

Department of Climate Change, Energy and Environment (DCCEEW)
Via - <https://consult.dcceew.gov.au/national-renewable-gas-policy>
24 September 2026



Dear Minister,

info@aluminium.org.au

Re: National Renewable Gas Policy

The Australian Aluminium Council (the Council) welcomes the opportunity to comment on the Consultation Paper on a National Renewable Gas Policy (the Paper). The Council supports the development of a National Renewable Gas (RNG) Policy to complement the work underway to deliver competitive gas to Australian consumers and which prioritises reliable and internationally competitive renewable gas supply for trade-exposed industries, including Australia's integrated aluminium value chain. At a time when Australia's export competing industries, including mining and manufacturing, are facing serious challenges, energy is one of the few advantages Australia has to offer, and which Government can help to deliver. It is important that this Policy supports both Australia's sovereign capability and decarbonisation efforts in a manner which does not place additional costs on industry which are not borne by our international competitors.

Australia's integrated aluminium industry

The Australian Aluminium Council represents a resilient, competitive and sustainable bauxite, alumina and aluminium industry that underpins Australia's economic strength, sovereign capability and energy transition. The aluminium industry has been operating in Australia since 1955, and over the decades has been a significant contributor to the nation's economy. The Department of Industry, Science and Resources has recently updated its forecastⁱ to earnings reflecting the geopolitical impacts on the sector, remaining at around \$19B in export revenue annually. More than \$14B of this comes from the alumina and aluminium industries, as value adding mineral processing sectors. The industry includes six bauxite mines which collectively produce over 100 Mt per annum making Australia one of the world's largest producers of bauxite. Australia is the world's largest exporter of alumina with five alumina refineries producing around 17 Mt per annum of alumina. Australia is the seventh largest producer of aluminium, with four aluminium smelters, and additional downstream processing industries, including more than 20 extrusion presses. Aluminium is Australia's top manufacturing export. The industry directly employs more than 21,000 people, including 6,600 full time equivalent contractors. It also indirectly supports a further 55,000 families predominantly in regional Australia. The integrated industry contributes around \$18 B to Australia's GDP. Global aluminium markets are becoming increasingly competitive and contested, and decisions made now on energy and industrial policy will shape Australia's position in these markets for decades to come.

Of the Council's Members all four smelters, alumina facilities and some of the largest bauxite mines are Safeguard facilities. All smelters, alumina refineries and bauxite mines report under the National Greenhouse and Energy Reporting (NGER) scheme. The single biggest opportunity to decarbonise the energy intensive, vertically integrated Australian aluminium industry is through the combination of electrification (with firmed renewable energy supply) or conversion to low emissions fuels for existing mining and industrial processes. Australia's integrated aluminium value chain is investing significant resources to identify, develop and commercialise complex new technologies that will enable fossil fuels to be phased out of operations as soon as commercially possible. There is evidence of specific projects being undertaken across the Council's Members including solid fuel switchingⁱⁱ and co-firingⁱⁱⁱ as well as trials of liquid fuels in the mining industry^{iv}, where there are available options. The Council agrees that biomethane offers a proven, internationally mature renewable gas option that is likely to be compatible with existing infrastructure making it a practical near-term decarbonisation solution for large industrial users requiring gas for high-heat processes, such as alumina refineries. With the right policy settings, renewable gas can help retain and decarbonise a strategically important Australian industry that supports regional employment, sovereign capability, manufacturing resilience and lower-emissions aluminium production for domestic and global markets.

Aluminium Industry and Gas Usage

The single biggest factor in determining the location of future refining, smelting and manufacturing locations is reliable, internationally competitive, low emissions energy. Without the option of large-scale hydropower assets available to alumina, aluminium and downstream manufacturing industries in countries like Brazil and Canada, Australian assets are currently highly dependent on gas for their operations and viability; directly using more than 125 PJ of gas per annum as well as indirect consumption via the electricity market. The industries' gas usage can be summarised as follows:

- Gas usage by alumina refineries (WA Gas Market) ~80 PJ;
- Gas usage by alumina refineries and aluminium smelters (East Coast Gas Market) ~35 PJ; and
- Indirect consumption via the NEM the industry has four aluminium smelters, two alumina refineries and a number of extruders; and uses more than 12% of the electricity consumed in the NEM.
- This gas consumption includes gas used in cogeneration for export electricity, as this activity is directly linked to the alumina refineries; and produces low emissions electricity for the NEM and SWIS.

It is worth noting that even for very large industrial gas consumers such as an alumina refinery, the amount of gas consumed in a year is less than that delivered to the combined LNG export facilities in Gladstone in a week. Energy typically accounts for around 30-40% of the industry's cost base, and therefore it is a key determinant of Australia's economic competitiveness and investment attraction. Within the National Electricity Market (NEM) the Australian aluminium industry has four aluminium smelters and two alumina refineries which use 10-25% of the electricity consumed in the NEM. The alumina industry also consumes around 200 PJ of energy, predominantly as gas and coal in the refineries.

Supporting Infrastructure & Feedstocks

Renewable gas may offer a viable pathway to decarbonise industrial gas users where electrification is not feasible, provided it is commercially and physically available. The effort required to support the physical movement of gas, including renewable gas such as biomethane, through the system should not underestimated with the policy needing to recognise the critical role of supporting infrastructure. For example, biomethane could complement natural gas in existing infrastructure.

In the case of renewable gases, feedstock constraints also need to be considered. Estimates of theoretical biomass availability should not be treated as evidence of commercially available renewable gas supply. Policy should assess sustainable and economically recoverable feedstock availability by region, including logistics, seasonal variability, competing uses and lifecycle emissions, and should avoid incentives that merely divert feedstock from an existing productive or lower-emissions use.

Securing Australia's position in global aluminium markets will require reliable energy, long-term investment and policy settings that recognise bauxite, alumina and aluminium as an integrated, strategically vital national asset. Given the importance of energy supply across Australia's integrated mine to market aluminium supply chain, the Council is happy to provide further information on any of the issues raised in this submission and looks forward to continuing to work with the Government on the development of this policy.

Kind regards,



Marghanita Johnson
Chief Executive Officer
Australian Aluminium Council
M +61 (0)466 224 636
marghanita.johnson@aluminium.org.au

About Us

The Australian Aluminium Council is the peak industry association representing Australia's integrated bauxite, alumina and aluminium industry. The Council provides a unified voice across the value chain, working with governments, industry and communities to support a resilient, competitive and sustainable sector that underpins Australia's economic strength, industrial capability and energy transition.

Response to selected stakeholder questions:

- *Given that some sectors are expected to maintain reliance on gaseous fuels until alternatives are developed and deployed, should certain sectors (e.g. hard-to-abate industries) be given a higher priority or focus of a national renewable gas policy? If so, which sectors and why?*

The Council believes the policy should prioritise industrial users unable to switch from using gas as an energy source or feedstock in the short to medium term and who are considered critical to Australia's sovereign interests such as Australia's alumina and aluminium sectors. However, this needs to be implemented in a manner which does not pose uncompetitively high prices on Australia's manufacturing sector which is export exposed and unable to pass costs through.

- *Does Australia need a national renewable gas policy? Why or why not? If you think it is needed, what are the most pressing issues or barriers it should address to support industry development?*

As Australia develops a national Domestic Supply Obligation (DSO) it is important to align this with a National Renewable Gas Policy. The industry has experience operating under the Western Australian Domestic Gas Reservation Policy for almost 15 years. This policy, while not without its challenges, has helped provide domestic market security to the alumina industry in Western Australia and demonstrates the mutual value which can be created between the mineral processing industry and its energy suppliers with supportive policy settings. However, with the Western Australian gas market now also facing potential supply shortages, the development of national gas policy provides an opportunity to incorporate the lessons, both positive and negative, from the implementation and ongoing operation of this state-based policy. These insights should inform the future design of both gas and renewable gas policy.

The Council supports a technology neutral renewable gas policy. This should prioritise deployment-ready renewable gas pathways, including biomethane, while maintaining technology-neutral settings that support the development of emerging options such as biogas and e-methane. Establish nationally consistent policy and certification frameworks that recognise eligible feedstocks, by-products and co-products as resources rather than waste, and appropriately account for genuine carbon removal outcomes, including negative emissions factors where applicable.

- *Do you support the use of a renewable gas premium (multiplier) within the DSO framework to encourage investment in renewable gas production? Why or why not?*
- *How could a renewable gas premium be designed to support investment in renewable gas production while maintaining the domestic gas supply objectives of the DSO?*
- *What factors would need to be considered to determine an appropriate multiplier level over time?*

The Council notes that legislation to establish the scheme is intended to commence in 2027, with the DSO taking effect from 1 January 2028. Any multiplier would need to incorporate guardrails to ensure that overall supply into the domestic market is not reduced as a result (relative to a situation with no renewable gas multiplier).

The Council does not support a RNG multiplier greater than 1:1 within the DSO unless there is clear evidence that it would create additional domestic RNG supply at an efficient cost without reducing the volume of energy made available to domestic users. A multiplier greater than 1:1 could allow an exporter to satisfy its obligation with less physical energy, potentially weakening the DSO's core domestic supply objective.

Differential premiums and policy multipliers create incentives for policy shopping. When identical quantities of energy (for example, 1 GJ) receive different regulatory treatment under different policies, market participants are motivated to direct transactions toward the framework that yields the highest premium or most favourable multiplier. As a result, decisions become driven by regulatory advantage rather than underlying physical value.

- *Should Product Guarantee of Origin (PGO) certificates, GreenPower Renewable Gas Guarantee of Origin (RGGO) certificates, or any other certification scheme, be required to verify renewable gas production and use in Australia?*
- *Are you aware of what customers are willing to pay as a green premium for biomethane or other renewable gases? If so, please provide details between the levelised cost of production and customer willingness to pay.*

Policy frameworks that provide market premiums for low emissions products, including for traded goods, can contribute to demand for Australian low carbon industrial commodities. To date, it is the experience of the industry that a green premium will only apply at scale when the demand for that low carbon product substantially exceeds supply and if the market is willing to pay. There is a need to balance compliance cost considerations with ability for reporters to recognise renewable gas use (i.e. the associated emissions reduction). Tradeable certificates may play a role in underpinning demand for RNG.

The Council believes that the recent inclusion of renewable gas under the NGER system for users^v and the use of renewable gases as abatement pathways under the Safeguard Mechanism provide sufficient reporting methodology and minimise compliance complexity.

- *Where do stakeholders see the most significant trade-offs between objectives (e.g. domestic affordability or domestic decarbonisation versus export potential)? How could a national policy help manage or resolve these tensions?*
- *Should exports be a consideration for developing a renewable gas industry? Please provide detailed reasoning in your response.*

The construction of the three LNG export facilities in Gladstone as well as moratoria on gas exploration in some states, fundamentally changed the gas market with the east coast increasingly reliant on Queensland gas. The east coast LNG export industry has become linked to international markets, exposing domestic consumers to volatility in international LNG prices.

The Council would therefore not support the development of an export renewable gas industry until the current and future demands of Australia's domestic gas users are assured. The experience of the gas industry provides a cautionary lesson. Despite Australia's substantial gas reserves and total gas production being approximately four times domestic consumption, concerns over structural supply shortfalls have persisted. This highlights the need to prioritise domestic supply security before renewable gas is directed to export markets.

References

- ⁱ <https://www.industry.gov.au/sites/default/files/2026-07/resources-and-energy-quarterly-june-2026.pdf>
- ⁱⁱ <https://www.south32.net/news-media/latest-news/worsley-alumina-converts-first-boiler-from-coal-to-natural-gas>
- ⁱⁱⁱ <https://www.riotinto.com/en/news/releases/2026/rio-tinto-signs-bio-pellet-supply-agreement-for-gladstone-alumina-refineries>
- ^{iv} <https://www.riotinto.com/en/news/stories/refuelling-the-mining-industry>
- ^v <https://cer.gov.au/news-and-media/news/2025/june/nger-legislation-amendments-2025-26-reporting-year>