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Guarantee of Origin
Clean Energy Regulator
Department of Climate Change,
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Submitted via email: CER-GO@cer.gov.au

Re: Guarantee of Origin proposed cost recovery: new production pathways consultation

Jemena welcomes the opportunity to respond to the Clean Energy Regulator's (CER) *Guarantee of Origin (GO) Proposed Cost Recovery: New Production Pathways* consultation.

Jemena owns and operates a diverse portfolio of energy assets throughout the northern and east coasts of Australia. With more than \$12 billion in major gas and electricity infrastructure, we deliver energy to millions of households, institutions, and industries every day. Our assets include the Jemena Gas Network in New South Wales, the Jemena Electricity Network in northwest Melbourne and gas transmission pipelines such as the Eastern Gas Pipeline, Queensland Gas Pipeline and Northern Gas Pipeline.

As an integrated energy infrastructure and services company which owns, operates, designs, constructs and maintains both gas and electricity assets, we understand the scale and complexity of the energy transition. We are focused on playing our part to reduce greenhouse gas emissions within our networks by championing renewable gases such as biomethane, and we have also committed to an interim target of reducing our Scope 1 and 2 emissions by 30 per cent by 2030 (from 2021-22 baseline), as well as our goal of net-zero by 2050.

Natural gas continues to play a critical role for Australians and our trading partners as a reliable fuel source. As the energy system evolves, we believe that integrating lower emissions alternatives – such as renewable gases – can help displace traditional natural gas over time, therefore playing a critical role in a more secure and cost-effective transition to 2050.

Key Messages

- **Reduce GO certificate costs:** Current pricing makes the PGO program unviable for biomethane and biogas, discouraging investment and uptake and undermining the cost recovery objective of the pricing structure.
- **Align costs with market value and global benchmarks:** Proposed costs exceed both ACCU value and international certification levels.
- **Provide transparency on cost increases:** Significant uplift from earlier proposals needs clearer justification and assumptions.

- **Set fees to enable early market development:** Cost settings should support participation and investment in emerging renewable gas markets, not hinder them.

Jemena supports the implementation of the new production pathways in the Guarantee of Origin (GO) Cost Recovery Implementation Statement (CRIS), particularly with the addition of the methods under methane – biogas by anaerobic digestion and biomethane by biogas upgrading. However, we are concerned that the proposed certificate creation costs could make these products commercially unviable, limiting their uptake and viability for decarbonising Australia’s industrial manufacturing and hard-to-abate energy sectors. A nationally consistent certification mechanism is an enabler to facilitate the robust and verifiable trade of renewable gases. If implemented well, this initiative could support renewable gas producers to communicate and valorise the attributes of their low-emissions products.

Certificate creation price for biogas and biomethane

Jemena is concerned that high certificate registration costs could hinder the uptake of the scheme. The proposed biomethane and biogas costs of \$1.78/GJ and consumption fee of \$0.84/GJ totals \$2.62/GJ per certificate created. Comparatively, the current Australian Carbon Credit Unit (ACCU) price is around \$37.65/tCO₂-e abated or \$1.94/GJ¹. This means that the proposed total GO certificate creation cost for biomethane and biogas through anaerobic digestion is around 136 per cent higher than the ACCU equivalent green value of the molecule.

Additionally, the proposed biomethane and biogas PGO certificate prices represent around 26 per cent of the current market price of natural gas (~\$12.6/GJ)², further highlighting the magnitude of these administrative costs. This indicates that registration costs are not incidental but instead constitute a significant proportion of the overall cost burden. In comparison, the cost of generating a biomethane certificate for producers in Europe ranges from €0.003 – €0.150 per megawatt-hour (MWh)³, equivalent to \$0.0014 - \$0.068 per GJ. These administrative costs are negligible, representing well under one per cent of the price of natural gas in these markets. Furthermore, the proposed fixed annual PGO fee of \$8,166 is significantly higher than in European jurisdictions, where average fees are \$2,800³.

In the previous version of the CRIS (V1.0) released in July 2025, the proposed costs of \$0.036/kg for certificate creation and \$0.014/kg for certificate consumption⁴ were tabled. Converting to a functional unit of energy for biomethane (GJ), it follows that the previous charge per certificate was equivalent to \$0.65/GJ and \$0.25/GJ respectively for a total of \$0.90/GJ⁵. At the time, these costs were already noted as being prohibitively high. This version (V1.2) introduces a further ~290 per cent price increase, for which there is currently limited industry understanding of the rationale. As we understand, the increase is a result of revisions to modelling volumes when replacing the previous biomethane method. It is thus assumed that it is not merely a unit conversion artefact and the volume forecast has been revised downwards, spreading a higher cost base across fewer projected certificates. The increase in the fee will flow through to what producers pay once the phased in remission period ends. Given the material impact of these increases, industry would welcome further

¹ Scope 1 emissions factor for Natural Gas is 51.53 kg CO₂-e / GJ, therefore \$37.65 / t CO₂-e x 51.53 / 1000 = \$1.94 / GJ

² Australian Energy Regulator (AER). (2026). *Gas Market prices*. Retrieved from <https://www.aer.gov.au/industry/registers/charts/gas-market-prices>

³ Association of Issuing Bodies (AIB). (2026). *Tariffs charged by AIB members to account holders*. Retrieved from <https://www.aib-net.org>

⁴ Department of Climate Change, Energy, the Environment and Water (DCCEEW). (2025). *Guarantee of Origin cost recovery consultation*. Retrieved from <https://consult.dcceew.gov.au/guarantee-of-origin-cost-recovery-consultation>

⁵ [Higher Heating Value](#) for Methane = 55.5 MJ/kg, therefore (\$0.036 + \$0.014) / 55.5 * 1000 = (\$0.65 + \$0.25) / GJ = \$0.90 / GJ

elaboration on the underlying drivers of the revised cost estimates, as well as additional engagement and consultation on the determination of pricing methodologies.

To summarise, the proposed prices for the Australian PGO scheme for biomethane and biogas will discourage voluntary uptake, undermining participation in the scheme and making its cost-recovery objective unachievable if market participants choose not to use it. While it is positive that the CER has indicated a willingness to continue further consultation and refine estimates using early scheme data, the proposed cost settings remain a concern. As phased-in remissions expire, there is a significant possibility that participants will be deterred from engaging with the scheme. This would weaken the scheme's ability to recover its costs, with broader implications for the viability of future programs intended to be supported through the PGO framework.

Jemena would welcome further discussion regarding the cost impacts of the Product GO Scheme in nascent markets. For more information regarding Jemena's submission or to arrange a discussion please contact Joeb Northey, Manager Policy and Government Relations via the following email joeb.northey@jemena.com.au.

Yours sincerely,



Sonia Fourie
Acting GM Future Networks and Performance