

NATIONAL RENEWABLE GAS POLICY | CONSULTATION PAPER

Australian Energy Producers | 11 October 2026

Australian Energy Producers welcomes the opportunity to input into the Department of Climate Change, Energy, the Environment and Water National Renewable Gas Policy consultation.

Natural gas is essential to energy security and emissions reductions in Australia and the region. Natural gas supports the transition away from coal, provides the firm dispatchable energy required to unlock large-scale renewable energy deployment, and fuels Australian industries across the economy. The Australian Government's *Future Gas Strategy* confirms that natural gas will be needed to 2050 and beyond and that continued investment in exploration, production and infrastructure is required to meet this long-term demand.

Renewable gases could play a role in Australia's future energy mix but face technical and commercial challenges. Renewable gases remain relatively high cost and have not yet been demonstrated at scale in Australia. However, where viable, they may complement the ongoing role of natural gas across the economy. Renewable gas policies should support technology neutral, least-cost emissions reductions while maintaining affordable and secure energy supplies.

Recommendations:

- **Any consideration of a renewable gas premium under the Domestic Gas Reservation scheme must be aligned with the scheme's objectives.** Any renewable gas incentives linked to the domestic gas reservation scheme should be considered only after the scheme's core design has been settled and where it is aligned with the gas reservation's legislated objectives.
- **Renewable gas policy should be technology neutral and support least-cost emissions reductions.** Policy should be based on objective energy and lifecycle emissions outcomes and should neither prescribe nor exclude particular renewable gas pathways.
- **Renewable gas development should be evidence-based and commercially sustainable.** Policy should address demonstrated barriers and avoid mandates or predetermined production outcomes.
- **Renewable gas certification should be voluntary, nationally consistent and robust.** Book-and-claim arrangements should respond to customer demand, prevent double counting and align with existing emissions-reporting frameworks.

COMMENTS AND RECOMMENDATIONS

Role in the broader energy system

Australia's renewable gas production remains limited and does not reduce the need for continued investment in natural gas supply. East coast domestic gas demand was approximately 494 PJ in 2025, and the consultation paper identifies approximately 100-200 petajoules (PJ) of potential east coast biomethane production by 2030. However, this represents estimated potential rather than forecast or committed supply. Australia currently has one operating biomethane injection

facility, with an annual capacity of up to 95 terajoules (TJ) – around 0.02 per cent, or approximately 2 hours of current east coast annual domestic gas demand. Renewable gas could supplement natural gas supply as the technology scales and commercially viable projects develop. However, continued investment in natural gas remains essential to meeting Australia's energy needs.

Interaction with the proposed Domestic Gas Reservation Scheme

Consideration of a renewable gas premium under the Domestic Gas Reservation Scheme should only occur after the scheme design has been finalised and must be aligned with the scheme's objectives. The reservation scheme exposure draft allows the Gas Market Code to prescribe when renewable gas may be considered to meet a domestic supply obligation (DSO). Any incentive or premium for renewable gas should be considered only after the scheme's design has been settled, and only where it demonstrably supports the scheme's objectives. It should not distract from resolving more consequential issues of the reservation scheme design, including demand calibration, the oversupply buffer, forced supply and the protection of existing contracts.

Evidence-based and market-led development

Policy intervention should respond to demonstrated commercial and regulatory barriers. Support measures should address clearly identified barriers and deliver measurable benefits through additional gas supply or cost-effective emissions reductions. Any intervention should also be informed by sustainable feedstock availability, infrastructure requirements, project economics and demonstrated customer demand. Renewable gas policy must avoid creating unrealistic expectations of deployment unsupported by commercially viable projects.

Governments should not mandate renewable gas market shares, production volumes or domestic-use outcomes. Such requirements could distort investment decisions, increase costs and discourage otherwise viable projects. Renewable gas development should instead respond to demonstrated customer demand, credible offtake arrangements and commercially sustainable project economics within clear and predictable regulatory settings.

Adapting existing policies to be technology-neutral can support renewable gases and other important emissions-reduction pathways. Governments should consider broadening existing programs and initiatives to support renewable gas development, as well as key emissions reductions approaches such as coal-to-gas fuel switching and carbon capture, utilisation and storage (CCUS). This could provide a more efficient and effective way of supporting their commercialisation and deployment while promoting least-cost emissions reductions.

Governments should draw on experience from previous renewable gas funding programs and market-development initiatives. Where possible, aggregated and anonymised project information should be used to identify barriers such as customer willingness to pay, renewable gas premiums, supply-chain constraints, project-development risks and infrastructure requirements. This evidence would help ensure policy is appropriately targeted.

Infrastructure access and investment

Infrastructure access and investment should be governed by transparent and commercially sustainable arrangements. Renewable gas projects should meet applicable gas-quality, safety and operational requirements. Connection, compression and network-augmentation costs for small-scale investment should be transparently allocated to those who drive and benefit from the investment.

Existing gas producers and consumers should not fund speculative infrastructure or project-specific costs from which they do not benefit. Where there is a clearly demonstrated first-mover disadvantage, the Government could consider options to facilitate common-user infrastructure. Such support should only be considered where it can enable investment, reduce project-on-project risks and deliver broader benefits, supported by demonstrated demand.¹

Certification arrangements

Renewable gas certification should be voluntary, nationally consistent and robust. Where customer demand exists, a voluntary book-and-claim framework could allow renewable gas attributes to be traded independently of physical gas flows and recognised nationally, regardless of where the gas is produced. Interoperability between existing jurisdictional schemes will be important to avoid duplication and regulatory complexity. For robustness, a certification framework that supports emerging renewable gas pathways as they mature is also recommended.

Certification arrangements should be clear and aligned with existing emissions-reporting frameworks. The framework should establish rules for certification, transfer and retirement, and prevention of double counting. It should also align with existing frameworks that are recognised under the National Greenhouse and Energy Reporting Scheme and Safeguard Mechanism. Certification of renewable attributes should remain distinct from demonstrating physical gas supply for domestic supply obligations or any other natural gas market development.

¹ Recent regulatory developments, such as the Declared Wholesale Gas Market (DWGM) reforms, support the integration of renewable gas into regulated networks and ensure accurate allocation, although connection cost recovery remains dependent on the relevant regulatory arrangements.