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AIGN Submission to the National Greenhouse and Energy Reporting Scheme 2025 proposed amendments and forward work program

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1 ABOUT AIGN

AIGN welcomes the opportunity to provide feedback to the Department of Climate Change, Energy, the Environment and Water (the Department) on the proposed updates to the National Greenhouse and Energy Reporting Scheme (NGERS), and the forward work program.

The [Australian Industry Greenhouse Network](#) (AIGN) is a network of industry associations and individual businesses.

AIGN provides a forum for discussion on key climate change issues, offering information and analysis in the consideration of national and international climate change policy and the role industry can play in the transition to net-zero emissions by 2050.

AIGN supports an evidence and principles-based approach to climate policy development that prioritises environmental and social integrity, and economic efficiency; focuses on developing enduring policies; delivers broad coverage; and creates an environment in which Australia's trade competitiveness is supported.

AIGN has a broad membership base and a range of expertise in various sectors of the economy. In conjunction with this submission, AIGN encourages the Department to consider submissions made by individual AIGN members.

2 GENERAL FEEDBACK

AIGN members represent a significant proportion of entities liable under the National Greenhouse and Energy Reporting Scheme (NGERS) and have consistently demonstrated a strong record of compliance.

Since the introduction of the legislation in 2007, AIGN members have invested substantial resources into building internal capacity and support services, including consulting, measurement, reporting, and verification/auditing functions. They have also developed significant expertise in managing compliance requirements, such as maintaining emissions databases and appointing and training relevant personnel.

AIGN members are well positioned to provide informed feedback on the practical impact of NGERS reporting requirements on the day-to-day operations of liable entities, as well as a considered perspective on any proposed changes or additions to mandatory reporting obligations.

AIGN strongly supports comprehensive and detailed consultation with stakeholders to ensure that any changes to NGERS implementation are informed by user input and that potential impacts are thoroughly understood and addressed.

2.1 AIGN supports a centralised national reporting framework

A central tenet of AIGN's long-standing [policy principles](#) is the implementation of streamlined, efficient, and effective policy. AIGN members actively supported the implementation of centralised, streamlined national emissions reporting, which ultimately led to the introduction of NGERS.

Before the introduction of a nationally streamlined approach to reporting under NGERS, AIGN members were active contributors to the Greenhouse Challenge and subsequent Greenhouse Challenge Plus voluntary reporting programs.

2.2 The NGERS framework should be publicly supported

AIGN places a high value on credible reporting as a crucial foundation of effective emissions abatement policy, and an indispensable source of knowledge to inform our engagement in climate change mitigation at domestic and global levels.

Maintaining integrity and confidence in Australia's greenhouse gas emissions inventories (NGERS and the National Greenhouse Gas Inventory – NGGI) is vital. The embedded review process is central to maintaining integrity. Vocal recognition of, and support for, NGERS from the Government and Departments, Authorities, and Agencies is likewise essential.

The NGERS legislation, introduced in 2007, is an internationally highly regarded reporting scheme with broad scope and coverage.

NGERS is comprehensive of greenhouse gas species:

- carbon dioxide (CO₂)
- methane (CH₄)
- nitrous oxide (N₂O)
- Perfluorocarbons (PFCs)
- Hydrofluorocarbons (HFCs)
- Sulphur hexafluorides (SF₆s)

Facilities with emissions in excess of 25ktCO₂-e are required to report:

- energy produced
- energy consumed
- Scope 1 emissions
- Scope 2 emissions

NGERS was carefully designed to meet greenhouse and energy reporting requirements and incorporates continuous review and improvement (i.e., the measurement determination update process).

2.3 Internationally consistent and credible measurement methods

AIGN members support the legislated approach to NGERS reporting with Methods 1, 2, 3, and 4, which allow for both direct emissions monitoring and the estimation of emissions through the tracking of readily observable variables. The Clean Energy Regulator's *Methods and measurement criteria guideline* (last updated August 2024) substantiates the credibility of the Government's approach:

*"The methods reflect the approaches taken globally, for example, the estimation of national greenhouse gas inventories, the EU guidelines, and the United States Environmental Protection Agency's Mandatory Greenhouse Gas Reporting Rule."*¹

2.3.1 Method 1 measurement is an important option for reporters

Method 1 is the default method for determining emissions, with estimation procedures derived directly from and consistent with the Government's methodologies used in preparation of the NGGI and consistent with international guidelines for the estimation of emissions.

Method 1 emission factors were developed to provide measurement methods for emissions from hard-to-measure sources (e.g., where direct measurement was either prohibitively costly to install, unsafe, or inaccurate, e.g., for high and low flow flares).

Method 1 emission factors were established on a conservative basis (i.e., higher than measured) to establish an industry-wide average factor. Where it is safe and not cost-prohibitive to do so, reporters can elect to move to higher-order methods, which will most likely result in lower emissions being recorded due to the conservative nature of Method-1 emissions factors. This provides an embedded incentive to transition to higher-order methods when it is practicable to do so, whilst providing confidence that emissions reported applying Method 1 would likely be conservatively overstated when compared to a direct measurement from the same source.

However, removing Method 1 as an option for the reporting of any emissions source is not supported. Method 1 is designed to be conservative and validates the integrity of the NGERS dataset while ensuring reporters can discharge their obligations efficiently. As the guideline points out:

*"The provision for reporters to select methods for the estimation of emissions ... allows reporters to make their own judgements to balance the costs of the higher order methods with the benefits of potentially more accurate emission estimates."*²

AIGN members strongly support both the integrity and optionality of the methods approach to NGERS. Reporters are in the best position to determine which method is the most appropriate and beneficial for reporting the emissions sources at their facilities, and the verification and

¹ <https://cer.gov.au/document/methods-and-measurement-criteria-guideline> (p6)

² as above (p6)

audit processes embedded with NGERS provide the necessary safeguards to maintain the integrity of the reporting system.

The annual determination process provides a regulated pathway for review of emissions factors and reporting methods across NGERS. AIGN supports the annual measurement determination process to verify the integrity of emission factors, quantifying and improving the specific assumptions inherent in Method 1 (and as appropriate across all methods). Changes to underlying assumptions should be founded on objective, data-based evaluation of Method 1 performance relative to other credible, verifiable data.

2.4 NGERS must be consistently applied to all sectors

AIGN promotes an approach founded on detailed consultation and considered implementation in the regular updates to NGERS legislation.

AIGN recognises the importance of maintaining a rigorous emissions reporting system to underpin the climate policy suite. Updates to NGERS should be designed and implemented in a way that supports reporting entities and is consistent with international reporting protocols under the Paris Agreement.

2.4.1 Materiality

Updates and changes to NGERS should be carefully examined for the overall improvement in emissions reporting they would give effect to. This should be considered against the cost of implementing and administering these changes.

Ultimately, any changes to NGERS should result in material improvements to emissions reporting with practically and financially reasonable measurement, reporting, and assurance obligations.

2.4.2 Flexibility

As entities adapt to new reporting obligations, they need to be afforded reasonable flexibility to smoothly transition to these new requirements.

Consideration should be given to factors such as the cost of installing new equipment (to facilitate updated measurement methods), or how updates could be incorporated into normal operation (e.g., undertaking significant work within standard maintenance schedules).

The Clean Energy Regulator could be empowered to work with liable entities to agree schedule and support them in adjusting to any new or changes to the entity's reporting obligations.

2.4.3 Transparency

AIGN supports transparent reporting of NGERS data, as well as reasonable measures to increase transparency of reporting.

Any additional transparency measures should be applied equally across all reporting facilities to ensure fairness and integrity.

For example, if increased transparency on the reporting of methane or fugitive emissions were applied, it should be applied to all NGER facilities, not just one sector.

3 FEEDBACK ON PROPOSED CHANGES

AIGN members recognise the ongoing significance of NGERS and the importance of upholding its integrity and, therefore, confidence in Australia's emissions inventory.

3.1 The integrity of emissions from biomethane and hydrogen is crucial

AIGN notes the introduction of market-based reporting of emissions from biomethane and hydrogen, and the use of a certificate-backed approach to verify emissions reporting via Product Guarantee of Origin (PGO) certificates under the Guarantee of Origin Scheme.

3.1.1 Market-based reporting is supported and requires further consultation

Many AIGN members welcome the introduction of a market-based approach for determining scope 1 emissions from renewable gas that has been injected into the natural gas network. This is an important step to enable purchasers of renewable gas to recognise the associated emissions reduction benefit at the facility level and removes a current barrier to the growth of the domestic renewable gas market.

Market-based accounting requires ongoing consultation to ensure this approach is consistently and transparently applied. We would welcome further opportunities for stakeholder engagement around recognition of Renewable Electricity Guarantee of Origin (REGO) certificates under NGERS, and the rules around restrictions on the retirement of below-baseline certificates.

Disparate treatment between renewable electricity certificates being tradable and product-based certificates not being tradable could have flow-on effects. An incremental model for enabling the renewable energy attributes of lower carbon products to be traded and reported under the scope 1 market-based approach would help to overcome this disparity.

Similarly, under the current proposal, renewable gas certificate retirement is constrained by location (East Coast / West Coast). This will potentially exclude the West Coast from the larger market and limit investment. There is some support among AIGN members for the removal of

the East Coast / West Coast divide to encourage investment and strengthen the development of the renewable gas market.

Other members are seeking further discussion on how corrections to avoid double counting with higher order natural gas combustion calculations could work with disaggregation (e.g., how to ensure calculations ensure balance between where renewable fuels are injected compared to where they are used). AIGN would welcome opportunities to discuss this further with the Department.

Several AIGN members have requested that the Department clarify that REGOs will be eligible for surrender as soon as the scheme is implemented; they support an out-of-cycle Measurement Determination to recognise REGOs (including below-baseline REGOs) as a valid scope 2 market-based mechanism as soon as REGO legislation is created. Explanation of any differences in eligibility criteria for REGOs would help with public clarity and for assurance purposes.

AIGN notes the biomethane displacement requirement that prevents double counting of emissions benefits for biomethane projects earning Australian Carbon Credit Units (ACCUs). Further work and consultation to ensure integrity is strongly encouraged, to support the integrity of the compliance market and Safeguard Mechanism entities engaging in that market.

NGERS emission reporting is now being used for purposes beyond the Safeguard Mechanism, including for mandatory financial disclosures. ACCU demand is also wider than the Safeguard Mechanism; these markets rely on the integrity of the additionality of the emissions reductions underpinning ACCUs.

To maintain the integrity of both NGERS and the ACCU Scheme, AIGN recommends that, where an NGERS reporter (including those not covered by the Safeguard Mechanism) uses a renewable gas certificate under the market-based arrangements to report biomethane consumption, any displacement ACCU that has been generated for the same biomethane should be cancelled.

3.2 Fugitive emissions should be reported consistently

AIGN notes the revision of emission factors for gas flaring and amendments to certain Method 2 requirements.

AIGN supports the continued and consistent improvement of NGERS, including the revision of emission factors where appropriate.

Amendments to data collection and reporting requirements should be consistently applied across the breadth of NGERS, including the proposed revisions to fugitive emissions reporting. These changes should not single out gas flaring and natural gas operations but should be applied to fugitive emissions sources across the scope of NGERS. This includes keeping

Method 1 broad, conservative, consistent, and accessible across all reported emissions sources.

3.3 Scope 2 (energy produced/consumed) should remove double counting

AIGN supports amendments to the reporting approach for energy produced and consumed to align with the GHG Protocol Corporate Accounting Standard. This allows for the removal of double-counting of scope 2 emissions where they are reported as scope 1 emissions elsewhere within an inventory.

Examples include gross and net energy consumption within a facility, and when a controlling corporation reports scope 1 emissions from generating electricity that is consumed at a second facility within the same controlling corporation.

When facilities are aggregated in a corporate report, this leads to double-counting. AIGN entreats the Government to address this longstanding issue by allowing a net scope 2 emissions value for corporate aggregate reporting.

AIGN members continue to request refinement of data collection for the residual mix factor (RMF) from the generation associated with large-scale generation certificates to support a move to more granular state or grid-based RMFs.

3.4 Flow-on impacts of NGERS changes to the Safeguard Mechanism must be addressed

AIGN encourages the Department to examine the interactions between changes in NGERS reporting obligations and Safeguard Mechanism obligations more closely, particularly in view of the implementation of the reforms.

When a change in NGERS methodology occurs, the potential exists for a Safeguard facility to have its emissions reduced or increased despite no change in its activities. The [Safeguard Mechanism Emissions Intensity Determination Application Guideline](#) notes that when there is a regulatory change, the Regulator can vary a facility-specific emissions intensity determination (EID).

Further clarification on how the Department and the Regulator will approach the changes proposed in this consultation process is necessary. Specific guidance on the approach to varying EIDs following regulatory changes (and associated timelines) would support aligned understanding across affected entities.

3.5 The forward work program must improve provisions for low-carbon liquid fuels

AIGN members support further development of the provisions around the inclusion of low-carbon liquid fuels in NGERS as part of the forward work program.

3.5.1 Co-processed fuels should be explicitly recognised

In 2024, amendments to NGERS included the recognition of blended low-carbon liquid fuels (LCLF). These provisions do not distinguish co-processed fuels from blended renewable fuels. Co-processed fuels must be explicitly recognised under NGERS in the same manner as blended fuels.

Blended fuels are typically produced by blending several separately produced and certified fuels to a desired ratio. Co-processed fuels differ from blended fuels as they are produced by simultaneously processing fossil and biomass-derived feedstocks in the same refining process to produce a single, finished product. This leverages existing refinery infrastructure with minimal modifications and therefore represents a practical first step in renewable fuels manufacturing.

Recognition of co-processed fuels under NGERS would likely support greater uptake of renewable fuels and build business confidence to explore further emissions reductions with the use of LCLF. A similar approach to that taken for biomethane and hydrogen could be adopted, as LCLF should also be able to generate PGOs. This would provide consistency across the treatment of renewable fuels and promote reporting efficiency.

Some AIGN members report that due to existing refinery locations in Australia, it would be challenging to deliver co-processed fuels to remote operations and promote work by the Department on a model for enabling the renewable energy attributes of lower carbon fuels to be traded and reported under the scope 1 market-based approach. This would help overcome geographical constraints to marketing low-carbon fuels and minimise emissions from transporting fuel to facilities.

4 CONCLUSION

Thank you for the opportunity to provide input to the Department's consideration of the proposed changes to NGERS and the forward work program.

AIGN recognises that this legislation is an important and effective component of the Australian Government's approach to climate change management and its obligations under the Paris Agreement. AIGN's position on climate change and energy is underpinned by our policy principles, which have been the basis of AIGN's contributions to this debate over many years (available at www.aign.net.au).

AIGN welcomes future opportunities to engage with the Department.