

9 April 2025

Department of Climate Change, Energy, the Environment and Water

Via: <https://consult.dcceew.gov.au/>

National Greenhouse and Energy Reporting (NGER) Scheme 2025 Public Consultation

Energy Networks Australia (ENA) welcomes the opportunity to provide feedback on DCCEEW's National Greenhouse and Energy Reporting (NGER) scheme 2025 Public Consultation.

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.

1. Proposed 2025 Amendments: Market-based reporting of emissions from consumption of biomethane and hydrogen

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 commends the consultative process that has been undertaken by the Department.

ENA is generally supportive of the proposed amendments and considers that these changes will support the renewable fuels markets and assist Australia to reach its climate targets.

ENA and other stakeholders have advocated for more flexible 'market-based' accounting approaches. Such approaches will enable full and exclusive attribution of the scope 1 emissions from their renewable gas purchased, even if the gas purchased is distributed through the natural gas network and physically consumed by multiple entities.

ENA's response to the *Design of the proposed gas market-based arrangements* is below. It is worth noting that ENA is identifying some issues with the proposed arrangements. However, it is considered that further discussion of these issues should not stall the implementation of the proposed arrangements.

Mandatory, certificate-backed approach

The completion or retirement of an eligible renewable gas certificate by an NGER scheme reporter, or on their behalf, enables them to fully and exclusively reflect the scope 1 emission attributes of the renewable gas represented by the certificate in their scope 1 emissions reporting.

Two types of certificates will be recognised:

- Product Guarantee of Origin certificates; and
- Renewable Gas Guarantee of Origin certificates, issued under the GreenPower Renewable Gas Certification.

ENA Supports this approach.

Temporal link requirement

Eligible renewable gas certificates must represent renewable gas that was injected into the natural gas network during the reporting year in which its attributes are being reported.

This timing is inconsistent with the GreenPower Renewable Gas Certificates which have a lifetime of 39 months (as opposed to the 12 months in the Discussion paper). This may cause a distortion in the market.

It is not representative of how the gas market works. Pipelines can store gas for extended periods based on capacity, pressure and demand requirements. Gas entering the network is not always immediately consumed.

Certificates will be worth less as the end of the NGERs reporting year approaches. This may cause a distortion in the market as certificates generated at the beginning of the reporting year may be worth more than those generated at the end of the reporting year, when there is less time to present them.

This policy proposal is inconsistent with other Government schemes, for example the Safeguard Mechanism where credits can be stockpiled for an indefinite amount of time. There is significant experience in certificate-based schemes that showing that the 'banking' of certificates across compliance years leads to stability in pricing, which is essential to underpin investments to deliver on the ultimate policy goals of the scheme.

ENA suggests that NGERs align fully with the GreenPower Certificate process, i.e. link the Renewable Gas Certificates with GreenPower's 39 months vintage.

Reasonable physical link requirement

Eligible renewable gas certificates used for market-based reporting must represent renewable gas that could reasonably pass from its injection point into the natural gas network to the NGER facility reporting its attributes.

ENA supports this.

Biomethane displacement ACCU requirement

It is proposed that eligible renewable gas certificates used for market-based reporting must not represent renewable gas in respect of which a biomethane ACCU has been surrendered for the purposes of reducing the net emissions number for a facility with obligations under the Safeguard Mechanism.

ENA supports this.

Accounting for pipeline loss

Renewable gas certificates represent an amount of renewable gas produced and injected into the network, some of which will be lost as pipeline fugitives as the gas moves through the network to a consumer.

The department intends to apply a loss factor to account for these pipeline transport losses.

- The loss factor for biomethane is 1 per cent.
 - The loss factor for hydrogen is 0.9 per cent.
- Gas losses transported by a gas distribution network are treated differently from the transport of electricity, where losses are accounted in the electricity settlement process.
- Pipeline network operators have an obligation to replace lost gas, through Unaccounted for Gas (UAFG), and customers are credited for the full amount of gas purchased.
 - NGER scheme reporting includes fugitive emissions in the form of UAFG and therefore captures total emissions from the network.
 - The allocation of renewable certificates incorporating a loss is not consistent with the current approach, resulting in customers incurring a loss in certificates as well as network operators replacing the loss in their UAFG purchase (including biomethane).

There is the potential for fugitives to be double-counted or overestimated in the proposed discussion paper.

ENA suggests that the Government remove the loss factor component and align with the current reporting framework.

2. NGER forward work program

The priorities in the forward work program show a clear desire to improve understanding of fugitive emissions. ENA's gas distribution businesses are interested in the same and have already undertaken steps to onboard technologies to better understand and report emissions from gas networks.

ENA proposes that Method 4 is developed and implemented for inclusion in the NGER (Measurement) Legislation division 3.3.8. The goal for Method 4 would be to allow gas distribution networks to fully realise the emission reduction benefits of actively detecting and remediating sources of fugitive gas loss.

We acknowledge that Method 2 in the present iteration of the NGER (Measurement) Determination allows for asset specific emission factors from the API Compendium, and that there is some scope to fine tune emissions reporting via increased granularity of asset classification and matching to favourable emission factors.

However, this process is ultimately limited in that it can only be progressed to the extent allowed for by the type and count of assets themselves. Once the process of matching asset to factor is complete (meaning the lowest emission factor that can be plausibly selected has been made), there is no further scope to reduce reported emissions. The Methods do not allow for the benefits of an operationally active Leak Detect and Repair (LDAR) program or other active leak management program to be captured.

Given the limitation on reporting and receiving credit for the reduction of emissions for gas distribution facilities under their Safeguard Mechanism obligations we propose to learn from and adapt implementations of suitable methods from peer jurisdictions.

ENA and its members would welcome the opportunity to develop Method 4 with DCCEE.

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,



Dominic Adams

General Manager - Networks