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Bioenergy Australia Submission - GreenPower Program Review 2022

Bioenergy Australia (BA) is the national industry association committed to accelerating Australia's bio-economy. Our mission is to foster the bioenergy sector to generate jobs, secure investment, maximise the value of local resources, minimise waste and environmental impact, and develop and promote national bioenergy expertise into international markets.

BA thanks the GreenPower team for consulting the industry on their program review. We agree that energy markets are experiencing a rapid transition, rendering this review of GreenPower highly relevant and timely.

BA are particularly encouraged by GreenPower's work in a biomethane certification trial, specifically the Sydney Water Malabar Waste Water Treatment Plant. BA recommends the following strategies to accelerate biomethane sector development and support the evolution of GreenPower in the transitioning energy markets:

- Expansion of the Renewable Energy Target to a Renewable Gas Target Scheme.
- Acceleration of the GreenPower Renewable Gas Certification scheme.

Australia's Bioenergy Roadmap (ARENA, November 2021) outlines how, by the start of the next decade, Australia's bioenergy sector (including biomethane production) could contribute to around $10 billion in extra GDP per annum and 26,200 new jobs, reduce emissions by about 9 per cent, divert an extra 6 per cent of waste from landfill, and enhance fuel security. Now is the time to capitalise on these opportunities by embedding the necessary policy settings to drive investment.

Biomethane is a critical renewable gas that will be key to the rapid decarbonisation of hard-to-abate sectors as it is immediately deployable using existing gas infrastructure. This renewable gas can be captured from biogas that is produced through the natural breakdown of organic wastes in landfills or in anaerobic digestion facilities, which aid the speed and control of material decomposition. Landfills are the largest current source of securely contracted biogas from waste in Australia. Anaerobic digestion is well established globally for its economic and socioenvironmental benefits, including the valuable recovery of biological fertilisers and heat as well as renewable energy for reduction of greenhouse gas (GHG) emissions. The World Biogas Association reported in 2019 that there were already 132,000 small, medium and large-scale anaerobic digesters and 50 million micro-digesters operating globally with the opportunity for significant further growth. However, potential anaerobic digestion development and biomethane projects in Australia is being hampered by a lack of suitable policy.

Expansion of the Renewable Energy Target to a Renewable Gas Target

The current Renewable Energy Target (RET) has been met, which has resulted in additional retirement of renewable energy certificates. BA is advocating for an expansion of the RET (or similar) to include a

Renewable Gas Target to incentivise the use of renewable gases, including biomethane. This would motivate a shift from fossil fuels to renewable energy across the supply chain, which would bring down the cost of renewable gas. BA's Renewable Gas Alliance has specifically proposed to the Hon. Chris Bowen MP that a Renewable Gas Target should be developed to support 5% of Australia's domestic gas use by 2025 and 20% by 2030.

Greenpower is encouraged to support the development of further renewable energy schemes that include renewable gasses, particularly biomethane and advise how its program can support the design and operation of new schemes.

Acceleration of the GreenPower Renewable Gas Certification Pilot Scheme

As the RET scheme is expected to close in 2030, the current certificate trading platform (the Renewable Energy Certificate Registry) should be replaced with successors that incentivise the use of biomethane, such as a Renewable Gas Guarantee of Origin scheme (RGGO). Renewable gases are critical to achieving Australia's decarbonisation goals. However, biomethane currently injected into the natural gas grid cannot be supplied to a user as a zero emissions gas, resulting in a lack of incentive for gas users to purchase biomethane to reduce their emissions.

The success of the Sydney Water Malabar Wastewater Treatment Plant, the first participant in the GreenPower certification pilot, provides support for the acceleration of this scheme. Renewable gas users are eager to communicate their environmentally sound energy choices through a mechanism such as renewable gas certificate of origin. Thus, we suggest that a broader Renewable Gas Guarantee of Origin scheme (RGGO) is developed to further encourage this engagement and incentivise producers to invest in capturing Australia's significant bioenergy resources to meet demand, alongside to drive down the cost of biomethane to support decarbonisation.

Furthermore, BA strongly recommends that GreenPower pursue the broadest achievable scope of feedstocks for eligibility in the Renewable Gas Certification scheme rather than limiting eligibility to only those that are covered in the Emissions Reduction Fund (ERF). The difference in fundamental purposes between the two schemes, namely the more restricted ERF purpose to incentivise emission reductions that would not otherwise occur, compared to a renewable gas certification scheme that is focused on recognising the displacement of fossil gas by renewable gas, is likely to lead to sub-optimal certification and emissions reduction outcomes if eligibility is only mirrored between the two schemes. As such, BA recommends that GreenPower develops, oversees, and appropriately resources its own eligibility assessment process.

Thank you for the opportunity to comment on the program review of GreenPower. Please send any comments or queries to myself at shahana@bioenergaustralia.org.au or 0439 555 764.

Sincerely,

Shahana McKenzie, CEO Bioenergy Australia