

11 October 2024

Department of Climate Change, Energy, the Environment and Water
National Greenhouse Accounts

**Market-based accounting for biomethane and hydrogen, Discussion Paper
September 2023**

Energy Networks Australia (ENA) welcomes the opportunity to provide comments on DCCEEW's draft NGERs *Market-based accounting for biomethane and hydrogen* discussion paper. This paper was released in September 2024.

ENA represents Australia's electricity transmission and distribution and gas distribution networks. Our members provide over 16 million electricity and gas connections to almost every home and business across Australia.

Renewable gas is a low emissions substitute for natural gas. To enable the market for renewable gas to mature it is essential that these gases – biomethane and hydrogen – are certified and recognised for the emission reductions that are generated by their use. ENA applauds the Government's commitment to developing market-based reporting for biomethane and hydrogen. Additionally, ENA considers that the best outcome is achieved through consultation with industry. This consultation, process as part of the technical working group convened by DCCEEW, is allowing industry to actively participate in the development of market-based arrangements for reporting scope 1 emissions from biomethane and hydrogen under the NGER scheme.

ENA notes that DCCEEW distributed a **draft** discussion paper to the Technical Working Group. The purpose of this draft discussion paper is to provide an overview of market-based emissions accounting and to outline key background, principles, issues and proposals for developing market-based arrangements for reporting scope 1 emissions from biomethane and hydrogen under the NGER scheme.

ENA continues to work with its members and the Technical Working Group to provide input to DCCEEW as part of the consultation process.

ENA supports the key design principles of:

- Market-based reporting of genuine biomethane and hydrogen;
- No double counting; and
- Align with international best practice as much as possible.

The proposed system is a certificate-based scheme and there has to be a physical link with traceable claims. It will initially use GreenPower certificates for hydrogen and this will be replaced by the Product GOs when they come into play.

There are concerns that the GreenPower system only considers hydrogen produced using renewable sources. The current method proposed by DCCEEW intends on being technologically agnostic through the GO Scheme. Further work will need to be undertaken to resolve this inconsistency.

- It is important to continue to pursue both renewable gases, noting that biomethane is a lot more advanced than hydrogen and is therefore likely to more substantially contribute to the decarbonisation of the gas system before 2030. Accordingly: Certification of biomethane should not be delayed as the hydrogen certification is finalised; and
- Consideration should be given to progressing with the certification process with only biomethane and including hydrogen at a later date.

Further work needs to be completed on the stapling of certificates to the product. There are concerns about how this would operate in practice. ENA supports DCCEEW continuing to examine this aspect.

ENA continues to liaise with its members and DCCEEW to ensure that the most optimal certification scheme can be developed.

If you would like to discuss the contents of this submission, please contact Terese Weber, Renewable Gas Policy Manager at tweber@energynetworks.com.au .

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Dom Adams', with a large, sweeping underline.

Dominic Adams

General Manager - Networks