



NSW Energy Security Taskforce
c/o Office of the NSW Chief Scientist & Engineer
GPO Box 5477
SYDNEY NSW 2001

By email: energy.taskforce@chiefscientist.nsw.gov.au

21 April 2017

Re: Elgas submission to the NSW Energy Security Taskforce

To Whom It May Concern:

Thank you for the opportunity to make this submission to the NSW Energy Security Taskforce. Elgas understands that this taskforce was brought about following the extreme weather events in January and February.

For the purposes of this review we wish to point out the significant strategic role Liquid Petroleum Gas (LPG) plays in NSW energy security in terms of prevention, preparedness and response and recovery for extreme events including weather.

Prevention

Every customer that uses LPG takes direct strain off the electricity grid. These customers enjoy a year-round secure supply of LPG for their diverse needs.

We estimate there are 500,000 overall LPG consumers in New South Wales many of which are businesses and farmers who require LPG for food processing and production. Residential LPG customers rely on LPG for cooking, heating and hot water.

Elgas also supplies LPG in reticulated fashion to communities such as Thredbo, Perisher, Falls Creek and Smiggins in the NSW snow fields as well as in Armadale and the University of New England.

Our company is the largest LPG marketer in Australia and also in New South Wales. Currently Elgas services the NSW State Government Contract to supply LPG to schools, hospitals, roads and other government bodies that draw from the state contract. One of the key conditions for Elgas' acceptance by the NSW State Government as their LPG supplier, related to our ability to demonstrate our supply reliability, and our capability to service all of New South Wales' requirements.

Elgas has commenced innovative work with the renewable energy industry to provide LPG to power microgenerators for security of supply when renewable energy (solar or wind) is unavailable. These microgenerators are also being used as backup generation for critical applications. In addition, they can be used for power supply beyond the reach of the electricity grid mostly in remote and regional NSW.

Preparedness

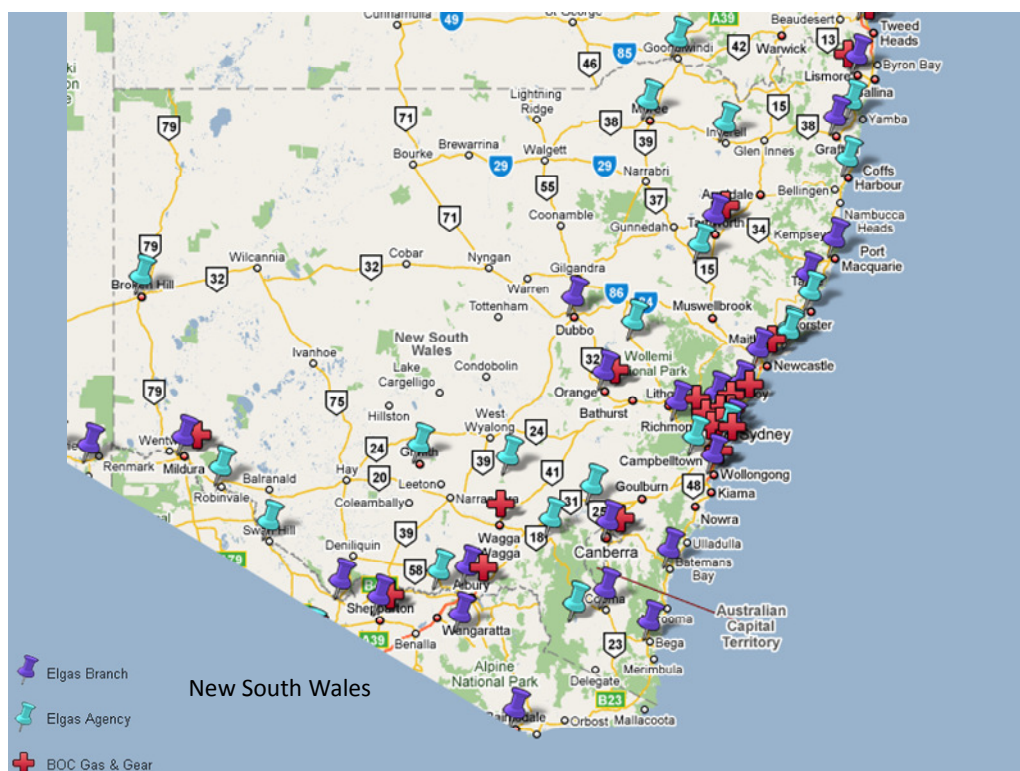
In 1990 LPG was totally deregulated, and since then, we have continued to invest heavily in our infrastructure (depots, tankers etc.), to provide a secure and safe supply of LPG. The \$180 million Elgas Sydney LPG Cavern, our underground rock storage facility at Port Botany, stores 65,000 tonnes LPG. We maintain substantial “emergency stock” at the Cavern to ensure we can cover any contingencies.

This LPG is transported across the region by road as required to cover for local production shortfalls. Elgas also owns and operates a substantial storage facility in Dandenong, Victoria that draws LPG from Bass Strait by pipeline and can be used as back-up supply for the New South Wales market if needed.

Response and Recovery

We have a state-wide network that reflects the needs of LPG users, with over 35 Customer Service Centres (see illustration 1). Each Customer Service Centre has its own storage facility, ranging from 20 tonnes to 200 tonnes which means we are ready to respond if adversity strikes.

Illustration 1



Our fleet of tankers and cylinder delivery vehicles and 20 specialised cylinder filling facilities provide the ability to service a broad commercial, industrial and domestic base across New South Wales. Supply often takes the form of 45kg cylinders however 90kg, 190kg and 210kg cylinders are also available.

These significant infrastructure investments allow us to commence supply of LPG following natural disasters. As LPG is far less complicated than electricity we can resume supply faster than the grid can be restored.

This was most recently seen during the flooding event in Lismore (31 March – 1 April 2017). Working with Emergency Services, Elgas was granted access to inspect customer sites and recommence supply of LPG on Sunday 2 April. For many households, this was a full 24 hours before the electricity grid was reconnected. Our reticulated supply of LPG to the two Lismore based hospitals was unaffected.

To borrow an example from Tropical Cyclone Debbie, the three far north Queensland Elgas depots were activated immediately and supplied almost 10,000 LPG cylinders in the days following the cyclone into affected areas around Bowen and The Whitsundays. This continual supply of LPG meant cooking, hot water and heating was provided immediately. In some of these communities the electricity grid was still not restored three weeks after the cyclone.

Conclusion

We believe that in the context of the NSW Energy Security Taskforce the Government should not dismiss the critical role LPG plays now, and in the future. LPG is currently taking a significant strain off the electricity grid in NSW. With our existing supply chain infrastructure, we are prepared for quick response for disaster recovery.

We are also exploring innovative solutions for LPG to secure supply for renewable energy generation and for uninterrupted power supply for critical applications.

The diversification of population across New South Wales is only matched by our network of distribution. Population growth and distribution will only increase the demand for energy infrastructure. Our unparalleled distribution network and security of supply means LPG is the lowest cost solution.

Should you require further information or explanation we would be pleased to respond.

Yours sincerely



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