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25 September 2020

Mr Stephen Palethorpe  
Secretary  
Environment and Communications Legislation Committee  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

(via e-mail to: [ec.sen@aph.gov.au](mailto:ec.sen@aph.gov.au))

Dear Mr Palethorpe

**RE: *INQUIRY INTO THE CLEAN ENERGY FINANCE CORPORATION AMENDMENT (GRID RELIABILITY FUND) BILL 2020***

Thank you for your letter of 4 September 2020 inviting the Australian Petroleum Production & Exploration Association (APPEA) to make a submission to the Senate Environment and Communications Legislation Committee inquiry into the provisions of the *Clean Energy Finance Corporation Amendment (Grid Reliability Fund) Bill 2020*.

APPEA is the peak national body representing Australia's oil and gas exploration and production industry. It has about 60 full member companies. These are oil and gas explorers and producers active in Australia. APPEA members account for an estimated 98 per cent of the nation's petroleum production. APPEA also represents about 140 associate member companies that provide a wide range of goods and services to the upstream oil and gas industry.

APPEA works with Australian governments to help promote the development of the nation's oil and gas resources in a manner that maximises the return to the Australian industry and community. APPEA aims to secure regulatory and commercial conditions that enable member companies to operate safely, sustainably, and profitably.

The Association also seeks to increase community and government understanding of the upstream petroleum industry by publishing information about the sector's activities and economic importance to the nation. APPEA also hosts conferences each year to exchange ideas and contribute to the development of the industry's policy positions.

Further information about APPEA can be found on our website, at [www.appea.com.au](http://www.appea.com.au).

APPEA welcomes the opportunity to provide comment to the Committee on the provisions of the Bill. APPEA comments are focused on these elements of the Bill that are relevant to the upstream oil and gas industry.

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As the Minister for Energy and Emissions Reduction, the Hon Angus Taylor MP, noted in his Second Reading Speech introducing the Bill, that it will amend the Clean Energy Finance Corporation Act 2012 to provide \$1 billion to establish a Grid Reliability Fund.

The Fund will provide for investment, in accordance with the CEFC's investment mandate, to encourage private investment in the generation, energy storage and transmission projects. The additional funding will enable investment in:

- Energy storage projects, such as pumped hydro and batteries.
- Electricity generation, transmission and distribution.
- Grid stabilising technologies.

Importantly, gas projects, which the CEFC can already invest in, including new gas-fired generation will be included in the Fund when a project supports the achievement of low-emissions energy systems.

Intermittent renewable energy requires "on call" electricity generation to manage falls in renewable output or peaks in demand. Gas-fired generation is a key technology capable of delivering that flexible response. As more renewable energy is integrated into the grid, this balancing role becomes more critical.

APPEA supports the passage of the Bill.

Yours sincerely

**Andrew McConville**  
Chief Executive