

**26 September 2024**

Committee Secretary  
Senate Standing Committees on Environment and Communications  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
[ec.sen@aph.gov.au](mailto:ec.sen@aph.gov.au)

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[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Environment\\_and\\_Communications/GuaranteeofOrigin](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/GuaranteeofOrigin)

To the Committee

### **Future Made in Australia (Guarantee of Origin) Bill 2024 [Provisions] and related bills**

We welcome the opportunity to provide a submission to the Future Made in Australia (Guarantee of Origin) Bill 2024. We would like to express our strong support for the Bill and commend the Government on the significant consultation that has occurred and which we have contributed to.

Australian Gas Infrastructure Group (AGIG) is one of Australia's largest energy infrastructure groups with distribution, transmission and storage assets worth over \$9 billion. We deliver natural gas reliably, safely and efficiently to over 2 million residential, commercial and industrial customers across Australia. We are committed to decarbonisation and leading the transition from natural gas to renewable gases such as renewable hydrogen and biomethane.

We are investing in renewable gas projects - today we have three projects operating or under construction, and a pipeline of several projects at earlier stages which will provide confidence in the deliverability of renewable gases to customers. Furthermore, our distribution networks in South Australia and Victoria have undergone a mains replacement program which means most of them are ready to transport 100% renewable gases today.

### **The role of gas infrastructure in renewable gas deployment**

Together, renewable gases, namely hydrogen and biomethane, will play a critical role in the decarbonisation of Australia's economy and reaching its Net Zero targets. To this end, we acknowledge the significant consultation that has been undertaken on the Guarantee of Origin (GO) scheme, and related support for renewable gases including the Hydrogen Production Tax Incentive and Hydrogen Headstart Program. We are also pleased to support the work done by the Department of Climate Change, Energy, Environment and Water (DCCEEW) to recognise emissions reductions from using renewable gases in shared infrastructure under the Safeguard Mechanism.

The existing gas distribution network is essential to delivering renewable gases efficiently and at scale. By utilising the existing gas distribution network, there is a direct and material saving for energy users who benefit from infrastructure that has already been invested in, and who would otherwise bear the cost of constructing new distribution infrastructure. Like most infrastructure, the more users there are, the lesser the cost per user – this is another reason to deliver renewable gases through the existing network rather than construct hubs or behind-the-meter alternatives, allowing all gas users to benefit from economies of scale. Therefore, we believe it has been particularly important that consultation so far with Government has recognised the use of renewable gases being transported the way natural gas is transported today – through our distribution network, pipelines and shared infrastructure. We look forward to engaging on the detailed regulations to ensure that design of the GO scheme enables renewable gases to be transported via the same shared infrastructure.

### **Tradability will further enable critical investment in renewable gases**

A fit-for-purpose certification framework underpins the various Government support schemes aimed at encouraging a nascent renewable gases industry. This is essential to recognising the financial value of the emissions reduction

provided by renewable gases, is critical for incentivising investment, and ultimately to realising the targets set by the Federal Government under the recently updated 2024 National Hydrogen Strategy<sup>1</sup>.

Certification is also essential for biomethane, which is a like-for-like replacement for natural gas derived from organic waste, and has achieved good take-up in international markets<sup>2</sup>. Certification would enable the realisation of significant biomethane potential across Australia, as identified in Bioenergy Australia's Roadmap<sup>3</sup> and AGIG's biomethane potential mapping on our networks<sup>4</sup>. This is important for incorporating new, additional renewable energy into Australia's energy system.

We therefore continue to advocate strongly for tradability in the Product GO scheme, particularly for hydrogen and biomethane.

### **Tradability should be applied consistently across different fuels**

It is also important that the treatment of electricity and gases is consistent, and tradability is applied consistently across different energy sources. We note that p9 of the explanatory memoranda<sup>5</sup> to the Future Made in Australia (Guarantee of Origin) Bill 2024 states:

*"The key distinction between PGO (Product GO) and REGO (Renewable Electricity GO) certificates is that only REGO certificates can be traded. Renewable electricity certificates decouple claimable attributes of the electricity from its physical delivery, reflecting the reality that electrons cannot be tracked, and most generated electricity is pooled in a network before reaching users. PGOs, on the other hand, would not be tradeable, but track the embodied emissions of a product to the point of its delivery to a consumer."*

Gas molecules also cannot be tracked, and most gas consumed is also pooled in a network before reaching users<sup>6</sup>. This is the case for renewable gases delivered through a pipeline or distribution network – as is already happening today with our customers in South Australia, with Hydrogen Park South Australia currently providing a blended renewable hydrogen product to around 4,000 customers<sup>7</sup>. This will also be the case in late 2025 when our Hydrogen Park Murray Valley<sup>8</sup> facility commences operations, providing a renewable gas blend to 40,000 customers. Similarly, our Hydrogen Park Gladstone project<sup>9</sup> will provide 800 customers in the Gladstone network with a renewable gas blend. Jemena Gas Networks' Malabar biomethane plant<sup>10</sup> will also similarly provide biomethane to its network.

Noting that hydrogen and biomethane will be classified under the Product GO scheme, it is unclear why there is a difference in treatment between the energy sources. Rather, the Product GO scheme for hydrogen and biomethane should be treated consistently with the Renewable Electricity GO (REGO) scheme, incorporating the tradeability currently in the design of the REGO scheme.

<sup>1</sup> <https://www.dcceew.gov.au/about/news/new-hydrogen-strategy-sets-path-global-h2-leader>

<sup>2</sup> See, for example: <https://www.europeanbioogas.eu/>

<sup>3</sup> <https://arena.gov.au/knowledge-bank/australias-bioenergy-roadmap-report/> and

<sup>4</sup> [https://www.agig.com.au/-/media/files/agig/Annual-Reports/240712\\_Biomethane-potential-and-cobenefits-Public.pdf](https://www.agig.com.au/-/media/files/agig/Annual-Reports/240712_Biomethane-potential-and-cobenefits-Public.pdf)

<sup>5</sup> [https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r7245\\_ems\\_f6ba1951-c855-47e4-af3d-9bbae044ea6b/upload\\_pdf/JC014047.pdf;fileType=application%2Fpdf#search=%22legislation/ems/r7245\\_ems\\_f6ba1951-c855-47e4-af3d-9bbae044ea6b%22](https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r7245_ems_f6ba1951-c855-47e4-af3d-9bbae044ea6b/upload_pdf/JC014047.pdf;fileType=application%2Fpdf#search=%22legislation/ems/r7245_ems_f6ba1951-c855-47e4-af3d-9bbae044ea6b%22)

<sup>6</sup> <https://aemo.com.au/energy-systems/gas/gas-bulletin-board-qbb>

<sup>7</sup> <https://www.agig.com.au/hydrogen-park-south-australia>

<sup>8</sup> <https://www.agig.com.au/hydrogen-park-murray-valley>

<sup>9</sup> <https://www.agig.com.au/hydrogen-park-gladstone>

<sup>10</sup> <https://www.jemena.com.au/future-energy/future-gas/Malabar-Biomethane-Injection-Plant/>



We would be pleased to discuss this submission in further detail. Should you wish to do so, please contact Shawn Tan, Manager Policy, at [redacted] at first instance.

Yours sincerely,

Cathryn McArthur  
Executive General Manager, Customer and Strategy