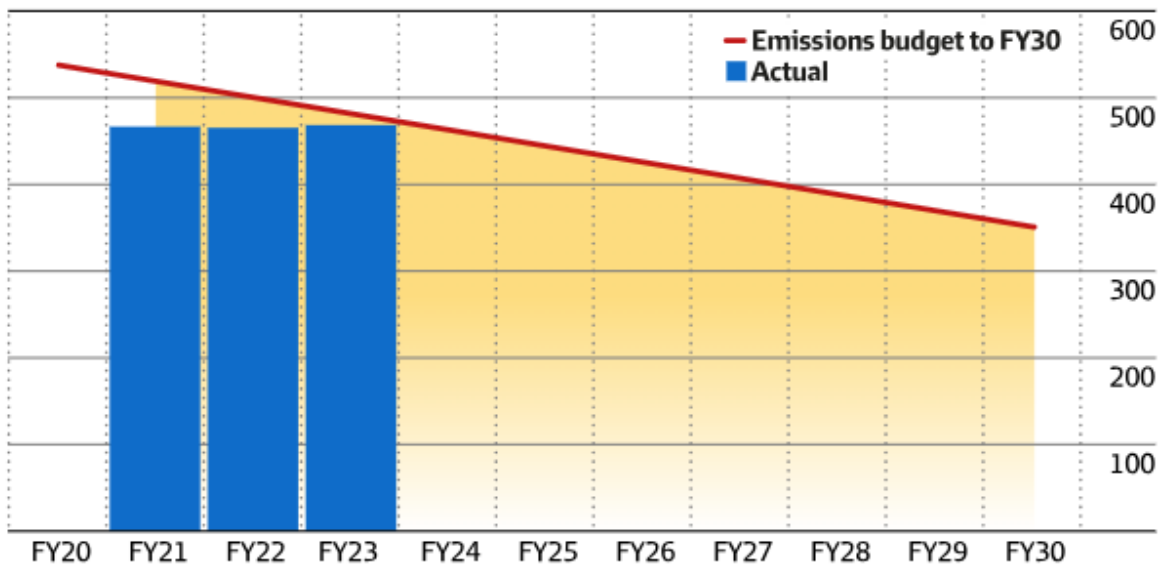
Despite Mr Bowen's growing confidence, the latest greenhouse inventory shows overall emissions rose in the 2022-23 financial year by 3.6 million tonnes, or 0.8 per cent, to 465.2 million tonnes.

Pollution from cars, utes and SUVs led the increase, as well as agriculture that offset twice the reductions delivered across the electricity sector thanks in part to rapid rooftop solar installations.







The numbers mean Australia's annual current emissions are still 116 million tonnes above the 2030 target, which was legislated by [parliament just over a year ago](#) as part of Labor's promise to put the country on track to help keep global temperature increases below 2 degrees, according to the Climate Change Authority.

Hitting the 43 per cent target would require decarbonising at an annual average rate of 17 million tonnes, the authority said.

## Australia's emissions budget progress (Mt CO<sub>2</sub>-e)



## Total annual emissions by sector (Mt CO<sub>2</sub>-e)

Sector	Year to Jun 2022	Year to Jun 2023	Annual change (%)
Transport 	92	99	+8
Agriculture 	79	82	+3
Industrial 	184	185	0
Waste 	14	14	0
Forestry 	-64	-64	0
Energy 	158	152	-4
<b>Total</b>	<b>463</b>	<b>467</b>	<b>-4</b>

SOURCE: CLIMATE CHANGE AUTHORITY

 A Flourish chart

The authority called for a series of reforms that Mr Bowen agreed to on Thursday, including greater Commonwealth, state and territory co-operation, and [more support for investment in “sequestration” technologies such as carbon capture, utilisation and storage.](#)

However, Labor has said it would not adopt three specific items from the authority’s list.

The first would place an effective ban on sales of new internal combustion engines via the introduction of a fuel efficiency standard no later than 2040.

It is understood the government has rejected this recommendation because it is still working up the parameters of a fuel efficiency standard.

*The Australian Financial Review* revealed this month that the government was [delaying the release until next year of an efficiency standard](#) – which would spur carmakers to sell more EVs by driving up the cost of high-emissions vehicles such as utes and 4x4s – amid political fears of a backlash from voters suffering from cost-of-living pressures.

Mr Bowen told parliament on Thursday a fuel efficiency standard “cannot be rushed”.

“The government is committed to the introduction of a FES for new light vehicles, and we are working through the design and implementation to get it right,” he said. “Without one, Australians will continue to miss out on the cleaner, cheaper-to-run vehicles available elsewhere.”

He said Labor had not yet set specific net-zero targets for individual sectors of the economy and “it would be premature to set a target for new light vehicles”.

Labor will also ignore a call from the authority to conduct a cost-benefit analysis for a fuel efficiency standard for trucks by the end of next year.

## **An end to household gas**

In the energy sector, the government rejected a recommendation that it work with state and territory governments to agree on a national plan for the “phase-out for [existing gas connections](#)”.

Mr Bowen said the federal government was pro-consumer choice on gas connections.

Australian Conservation Foundation chief executive Kelly O’Shanassy urged the government to “co-operate with the states to get gas out of Australia’s domestic and export economy,” warning the fuel still “makes up a big chunk of Australia’s emissions profile”.

“Frustratingly, the Albanese government is taking genuine steps to cut climate emissions at home while enabling the increased and ongoing export of coal and gas to other countries.”

Allegra Spender, the independent member for Wentworth, said she was “deeply disappointed” by Labor’s “lack of courage” on gas connections.

“There remains a super-majority for strong climate action in this parliament,” she said.

Greens leader Adam Bandt said climate pollution was rising under Labor “and they’re still approving new coal and gas mines”.

Shadow climate change and energy minister Ted O’Brien accused Mr Bowen of being a “false prophet” who is trying to hide an increase in greenhouse gas emissions ahead of the UN climate change conference in Dubai, which starts on Friday.

Climate Change Authority chief executive Brad Archer said the country is “not yet on track to meet its 2030 targets”, including Mr Bowen’s goal for 82 per cent renewable energy by 2030.

“Achieving the 82 per cent renewable energy target is going to be crucial for Australia’s ability to meet the 43 per cent emissions reduction target. This will require some heavy lifting,” he said.

“Renewables have been rolling out at a fast rate, but we have to go even faster, all around Australia to hit the 82 per cent target.”

At least 3612 kilometres of new transmission lines will be needed by 2030 to absorb the new renewable energy generation, according to the agency, which expects a doubling of solar and wind capacity from current levels.

## **Cars, utes and cows**

Electricity accounted for around one-third of emissions, or 152 million tonnes in 2022-23, representing a 3.5 per cent reduction from the previous year, driven by coal closures and strong renewable energy uptake.

Emissions from industry and resources that generate around 40 per cent of the national total were largely stable, up less than 1 per cent to 185 million tonnes. Fugitive emissions from coal and gas production stood at 47 million tonnes, down 1.7 per cent.

Transport emissions – equivalent to 21 per cent of the national total – jumped 8 per cent to 98 million tonnes from the previous year. Half came from light vehicles such as cars, utes and SUVs, according to official data.

Agriculture emissions rose 3.8 per cent to 82 million tonnes, which equates to 18 per cent of emissions. Much of the increase comes from recovery across the sector after drought ended in 2020.

”With 2030 only seven years away, we believe the time is right for a new commonwealth-state agreement process that would provide a framework

for co-operation on the response to climate change, including where co-ordinated action is required in the national interest,” said Mr Archer.

“There is broad community support for strong action on climate change, but delivering the changes needed in the economy and in society to meet our emissions reductions targets are immense and urgent.

“These are the changes that will underpin a successful transition to a net-zero economy and ensure Australia’s future prosperity and resilience.”

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