



11 April 2025

Submission: Productivity Commission – Australia’s circular economy: Unlocking the opportunities – Interim Report

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia’s pipeline infrastructure. APGA members ensure safe and reliable delivery of over 1,500 PJpa of gas consumed in Australia alongside over 4,500 PJpa of gas for export.

APGA and its members are at the forefront of Australia’s renewable gas industry, helping achieve net-zero more quickly and affordably. We support a net zero emission future for Australia by 2050¹ and consider renewable gases to represent a real, technically viable approach to lowest-cost energy decarbonisation in Australia. APGA sees renewable gases such as hydrogen and biomethane playing a critical role in decarbonising gas use for both wholesale and retail customers.²

APGA welcomes the opportunity to contribute to the Productivity Commission’s consultation on the *Australia’s circular economy: Unlocking the opportunities* Interim Report. In our comments to the Productivity Commission in November we discussed the opportunities of renewable gas in the circular economy, particularly biogas/biomethane.

The consideration of biomethane in the Interim Report is an appropriate next step and APGA is pleased to provide further comment on enabling renewable gases.

Recognising the benefits of biogas in carbon reporting

The Productivity Commission seeks specific information on

- the extent to which modified carbon reporting methodologies for biogas use, similar to those for liquid biofuels use under NGER legislation, could materially increase uptake of anaerobic digestion projects in Australia
- the extent to which a nationally recognised certificate for biogas is necessary to accurately value the environmental benefits of using biogas drawn from shared infrastructure
- the benefits, costs and risks associated with adopting certifications or modified reporting methodologies for biogas.

¹ APGA, *Climate Statement*, available at: <https://www.apga.org.au/apga-climate-statement>

² ACIL Allen, 2024, *Renewable Gas Target – Delivering lower cost decarbonisation for gas customers and the Australian economy*, <https://apga.org.au/renewable-gas-target>

In our November 2024 submission,³ APGA noted that the National Greenhouse and Energy Reporting Scheme (NGERs) does not currently recognise the emissions reduction potential of renewable gases when they are transported in shared user infrastructure – pipelines. As pipelines are the cheapest and easiest form of transport for gases, this is a considerable barrier for investment in particularly biomethane.

This being recognised in the Interim Report, APGA is pleased to advise that DCCEEW is currently [developing a market-based method](#) for renewable gases. APGA has worked closely with DCCEEW on developing the market based method and strongly supports its implementation by 1 July 2025.

This method will permit the reporting of the emissions reduction potential of renewable gases in pipelines, providing a strong signal for investment particularly in biomethane.

The method will be backed by both the GreenPower Renewable Gas Guarantee of Origin certificate, and the future Product Guarantee of Origin certificates. Robust certification of renewable gases is critical to putting an explicit financial value on the emissions reduction of renewable gases, while maintaining the integrity of our carbon reporting system.

Other policies are required to support renewable gases

Recognition in NGERs is a necessary component for developing a renewable gas industry, but it is not the only policy pillar needed. Demand-side signals are required to boost investor confidence. As we noted in our 2024 submission, APGA has recommended developing a national Renewable Gas Target to provide these signals and de-risk renewable gas project investment for proponents.

The power of such signals was demonstrated through the success of the Renewable Energy Target, which saw a dramatic increase in investment in renewable electricity in Australia. A similar policy would improve the current investment landscape for renewable gases.

Much of the policy development work has already been done. In 2023 KPMG undertook a study to examine the necessary policy settings to support a renewable gas industry in Australia, recommending options for the design of a Renewable Gas Target (RGT).⁴ In 2024 APGA commissioned ACIL Allen to undertake macroeconomic analysis of a national RGT.⁵ This work demonstrated how an RGT would boost investment in renewable gases and contribute to least-cost economy-wide decarbonisation.

As we noted in November, Australia will need access to renewable gas as part of an efficient transition, and to enable other ‘green economies’ such as green metals. Governments will need to implement mechanisms to develop renewable gas and ensure it is available for hard-to-electrify sectors and as a feedstock for other sectors, in a timely manner. An RGT

³ APGA, 2024, *Productivity Commission inquiry into opportunities in the circular economy*, <https://apga.org.au/submissions/productivity-commission-inquiry-into-opportunities-in-the-circular-economy>

⁴ KPMG, 2023, *Renewable Gas: Policy options to support Australia’s decarbonisation journey*, Executive summary available at: <https://www.energynetworks.com.au/resources/reports/2023-report-and-publications/kpmg-report-policy-options-to-support-australias-decarbonisation-journey/>

⁵ ACIL Allen, 2024, *Renewable Gas Target: Delivering lower cost decarbonisation for gas customers and the Australian economy*, <https://apga.org.au/renewable-gas-target>

offers a viable and cost-effective approach to deliver these benefits, which has been recognised by the Victorian Government in its proposed Industrial Renewable Gas Guarantee.⁶

At its March 2025 meeting, the Energy and Climate Ministers Council directed DCCEEW to develop policy options to enable a national renewable gas industry.⁷ This may include consideration of a national renewable gas target, and APGA looks forward to working with the Federal Government to develop such a policy.

To discuss any of the above feedback further, please contact me

Yours sincerely,

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⁶ DEECA, 2024, *Victoria charts path for renewable gas industry*, <https://www.energy.vic.gov.au/about-energy/news/news-stories/path-for-renewable-gas-industry>

⁷ DCCEEW, 2025, *Energy and Climate Ministerial Council Communique*, 14 March 2025, <https://www.energy.gov.au/sites/default/files/2025-03/ECMC%20Communique%2014%20March%202025.docx>