SUBMISSION

ECMC - NATIONAL RENEWABLE GAS POLICY CONSULTATION PAPER

11 OCTOBER 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, cement, paper, data services, 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 gas objective so that our members can continue to provide a fit-for-purpose product for their customers.

Thank you for the opportunity to make a submission to the *Energy and Climate Change Ministerial Council (ECMC) in response to the* ECMC - *National Renewable Gas Policy Consultation Paper*.

Australia's commercial and industrial gas users are entering a period of structural change in which reliable access to gaseous fuels, cost stability and practical decarbonisation pathways are becoming increasingly difficult to secure.

For many industries, gas is not simply an energy source. It is a critical production input relied upon for high-temperature industrial heat, chemical feedstock applications and specific combustion properties that cannot be replicated through electrification or hydrogen at present. Additionally, several members are transitioning from coal to gas as part of their decarbonisation pathway, while others are expanding production to supply materials essential for Australia's broader energy transition. These realities shape the EUAA's perspective that renewable gas policy must be grounded in industrial practicality, economic competitiveness and energy security.

This submission reflects extensive member engagement, including discussions on renewable natural gas and the proposed interaction with the Domestic Gas Reservation Scheme. Members emphasise simplicity, affordability and domestic supply as essential principles. The submission blends this feedback with the opportunities and concerns identified in the ECMC consultation paper.

DISCUSSION

THE ROLE OF GAS IN THE TRANSITION

Australia's energy transition will involve electrification wherever feasible, complemented by renewable electricity, storage and energy efficiency. However, electrification is not universally viable. Hard-to-abate sectors such as cement, brick and glass manufacturing, alumina, chemicals, food processing and gas-powered generation will continue to rely on gaseous fuels for decades. These industries face technical constraints, capital limitations, long

asset lifecycles and process requirements that cannot be met by electricity or hydrogen in the near term. The consultation paper reinforces this, noting that gas is critical to many operations, some of which cannot electrify at all.

Gas also plays a critical role in electricity system reliability. As coal retires, gas-powered generation will increasingly act as a back-up during renewable energy droughts, long winter periods and low wind events. The Australian Energy Market Operator's (AEMO) Gas Statement of Opportunities (GSOO) forecasts confirm that gas-powered generation will remain essential for system security and firming.

In this context, renewable gases such as biomethane, renewable hydrogen and synthetic methane offer important decarbonisation pathways. Their development must be sequenced carefully. Biomethane is the only renewable gas with near-term commercial readiness and compatibility with existing infrastructure. Hydrogen remains at an early stage of commercial deployment and requires substantial electricity, water and infrastructure investment.

A national renewable gas policy must therefore recognise that renewable gases will be scarce for at least a decade, that hard-to-abate industrial users must be prioritised, that natural gas will remain essential during the transition and that policy must avoid cost shocks that undermine competitiveness. These concerns are not theoretical. Members consistently report that rising gas costs, infrastructure charges and policy uncertainty are already affecting investment decisions, production levels and international competitiveness.

OPPORTUNITIES FOR COMMERCIAL AND INDUSTRIAL GAS USERS

The consultation paper outlines several opportunities that directly benefit commercial and industrial users and align with member feedback.

The most significant opportunity is the ability to decarbonise without plant upgrades. Biomethane's chemical equivalence to natural gas means existing equipment can continue operating unchanged. This compatibility allows decarbonisation without modifying burners, boilers, kilns or feedstock systems and avoids the redesign and metallurgical risks associated with hydrogen blending.

A second opportunity is improved long-term reliability. The paper highlights tightening natural gas supply and emerging shortfalls, noting that AEMO projects seasonal and peak-day supply gaps from 2029 and annual supply gaps from 2030. Renewable gas can mitigate these risks by creating new domestic supply sources that are distributed, feedstock-based and less exposed to LNG export market volatility. Members emphasise that renewable natural gas should serve domestic demand first before any export development is considered. Export should not be allowed initially. Members also question whether sufficient feedstock exists to meet domestic renewable gas demand, reinforcing the need for a domestic-first approach.

Certification frameworks such as the Renewable Gas Guarantee of Origin (RGGO) provide another opportunity. These frameworks allow commercial and industrial users to verify the renewable origin and emissions intensity of the gas they purchase, enabling market-based Scope 1 emissions reductions without operational changes. This is particularly important for Safeguard Mechanism compliance and environmental, social and governance (ESG) reporting.

Members note, however, that certification schemes must be simple and low cost. The EUAA and its members are concerned that multiple overlapping schemes such as GreenPower, the RGGO and the Renewable Fuel Scheme risk creating duplication, complexity and unnecessary compliance costs.

Finally, co products such as digestate, biogenic CO2 and biochar have the potential to reduce biomethane production costs. Digestate is widely used as a biofertiliser, biogenic CO2 is a high-value industrial input and biochar provides permanent carbon sequestration. If these markets mature, they can materially lower the delivered cost of biomethane for commercial and industrial users.

CONCERNS FOR COMMERCIAL AND INDUSTRIAL GAS USERS

Despite the opportunities, the consultation paper identifies several concerns that must be addressed for renewable gas to be viable for commercial and industrial users. These concerns align closely with member feedback.

The most significant concern is cost. Renewable gases face a substantial cost gap relative to natural gas. Members are very concerned about the cost of biomethane and the cost of compliance for certificate schemes. Without targeted policy support, commercial and industrial users risk facing higher delivered gas prices at a time when natural gas markets are already tightening. Members expressed a clear preference for government grants or other financial support mechanisms rather than certificate schemes.

Infrastructure access is another concern. The current National Gas Rules impose full augmentation costs on first movers, including reverse flow compression required to transport biomethane to market. This creates a free-rider problem. For commercial and industrial users, this raises the risk of higher network charges or limited access to renewable gas if infrastructure costs are not allocated fairly.

Feedstock competition also presents a challenge. Much of Australia's biomass has existing uses and feedstock availability will depend on costs, logistics and competing markets. Members questioned whether sufficient feedstock exists to meet domestic renewable gas demand. This creates uncertainty around the scale and consistency of biomethane supply, which is problematic for industries requiring continuous, high-volume gas flows.

Regulatory complexity is a further concern. The consultation paper describes a multi-layered regulatory landscape with differences across jurisdictions that may slow project development. Members highlighted that the current policy proposal disadvantages commercial and industrial users who produce biogas from waste but do not upgrade it to AS 4564 for injection into the grid. These users risk being excluded from renewable gas policy benefits despite contributing to emissions reduction.

Hydrogen blending presents additional risks. Even modest blends can require burner tuning or replacement, alter process temperatures and introduce metallurgical risks. The paper acknowledges hydrogen is still early in deployment, reinforcing the need for caution in mandating blends that could disrupt industrial operations.

THE NEED FOR A COORDINATED NATIONAL APPROACH

Australia's renewable gas landscape is currently fragmented. States are developing their own schemes with different targets, certificate designs, cost recovery mechanisms and technology preferences. This fragmentation creates inconsistent investment signals, duplication of regulatory effort, cross-subsidisation risks, barriers to interstate supply chains and uncertainty for industrial users operating nationally.

Members emphasised the importance of simplicity. They noted that GreenPower works because it is simple, while the RGGO appears complex. They also highlighted the risk of duplicate schemes and stressed that renewable gas policy should not create another certificate scheme unless absolutely necessary.

A national renewable gas policy is essential to provide clarity, consistency and confidence. It must be designed to complement existing federal frameworks, including the Safeguard Mechanism, the Guarantee of Origin scheme and the emerging Domestic Gas Reservation Scheme. The EUAA strongly supports the ECMC's leadership in establishing a unified national approach.

POLICY OBJECTIVES

Based on member feedback and analysis of the consultation paper, the EUAA recommends core objectives that align with the opportunities and concerns identified above.

Primary priorities include securing gas supply for industrial users, ensuring renewable gas policy does not increase costs for commercial and industrial users, directing renewable gas to users who cannot electrify and ensuring policy design supports the most affordable decarbonisation pathways.

Secondary priorities include regional development, innovation and research, and export development once domestic supply is secured.

TECHNOLOGY NEUTRALITY AND THE ROLE OF BIOMETHANE

The EUAA strongly supports a technology-neutral policy framework. Renewable hydrogen, biomethane, synthetic methane and other renewable gases each have roles to play. However, their maturity levels differ significantly.

Biomethane is the only renewable gas capable of near-term deployment at scale. It is compatible with existing infrastructure, requires minimal end-use equipment changes and can be produced from a wide range of feedstocks.

Hydrogen faces substantial challenges including high production costs, significant electricity and water requirements, infrastructure upgrades for transport and storage, technical challenges in industrial applications and limited commercial maturity. For these reasons, the EUAA does not support hydrogen-specific sub-targets or multipliers within a national renewable gas policy.

BARRIERS AND REQUIRED POLICY MECHANISMS

Biomethane development is constrained by inconsistent waste regulations, planning approvals that treat biomethane facilities as waste treatment plants, digestate classification issues, feedstock logistics and transport costs and a lack of coordinated feedstock aggregation. A national policy must harmonise feedstock regulations, streamline approvals and support feedstock aggregation and long-term contracting.

Infrastructure access and reverse flow compression present further barriers. As noted above, the current National Gas Rules impose full augmentation costs on first movers, yet reverse flow compression is essential for regional biomethane hubs and cannot be funded solely by initial proponents. A national policy should establish cost-sharing or underwriting mechanisms for strategic infrastructure.

Certification and market integrity are also critical. Renewable gas certificates must remain separate, tradeable instruments and must not be absorbed into other mechanisms in ways that force commercial and industrial users to purchase certificates at a premium. Members emphasised that certificate schemes must be simple and low cost and that government grants or underwriting are preferable.

Policies must avoid cross-subsidisation from industrial gas users to transport or residential sectors and vice versa. Renewable gas costs should be borne only by sectors that benefit from access to renewable gas.

DOMESTIC GAS RESERVATION SCHEME AND THE PROPOSED RENEWABLE GAS MULTIPLIER

Members expressed significant concerns regarding the proposed multiplier mechanism that would allow LNG exporters to offset part of their domestic supply obligation by investing in renewable gas. The EUAA does not support introducing a renewable gas multiplier at this stage. A multiplier could reduce actual physical gas supplied domestically, tightening supply and increasing prices. Exporters could acquire renewable gas at a premium and pass costs through to commercial and industrial users.

PRIORITISATION AND SEQUENCING

A national renewable gas policy should be sequenced to ensure reliability, affordability and industrial practicality.

Immediate priorities include securing natural gas supply for industrial users, establishing national feedstock, planning and digestate regulatory harmonisation, launching orchestration and facilitation programs for industrial biomethane hubs, underwriting strategic infrastructure and expanding certification to biomethane and biogenic CO2.

Medium-term priorities include introducing technology-neutral renewable gas certificates once costs fall, supporting industrial conversion to renewable gases where viable and developing domestic reservation requirements for export-oriented hydrogen projects.

Long-term priorities include considering export market development once domestic supply and industrial needs are secured and expanding policy scope to hydrogen, synthetic methane and other emerging gases.

CONCLUDING REMARKS

The EUAA supports a national renewable gas policy that is practical, technology-neutral and grounded in the realities of industrial energy use. Renewable gases will play an important role in decarbonising hard-to-abate sectors, but only if policy design avoids cost shocks, cross-subsidies and premature mechanisms that distort markets. A successful policy must prioritise industrial users who cannot electrify, focus first on biomethane while maintaining technology neutrality, harmonise regulations and support feedstock aggregation, underwrite strategic infrastructure and early-stage projects, maintain the integrity of certification frameworks and avoid premature introduction of a renewable gas multiplier under the Domestic Gas Reservation Scheme.

The EUAA and its members welcome further discussion with the ECMC on the issues raised in this submission.

Please do not hesitate to contact EUAA Policy Manager Dr Leigh Clemow should you have any questions.



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