

SUBMISSION TO VICTORIAN GAS SUBSTITUTION ROADMAP CONSULTATION

By Dr Colin Long

A. INTRODUCTION

1. This submission is made in my capacity as a private citizen, albeit one with substantial Victorian, Australian and international experience in climate and energy policy and just transition.
2. I found the Gas Substitution Roadmap Consultation Paper to be useful, setting out the main issues and posing appropriate questions.
3. While the questions in the Consultation Paper have helped to stimulate my thinking, I do not directly respond to all of them. Most of my response is not focused on the technical aspects of gas decarbonisation and substitution - other organisations and individuals are more suitably qualified to comment on those. My submission is most concerned with the ramifications of gas sector transformation for the workers involved in the industry, and related industries. I also make some suggestions about basic principles that should underlie the roadmap's eventual form.

B. PRINCIPLES OF DECARBONISATION

4. When planning for decarbonisation of any industry, the state's emission reduction targets and the targets of the Paris Agreement should be the primary guide. There is no point in setting targets if they do not help to reduce emissions to a level commensurate with a safe climate. As we are increasingly seeing, every fraction of a degree of global warming has a detrimental effect on the climate and exacerbates natural disasters. There is no such thing as a partially safe climate.
5. The Victorian Government has used the setting of targets - whether for emissions reduction or renewable energy generation, for instance - effectively. The principle of target setting is well established as helping drive action in an efficient and timely way. Accordingly, targets for gas sector decarbonisation should be established to guide the roadmap and its implementation. These targets should be aligned with the State's broader emission reduction targets.
6. As the International Energy Agency has recently reported, the pathway to a climate-safe level of emissions is increasingly narrow. The efforts of governments and the private sector will need to be focused intently on setting and meeting targets for decarbonisation. There is no longer any

time to waste. We know that the decarbonisation of the whole economy is not an easy task, and that it will involve substantial dislocation for some industries. For this reason, it is important to make sure that we do not make the task any harder than it already is. A key principle of decarbonisation should be that all decisions taken from now on should make it easier to manage the transition, not harder. This means that, whatever the timeframe for the gas substitution roadmap, we must not make it harder by expanding gas use now. The very first step for a substitution roadmap must begin from the principle that there will be no further expansion of the gas industry. The reasons for this are clear:

- Avoid more stranded assets and wasted investment;
- Avoid creating jobs that do not have a long-term future, that will have to be made redundant before long, with concomitant effects on workers' lives and wasted training and skills development.

For this reason, it is very disappointing to learn of the Victorian Government's recent decision to approve gas extraction off the Great Ocean Road, especially while this consultation process is taking place.

7. The principle of "do no more harm" set out in point 8 above should guide decision-making processes in the roadmap. For instance, if it is intended to mix hydrogen with gas in domestic gas networks this must not be to extend the life of gas, but only to reduce the emissions of gas while we transition and, perhaps, to develop the market for hydrogen.
8. Similarly, reducing household use of gas will require a big effort. It should begin by mandating new housing developments to be gas-free, with replacement of the gas uses by electrification.
9. A final, important, principle that should guide the roadmap is that the government must ensure that it protects the public's interest in having a safe climate over the interests of gas companies in profit. It is important for the government to be wary of the gas industry trying to unduly influence the roadmap process.

C. WORKFORCE TRANSITION

10. Whatever the technical and technological developments necessary to take us to a decarbonisation future, it is important to ensure fair and effective workforce transitions. This means income support, retraining, job creation, economic diversification, direct public investment in new technologies and job creation.

11. I welcome the Consultation Paper's recognition of the importance of unions, and training and alternative jobs for workers. We strongly recommend that training be provided by TAFE and other quality not-for-profit facilities such as the Plumbing Industry Climate Action Centre.
12. Unions have long experience of poorly handled industry restructurings that leave many workers worse off. To avoid this as the gas industry is decarbonised, substantial planning and coordination will be needed. I recommend the establishment of a Gas Industry Transformation Authority, perhaps operating within a larger Just Transitions Authority, with representation from unions, industry, training bodies, and end-users to plan and implement the decarbonisation of the gas industry. The Authority should have particular responsibility for, *inter alia*:
- Ensuring the fair transition of workers into new jobs;
 - Training needs of individual workers and for the workforce more broadly;
 - Policies to manage workforce transition, including supported retirement and worker transfer schemes;
 - Support for new technologies and planning of their implementation (including regional development objectives);
 - Management of price impacts of gas system replacement for consumers.
13. There is an urgent need for the establishment of a Victorian Just Transitions Authority, the tasks of which would include ensuring coordination across all government agencies, industry planning, spatial and regional development planning, and education and training to ensure that the development of new industries maximises the opportunities for workers and communities undergoing transition from reliance on the fossil fuel sector. We reiterate the need for such an Authority here: planning for the transformation of the gas industry will be vital to the roadmap and to maximise broader social and community benefit.
14. Retraining and redeployment of workers are tasks best carried out by organisations that have in-depth understanding of worker needs. In the Latrobe Valley, the Latrobe Valley Authority has funded the Gippsland Trades and Labour Council to provide training and job placement services for workers from major industrial facilities, including Hazelwood power station. In relation to gas industry restructuring, a similar arrangement should be introduced, with relevant unions being funded to establish Workforce Transition Centres, to provide training and job placement services to workers in the industry. These centres would ideally be funded by and work closely with the Gas Industry Transformation Authority.

D. OUTCOMES FRAMEWORK AND ASSESSEMENT OF EFFECTIVENESS

15. The key measure of the success of the substitution roadmap must be its contribution to meeting emissions reduction targets in a timely fashion.

16. Other important measures of success include, in relation to workforce transitions:

- No forced redundancies;
- No involuntary unemployment among affected workers;
- Retraining for all who want it.

17. In relation to households, the important measures of success should include:

- Reduction in energy costs for consumers;
- Improvement in thermal comfort and energy efficiency for households.

E. ENERGY SYSTEM TRANSFORMATION

18. Gas substitution must be seen in the context of the broader energy system transformation that is necessary to reduce emissions according to the State's targets. The gas roadmap should be part of a comprehensive plan for the future of the energy sector, including a plan to manage coal plant closure, workforce transition, and for the development and grid integration of renewable energy generation capacity. Much of the work of gas replacement will be done by electrification, which will require expansion of renewable energy generation at a scale substantially larger than is required just to replace existing coal-fired capacity. To make this happen at a pace and scale needed will require planning and substantial public investment.

F. CONCLUSION

21. I thank the government for the opportunity to participate in this consultation process. I We would appreciate being involved in continuing involvement in the development of the roadmap and beyond, in its delivery phase. To discuss anything in this submission, please do not hesitate to contact me, clong@vthc.org.au.