

Mr Mike Kaiser
Secretary
Department of Climate Change, Energy, the Environment and Water (DCCEEW)
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Submission via [online portal](#)

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Dear Mr Kaiser

Re: National Renewable Gas Policy

Thank you for the opportunity to provide feedback to the Department of Climate Change, Environment, Energy and Waste (DCCEEW) on the National Renewable Gas Policy. The Waste Management and Resource Recovery Association of Australia (WMRR) as the national peak body representing Australia's \$20 billion waste and resource recovery (WARR) sector, represents over 2,300 members across more than 380 organisations, spanning industry, government, research institutions and NGOs. Our sector plays a critical role in Australia's economy through infrastructure delivery, collection, resource recovery, manufacturing of secondary materials, energy recovery, and community engagement - providing the essential public service of managing the community's waste while reducing emissions across the economy. WARR facilities include processes that avoid and destroy methane, divert organics from landfill, recover materials, substitute recycled content for virgin resources, produce soil amendments and recover energy from genuinely residual waste. These benefits are delivered through long-lived, capital-intensive infrastructure.

Central to WMRR's advocacy is the connection between carbon reduction, material efficiency and the transition to a circular economy. By prioritising waste avoidance and the recovery and reuse of materials, the WARR sector extends material life, reduces reliance on virgin resources, and delivers significant emissions reductions while supporting jobs and economic resilience. Biomethane production – a form of energy recovery - sits under resource recovery and recycling within the standard waste hierarchy, ranking above disposal (landfilling). Where material disposal cannot be avoided, biogas production from landfill gas capture is encouraged.

WMRR understands that the Energy and Climate Ministerial Council (ECMC) is developing a national renewable gas policy to decarbonise industrial gas use where electrification is not feasible and is seeking stakeholder feedback on measures to support industry growth. Biomethane is a proven and readily deployable decarbonisation solution used across Europe, North America and parts of Asia. Expanding biomethane use in Australia would assist to decarbonise the gas network, strengthen domestic fuel security and support regional investment and employment using mature, commercially proven technology. The consultation paper has focused key drivers and constraints for developing Australia's biomethane industry, which is still in its infancy with a handful of biomethane injection projects being developed alongside the existing Jemena demonstration project in Malabar, NSW.

Biomethane produced through anaerobic digestion (AD) can simultaneously decarbonise hard-to-electrify industry, divert organic material from landfill, reduce methane emissions, recover nutrients and create regional infrastructure and employment. AD remains underdeveloped in Australia due to high upfront capital costs and limited access to secure, source-separated feedstock. However, it is anticipated that policy drivers such as mandated source separated organics collections, waste levy increases, landfill diversion targets and increasing focus on incentivising methane abatement technologies will accelerate its development. Similarly, biogas captured from landfill is well developed within Australia and incentivised via the Australian Carbon Credit Unit (ACCU) scheme. Direct use of biogas for industrial heat or combined heat and power can be an efficient and cost-effective option where production and demand are co-located or in close proximity – something that is already operational with some landfills powering nearby homes. It follows that policy should not require biogas to be upgraded to biomethane and injected into a network where direct use produces an equivalent or better outcome at lower cost.

WMRR's position

Given the direct relationship between organic waste feedstock and the production of biomethane, the key considerations raised by the consultation paper for WMRR are:

- the scalability of AD given the current regulatory and economic constraints – noting that there is no cohesion between emissions reduction and resource recovery policy incentives (i.e.: it can be more cost effective to transport material to landfill and pay levy than invest in new recovery technology), and,
- the risk that renewable energy incentives could displace higher order recovery of organics, including the possible outcome that organic waste be sent to landfill to improve biogas capture rates.

A national renewable gas policy could directly affect organic feedstock, landfill gas capture, digestate markets, contamination standards and end-of-waste regulation.

Ahead of 2030, the immediate objective should be to establish a functioning domestic market for biomethane and biogas in order to support domestic industrial decarbonisation by creating an investable project pipeline that complements existing waste and resource recovery targets to divert 50% of organic material from landfill by 2030. This requires aligning waste and resource recovery and carbon policy objectives to recognise that the other byproducts that arise from renewable gas creating processes (which use 'waste') are also valuable recovered resources.

WMRR therefore urges the ECMC to ensure that Australia's Renewable Gas policy reinforces the waste hierarchy and circular economy, recognising the full material value of organic resources rather than focusing solely on maximizing renewable gas production.

As such, WMRR recommends the following policy safeguards are incorporated into the final policy:

- Integrate the waste hierarchy as a fundamental policy foundation by making compliance with the hierarchy an express eligibility condition for renewable gas policy support.
- Identify priority feedstocks by focusing incentives on unavoidable and residual organic wastes, inadequately managed streams and methane from existing or legacy landfills.

- Integrate with existing waste and resource recovery, and emissions reduction policies by aligning renewable gas incentives with organics diversion, circular economy, carbon accounting and infrastructure planning.
- Align national regulations where possible by looking to ensuring consistency with feedstock categories, digestate standards and end-of-waste pathways across jurisdictions, which to date has led to fragmented state-based approaches and undermined investment confidence for those looking to develop AD facilities servicing the one (1) national market.
- Promote technology neutrality and focus on optimized environmental outcomes by supporting direct biogas use where it produces an equivalent or better outcome than upgrading to biomethane and grid injection.
- Integrate recognition of the co-products of decarbonisation efforts. Digestate, recovered nutrients and biogenic carbon dioxide are material to overall project value and emissions performance.

i. Maintaining the waste hierarchy as a fundamental policy safeguard

Waste and resource recovery policy nationwide already seeks to keep material out of landfill through state based landfill levies. Renewable gas policy must also reinforce the waste hierarchy. It should not treat every tonne of organic material as an interchangeable energy feedstock or create incentives to move material away from prevention, reuse, animal feed, composting or other higher-order recovery pathways. Project eligibility should be based on the best overall environmental outcome, taking account of existing beneficial uses, local infrastructure, lifecycle emissions, soil and nutrient benefits, transport and contamination.

This safeguard is particularly important for landfill gas. Capturing and upgrading methane generated by waste already deposited in operating, closed or legacy landfills can - and currently does - deliver material emissions reductions. Australia already has a substantial base of landfill gas recovery projects, primarily producing electricity, and some sites may be suitable for biomethane production. These opportunities should be encouraged where they improve methane capture or displace fossil gas.

However, support for landfill-gas-to-biomethane projects must not increase the commercial incentive to dispose of organic material to landfill. This would directly contradict the *National Waste Policy Action Plan* target of halving organic material to landfill by 2030. Renewable gas support should therefore distinguish methane generated from existing and legacy waste from methane associated with avoidable future organics disposal. Landfill gas eligibility should be cognisant of progressively stronger organics diversion, source separation (including mandates in NSW) and methane-capture requirements set by licences and under state regulations.

The final policy should also refine broad references to 'municipal solid waste'. Anaerobic digestion generally relies on suitable source-separated organic fractions rather than undifferentiated mixed waste, and can equally be sourced from commercial and industrial sites.

It is fundamental that renewable gas project proponents demonstrate that their feedstock strategy is consistent with the waste hierarchy and does not undermine established, high-performing recovery markets.

ii. Prioritising recovery from unavoidable and residual organic wastes and legacy landfill methane

Early policy support should target feedstocks that deliver clear *additional* methane abatement and resource recovery. Priority streams include unavoidable residual food organics, commercial and industrial organic residuals, manure and agricultural residues that lack a higher-value use, wastewater-derived biogas, inadequately managed organic wastes and methane from existing or legacy landfills.

Biogas and biomethane can provide near-term emissions reductions because the underlying technologies are commercially established and can be deployed before 2030. They can also support hard-to-electrify industrial users, reduce methane emissions and recover nutrients. For example, AD facilities located near farms, food processors, wastewater treatment plants, organics facilities and industrial users can reduce transport distances for both processing and to end-markets, and contribute to regional employment, energy resilience and shared resource-recovery infrastructure.

It follows that feedstock assessments must identify material that is *genuinely* available rather than rely on theoretical waste volumes. National and regional organic feedstock mapping should account for existing beneficial uses, collection feasibility, contamination, seasonality, moisture content, transport distance, planning constraints and competing recovery pathways. This would help governments direct support to projects that maximise additional emissions reduction and circular-economy value.

Long-term feedstock certainty is also essential to project finance. Renewable gas facilities require reliable volumes and quality over the financing period. Policy should encourage credible supply strategies, source separation, aggregation and preprocessing infrastructure, and contract terms capable of supporting investment without drawing suitable material away from higher-order recovery.

iii. Integrating renewable gas policy with organics diversion and circular economy policy

In WMRR's view it is crucial that renewable gas policy operates as part of Australia's organics recovery and circular-economy framework, aligning with landfill-diversion targets, FOGO and commercial food-waste separation requirements, regional waste plans and existing organics-processing infrastructure. This alignment is necessary to grow recovery capacity without destabilizing Australia's existing viable compost and other resource-recovery markets.

Support must be directed to genuine additional emissions reduction outcomes. Governments should avoid incentives for activities that are already commercially viable, legally required or fully supported through ACCUs or another emissions reduction incentives. This does not mean that projects should be prevented from earning revenue for separate outcomes – WMRR notes that a project may legitimately create different value through fossil-gas displacement, methane avoidance, and nutrient recovery. The framework should distinguish these outcomes, prevent double counting and allow complementary revenue where each claimed benefit is additional and independently verified.

In line with the issues raised in the consultation paper, it is WMRR's view that any renewable gas premium or multiplier under a Domestic Supply Obligation should therefore be:

- limited to new or expanded production -its value and duration must be sufficient to influence investment decisions, without allowing fossil gas obligations to be met by certificates unsupported by additional renewable gas production;
- require physical supply to the Australian market; and,
- use independent certification.

Certification and emissions accounting also require coordination. Leveraging the GreenPower methodology for Renewable Gas Guarantees of Origin (RGGOs) to inform measurement of

renewable gas production is a sensible approach that appropriately recognises the role of biomethane and biogas in reducing lifecycle emissions and should improve revenue certainty for projects in development. This is particularly important given the high capital costs and limited revenue streams of AD projects, helping to improve project bankability.

WMRR advocates that Product Guarantee of Origin certificates, Renewable Gas Guarantees of Origin, NGER reporting, the Safeguard Mechanism, ACCUs and state schemes should use interoperable lifecycle, feedstock and chain-of-custody data. Clear rules are needed to prevent double counting, recognise certified gas transported through shared networks and allow users to substantiate emissions reductions where biomethane is injected elsewhere in an interconnected system.

As noted above, feedstock mapping and infrastructure planning should help identify where investment can generate the best net zero and circular economy outcomes. This can be facilitated through grants, concessional finance and co-investment for early commercial projects, including anaerobic digestion, biogas upgrading, network connection and shared infrastructure. WMRR emphasises that major WARR infrastructure projects require policy certainty over at least ten (10) years (and preferably closer to 15 years). Short timebound grant programs and frequently changing eligibility rules will not provide sufficient confidence to secure feedstock, finance, approvals, construction contracts and long-term offtake. Durable demand signals, coordinated waste infrastructure planning and targeted support for projects and shared infrastructure should be hallmarks of integrating renewable gas, circular economy and resource recovery policy.

iv. Nationally harmonising feedstock digestate and end of waste regulation

A fundamental barrier to the uptake of biomethane projects is that state approaches remain inconsistent. Fragmented regulation of feedstocks and digestate across each state is a direct barrier to investment – particularly as recovered organics products such as digestate may have a national market or be transportable to neighboring jurisdictions.

It is well established that digestate can return nutrients and organic matter to soils, but markets will not develop without lawful end-of-waste pathways, credible product standards and confidence among farmers and other users. Policy should support demonstration projects, product certification, processing infrastructure for dewatering and nutrient recovery, and agronomic evidence suited to Australian conditions. Moreover, government assessments of projects cannot assume that digestate revenue is available until a reliable legal and commercial market exists.

Organic materials may remain regulated as waste even when they are suitable inputs to controlled biological processes. Classification can trigger different transport, tracking, licensing, levy, biosecurity and facility-permission requirements in each jurisdiction. Co-digestion, preprocessing, interstate transport and changes in feedstock can add further uncertainty. The same problem applies after digestion. Queensland has an End of Waste Code for qualifying digestate, while NSW projects may require individual resource recovery orders and exemptions. Victoria has developed a framework over several years, but proponents have faced uncertainty and interim treatment or disposal costs while markets and rules develop. Where digestate cannot lawfully and reliably be sold or beneficially used, it becomes a storage, transport and disposal cost that can reduce project scale or make a facility unfinanceable.

To progress biomethane production and accelerate decarbonisation, the Commonwealth should work with states and territories (for example, through the Heads of EPA), to establish nationally consistent outcomes while preserving regulators' environmental responsibilities. Reform should proceed alongside renewable gas incentives rather than follow them. A nationally aligned framework should provide:

- consistent terminology and feedstock categories for source-separated food and garden organics, commercial food waste, agricultural residues, manure and wastewater-derived materials;
- model end-of-waste criteria for suitable feedstocks and digestate, capable of adoption in each jurisdiction;
- risk-based and fit-for-purpose contaminant, pathogen, sampling and verification requirements;
- clear rules for blending recovered organics and co-digestion facilities, including when these activities alter regulatory status;
- digestate quality classes linked to feedstock, treatment, nutrient content and permitted uses – this may include traceability, quality assurance and clear liability arrangements for land application; and
- predictable approval timeframes and guidance covering the interaction between waste, biosecurity, fertiliser, planning and energy regulation.

Standards must reflect Australian feedstocks, soils, climate, geography and agricultural markets rather than simply replicate overseas models. For example, WMRR notes that Victoria has developed a regulatory framework for digestate, developed over several years and drawing heavily on composting rules and UK standards (which is problematic in that the Australian agricultural conditions and geography is very different to the UK) – which has forced emerging anaerobic digestion facilities to invest in costly interim treatment or sewer-disposal systems because viable digestate markets cannot be established in time. Proponents must also demonstrate that digestate is superior to established products while simultaneously building an emerging market. This is an especially difficult burden for SMEs, and should be discouraged.

So long as digestate can be produced and used in a manner that protects human health and the environment, there should be a practical route for these products to cease being regulated as waste.

v. Supporting direct biogas use and biomethane injection

Biogas should not be required to be upgraded to biomethane and injected into a gas network if direct use of that biogas can produce an equivalent or better emissions outcome at lower system cost.

As the consultation paper points out, Australia already has more than 80 projects recovering landfill biogas, mainly for electricity generation. Biogas may be used efficiently for process heat, steam, electricity or combined heat and power. This can avoid upgrading, compression, injection and network-connection costs and may provide a more efficient solution where there is steady onsite demand. Direct use can be particularly valuable for co-located organics facilities as well as regional industrial precincts.

Eligibility and certification should therefore be technology neutral and based on verified lifecycle emissions and system value. The framework should cover direct biogas use, biomethane, landfill gas and wastewater biogas, while recognising the different cost structures and delivery models of each pathway.

The consultation paper correctly identifies that the first biomethane project in a region may have to fund network connection, gas-quality equipment, compression and reverse-flow infrastructure that later projects can also use. WMRR recognises that upgrading biogas for biomethane injection remain appropriate where onsite demand is insufficient, aggregation provides economies of scale or network

access connects renewable gas with hard-to-electrify users. It follows that government project support for these 'first mover' projects should compensate accordingly, and this draws back to earlier comments on why organics feedstock mapping is so important to the successful implementation of the policy.

vi. Recognising the value of digestate, biogenic carbon dioxide and other co products, such as biochar

Biomethane projects should not be assessed solely on the value of the renewable gas produced. Digestate, recovered nutrients, biogenic carbon dioxide and, in some configurations, biochar can improve resource efficiency, lifecycle emissions performance and project revenue. Their value is project and market specific and depends on feedstock quality, processing technology, transport distance, local demand, contaminant limits, product standards and recognition under emissions frameworks.

Biogenic carbon dioxide recovered during biogas upgrading may displace fossil-derived carbon dioxide or be used in low-carbon products. Its certification and treatment under NGER and other emissions frameworks must be clear if this benefit is to support investment. Chain-of-custody and accounting rules should verify the biogenic origin of the carbon dioxide and prevent double counting.

Recognising co-products will improve project economics, but regulation must remain risk based. Certification should distinguish between feedstocks and product qualities rather than place all digestate or recovered carbon dioxide into one category. The objective should be safe and productive use, supported by transparent standards and proportionate controls.

A national renewable gas policy can assist to establish an investable domestic market for biogas and biomethane while advancing Australia's methane reduction, organics recovery and industrial decarbonisation objectives. However, its success will depend on maintaining the waste hierarchy, targeting genuinely additional outcomes, resolving feedstock and digestate regulation, supporting the most efficient use of biogas and recognising the material value of co-products. To do this, WMRR urges the Commonwealth to develop the policy cognisant of its overlap with the waste and resource recovery sector, existing circular economy policy initiatives and national waste and resource recovery targets. Renewable gas incentives and regulatory reform should proceed together so that projects can secure feedstock, approvals, finance and markets without undermining existing circular economy and resource recovery investment.

Please contact the undersigned if you wish to further discuss WMRR's comments.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Gayle Sloan".

Gayle Sloan

Chief Executive Officer

Waste Management and Resource Recovery Association of Australia