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'CRUCIAL' ROLE FOR GAS FOR DECADES POWERING ELECTRICITY GRID: AEMO REPORT

Gas will play a crucial role for decades as a stabiliser for the electricity grid in a cleaner energy future, according to a new 30-year roadmap by the national energy market regulator.

The Australian Petroleum Production & Exploration Association (APPEA) today said the Australian Energy Market Operator (AEMO) had confirmed the long and enduring value of natural gas partnering with renewables with the release of its 2022 Integrated System Plan (ISP).

APPEA Acting Chief Executive Damian Dwyer said the Plan showed the key role of gas as the world decarbonises by citing the mid-2040s as a time when gas would back up electricity largely powered by renewable generation after the retirement of coal-fired power.

"As a sector strongly committed to economy-wide net zero by 2050, the oil and gas industry recognises the growth of renewables and the importance of multiple energy sources working together to ensure the power generation sector can continue to decarbonise," Mr Dwyer said.

"The plan confirms the central role of gas in that future as a reliable and flexible stabiliser for renewable power generation when the wind doesn't blow and the sun doesn't shine.

"Coal won't get you to the goal and this plan details how gas will step up and take over from coal and also be a cleaner source of energy in the grid."

Mr Dwyer said this firming role was exemplified in the Plan's modelling showing how gas would be needed during low and high outputs of renewables during peak demand periods.

"Even at a period of high renewable output, AEMO says gas will be required to firm renewables during high demand just after sunset and through the night to cover wind variability," he said.

Mr Dwyer said the need for rapid gas during recent energy system pressures – when coal outages combined with lower renewable generation – confirmed the importance of gas to electricity.

"Elsewhere outside the electricity market, gas will also play a critical role in the future supporting manufacturing businesses, making everyday products and as a feedstock to hydrogen," he said.

Plan References:

P45 – By the mid-2040s, electricity supply is expected to be generated almost exclusively from renewable resources, with energy storages helping to manage their seasonality and intermittency, and peaking gas-fired generation providing firming support.

P57 – Peaking gas-fired generators will play a crucial role as significant coal-fired generation retires, as an on-demand fuel source during extended periods of low VRE output, and to provide power system services for grid security and stability and High renewable output and high demand– gas is needed to meet the demand peaks just after sunset, and to keep going through the night to cover wind variability.

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