



9 October 2026

Re: National Renewable Gas Policy Consultation Submission

Bundaberg Ag-Food & Fibre Alliance (BAFFA) aims to identify, research, consult and solve challenges facing the Bundaberg primary production sector.

We recognise the need for a united primary production industry across food, renewable fuel, fish, forestry, foliage and fibre sectors in the Bundaberg region to secure the long-term interests of our members and our industry. Thank you to the Energy and Climate Change Ministerial Council and the Department of Climate Change, Energy, the Environment and Water (the Department) for the opportunity to respond to the National Renewable Gas Policy Consultation Paper.

BAFFA supports a national renewable gas policy that increases renewable natural gas supply, reduces avoidable project costs and creates the long-term demand required to support investment. Further to this, see below for key points in response to the consultation:

- We support policy measures that help agricultural producers turn residue organics and processing by-products into renewable energy, creating new on-farm and on-mill value streams.
- The sugarcane growing and milling industry has an opportunity to produce renewable gas and recover nutrients through anaerobic digestion (AD) and biogas capture, using mill by-products such as bagasse, mill mud, trash and molasses as feedstock. We support measures that strengthen the business case for growers and millers to invest in solutions that capture more value from cane processing residues and by-products, improve waste management and reduce emissions.
- More than 3,800 sugarcane growing businesses and over a dozen sugar mills operate across Queensland and northern NSW, harvesting around 355,000 hectares and producing over 30 million tonnes of cane each year, with only a handful of sites currently exploring AD-based renewable gas production¹, despite cane processing by-products such as bagasse, mill mud and molasses representing a significant, underutilised source of feedstock for methane capture².
- Sugar mills are well-placed as regional aggregation points for cane residues and other agricultural feedstocks for AD processing, given the cost of transporting such low-value feedstocks over distance.
- Renewable natural gas provides opportunity for our industry to further decarbonise and support decarbonisation of Australia's gas networks. We strongly support a suite of policy measures to help the renewable natural gas industry to progress past nascent and to grow toward its full potential.
- We support a renewable gas premium within the Domestic Gas Reservation Scheme (DGRS) Domestic Supply Obligation (DSO). A transparent multiplier for additional, certified renewable

¹ Australian Bureau of Statistics, 'Sugarcane, experimental regional estimates using new data sources and methods', 2020-21 financial year, <https://www.abs.gov.au/statistics/industry/agriculture/sugarcane-experimental-regional-estimates-using-new-data-sources-and-methods/latest-release>; CANEGROWERS, 'Industry Facts and Figures', Annual Report 2023-24, <https://www.canegrowers.com.au/industry-facts-and-figures>.

² O'Hara, I., Kaparaju, P., et al., 2020, 'Biogas from Sugarcane – Final Project Report', prepared for the Australian Renewable Energy Agency (ARENA), <https://www.arena.gov.au/assets/2021/05/utilising-biogas-in-sugarcane.pdf>; see also Mukherjee, T. and Kaparaju, P., 2023, 'Critical Assessment of Hydrogen and Methane Production from 1G and 2G Sugarcane Processing Wastes', *Energies*, vol. 16, no. 13, 4919.

gas supplied to the domestic market would encourage LNG exporters to underwrite new production while adding physical gas supply to the domestic market.

- Domestic production of renewable natural gas would strengthen Australia's energy security by adding local gas supply, including from regional areas, and reducing reliance on declining conventional gas production. It would also help hard-to-abate Australian industry access low-carbon energy to reduce their Scope 1 emissions.
- Renewable natural gas can also be used for low-carbon electricity peaking and firming. The Guarantee of Origin framework should allow eligible gas generators using certified renewable natural gas to create Renewable Energy Guarantee of Origin (REGO) certificates from surrendered Product Guarantee of Origin (PGO) certificates, with transparent rules to prevent double counting. This would support for electricity grid decarbonisation and Scope 2 emission claims for end-users.
- Growing data-centre electricity demand may require additional firm capacity. We support a renewable gas obligation for large data centres where gas-fired generation is used for firming, whether onsite or grid-connected, to drive investment in new renewable gas supply while supporting electricity system reliability and limiting cost pass-through to existing consumers³.
- Many individual sugar mills and cane farming operations are too small to produce renewable natural gas at volumes required by large offtakers, such as LNG exporters and data centres, unless volumes are pooled with other regional projects. For these facilities, a production tax credit, similar in design to the Hydrogen Production Tax Incentive and set at \$15-22.5/GJ, would materially improve project viability and support regional aggregation models across cane growing districts.
- There is an opportunity to improve regulation and use of digestate, a co-product of AD that can recover nutrients, improve soils and reduce reliance on synthetic fertilisers, building on the sugar industry's existing experience recycling mill mud and mill ash back onto cane land. Digestate should be capable of being recognised as a valuable co-product rather than regulated as a waste, where it meets appropriate quality, contaminant, environmental and biosecurity standards.
- We recommend the national renewable gas policy include a dedicated workstream to harmonise digestate regulation and develop a nationally consistent, risk-based quality assurance framework. This would support the use of compliant digestate as a fertiliser, soil improver and source of recycled nutrients, while maintaining appropriate environmental, product safety and biosecurity safeguards.

Should you require further explanation please do not hesitate to contact me.

Yours Sincerely,

Dale Holliss
Executive Director

³ Aligned with the Department of Industry, Science and Resources, 2026, 'Expectations of data centres and AI infrastructure developers', Australian Government, 23 March 2026, <<https://www.industry.gov.au/publications/expectations-data-centres-and-ai-infrastructure-developers>>.