

GUARANTEE OF ORIGIN: PROPOSED COST RECOVERY IMPLEMENTATION STATEMENT FY2025-26

5 JUNE 2026

INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our members are the engine room of the Australian economy, producing many of the products that households and business use every day including bricks, glass, steel, aluminium, paper, food and beverages. Combined, our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

EUAA members are focussed on making products that meet their own customers' requirements where energy is just one input to the process albeit a critical one. Their expectation is that the energy industry continues to provide energy services that are fit for purpose and consistent with the National Energy Objectives (NEO) so that our members can continue to provide a fit for purpose product for their customers.

The EUAA welcomes the opportunity to respond to the **Cost Recovery Implementation Statement (CRIS)** for the Guarantee of Origin Scheme (GO), proposed by the Clean Energy Regulator (CER).

DISCUSSION

The EUAA supports the CER's intent to smooth the introduction of cost recovery for renewable gases and low-emissions products. The proposed alignment of Renewable Electricity Guarantee of Origin (REGO) cost recovery with the Renewable Energy Target (RET), combined with phased-in remissions for Product Guarantee of Origin (PGO) methodologies, provides a sensible transition pathway for technologies already close to commercial deployment. These settings will allow early movers to participate in the scheme at low cost and begin building the market foundations needed for credible emissions accounting.

However, the key risk for our members is that these benefits will accrue almost exclusively to projects that are already well advanced. New entrants, particularly in emerging renewable gas sectors, will face the full cost curve much sooner as remissions decline and full cost recovery approaches. This creates a structural disadvantage for technologies that are not yet at scale and may unintentionally favour early movers over broader market development.

This challenge is most acute for biomethane. While the CRIS aims to support nascent industries, the proposed PGO cost recovery settings for biomethane do not achieve this in practice and may, in fact, hinder new investment. State governments have already begun legislating frameworks to stimulate renewable gas uptake, with defined [biomethane](#) targets that will directly intersect with the PGO scheme:

- NSW Renewable Fuel Scheme (RFS): legislated 8 PJ biomethane and green hydrogen target by 2038, with a \$10.50/GJ penalty rate and scheme expansion commencing in 2028.

- Victorian Industrial Renewable Gas Guarantee (RGT): proposed 4.5 PJ by 2035, with a 1 PJ per year ramp-up in early years and industry advocacy for an aspirational 14.5 PJ target.

Against this backdrop, the proposed PGO cost recovery settings place a disproportionate burden on biomethane producers. The consultation identifies total PGO program costs of approximately \$22 million (direct, indirect and ICT). At the proposed \$2.62/GJ PGO fee, certification costs for the NSW RFS target alone would equate to \$21 million per year at scheme maturity (8 PJ). This implies that biomethane could effectively be expected to recover the Commonwealth's full administrative cost of the PGO scheme, despite being one of the smallest and least mature sectors.

Not only is the scale of cost high, but it also means that biomethane participants would face the highest regulatory burden in the earliest and most fragile years of industry development, precisely when projects need cost certainty and minimal overheads to reach scale. This is essentially at odds with the stated purpose of phased-in remissions, which is to support nascent low-emissions industries.

The disparity is more pronounced when compared with renewable electricity. For biomethane, the proposed PGO fee represents approximately 26% of the underlying gas commodity price (\$2.62/GJ vs \$10.04/GJ). In contrast, for renewable electricity, the proposed REGO fee represents 0.10%–0.16% of the underlying energy cost. This represents an almost 120 times difference on a like-for-like energy basis, for what is fundamentally the same regulatory activity. This imbalance risks making biomethane certification economically unfeasible for new projects and undermines the broader policy objective of enabling renewable gas investment.

CONCLUDING REMARKS

While we support the CER's efforts to introduce a fair and staged approach to cost recovery for the GO scheme, the current settings do not provide an equitable or sustainable pathway for all technologies. The alignment of REGO with the RET and the phased-in remissions for PGO methodologies are positive steps that will assist projects already nearing commercial readiness. However, without recalibrating the biomethane cost recovery framework, the scheme risks entrenching early incumbents and discouraging the very investment needed to scale renewable gas supply in Australia.

Ensuring that biomethane faces a cost-recovery burden proportionate to its commodity value, and comparable to other low-emissions energy products, is essential if the GO scheme is to genuinely support market development and deliver on its broader decarbonisation objectives.

Please do not hesitate to be in contact with EUAA Network Regulation Manager Shelby Macfarlane-Hill, should you have any questions.



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