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Department of Climate Change, Energy,
the Environment and Water

National Greenhouse and Energy Reporting (NGER) Scheme 2025 Consultation Outcomes Paper

National Inventory Systems and International Reporting Branch
Department of Climate Change, Energy, the Environment and Water

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Department of Climate Change, Energy, the Environment and Water

GPO Box 3090 Canberra ACT 2601

Telephone 1800 900 090

Web dcceew.gov.au

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Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

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2025 NGER public consultation outcomes

The National Greenhouse and Energy Reporting (NGER) scheme is Australia's national system for reporting greenhouse gas emissions and energy production and consumption by corporations. It underpins the operation of the Safeguard Mechanism, and reported data informs climate and energy policy development. The department reviews the NGER scheme annually to increase the accuracy of reported data in line with Australia's international reporting obligations, and improve its operation, based on latest available data, research, practices and technologies.

The department [released](#) a consultation paper in late February 2025 outlining proposed updates to the NGER scheme and seeking feedback on the NGER forward work program.

Sixty seven submissions were received. Submissions not requested to remain confidential are published on the department's consultation web page. Further information about the feedback received through consultation and the Australian Government's response is below.

Following the consultation, updates to the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* (the Measurement Determination) have been made and are available on the Federal Register of Legislation:

- *National Greenhouse and Energy Reporting (Measurement) Amendment (2025 Update) Determination 2025* (the Update Determination).

Associated updates to the *National Greenhouse and Energy Reporting Regulations 2008* will be made in coming weeks (the Update Regulations).

The Update Determination and Update Regulations progress implementation of the government's response to the Climate Change Authority's (CCA) 2023 review of the NGER legislation. The amendments focus on market-based reporting and enhancing the accuracy of reported fugitive methane emissions. The government's response to the review, including on further action to enhance fugitive methane emissions estimation, was [published](#) in 2024.

The Update Determination makes the following improvements to the NGER scheme:

- **Renewable fuels:**
 - Introduces market-based reporting of emissions from consumption of biomethane and hydrogen.
- **Fugitive emissions from oil and natural gas operations:**
 - Updates the emissions factors used in Method 1 and Method 2A for gas flared during oil and natural gas operations.
 - Makes Method 2B for estimating fugitive emissions from gas flared during natural gas production available to natural gas transmission and distribution facilities to expand access to facility-specific higher order methods.
 - Corrects an error in the contextual data to be reported when Method 2B is used to estimate fugitive emissions from gas flared during natural gas production. The

correction replaces unintentional references to “tonnes of flared crude oil and liquids” with references to “tonnes and gigajoules of flared gas”.

- Adds the requirement to report the “tonnes of flared gas” when Methods 2, 2A or 3 is used to estimate fugitive emissions from flaring during natural gas operations are used. This update will help to support Australia’s domestic and international emissions reporting obligations and NGER scheme compliance.
- **Scope 2 emissions from consumption of electricity:**
 - Makes a routine annual update of emission factors.
 - Updates the market-based method:
 - Adds a requirement for consistent use of the market-based method for all facilities within a controlling corporation’s group.
 - Clarifies the permitted timing of surrender of renewable energy certificates used in calculating market-based emissions.
 - Adds new matters to be identified under Schedule 4 - RET accreditation codes for power stations within the facility, Surrender ID numbers of surrendered certificates.
- **Waste:**
 - Enables reporting of the diversion of biosolids to biochar production.
 - Updates the N₂O emission factor for effluent discharged to estuaries.
- Makes other minor technical updates to improve clarity and operation of the scheme.

The Update Determination and Update Regulations commence by 1 July 2025 and apply to the 2025-26 financial year and subsequent years. They will affect NGER scheme reports to be submitted by corporations by 31 October 2026.

NGER scheme forward work program

The NGER consultation paper also sought feedback on the following areas for potential future updates:

- **Review of Method 2 for estimating fugitive methane emissions from open-cut coal mines:** issues to be covered by the review.
- **Co-processed liquid fuels:** potential amendments to better enable the reporting of scope 1 emissions from combustion of co-processed liquid fuels.
- **Scope 2 emissions reporting:**
 - the potential for Renewable Electricity Guarantee of Origin (REGO) certificates to be recognised under the scope-2 market-based method in the future; and
 - ways to reduce the risk of confusing or misleading claims arising from the interaction between the location-based and market-based methods for reporting scope 2 emissions.

1. 2025 amendments

A. Market-based reporting of emissions from consumption of biomethane and hydrogen

Proposal

The consultation paper proposed to introduce market-based arrangements for reporting scope 1 emissions from the consumption of biomethane and hydrogen (collectively, renewable gas) that have been injected into the natural gas network.

These arrangements would enable NGER scheme reporters to fully and exclusively report the scope 1 emissions benefits from their renewable gas purchases, even if the renewable gas they purchased is distributed through the natural gas network and physically consumed by multiple entities.

Submissions

There was strong support for the proposal to introduce market-based arrangements for reporting scope 1 emissions from the consumption of renewable gas, and for the broad parameters of the proposed accounting model. This included support for the market-based arrangements:

- being mandatory for the purpose of determining the amount of renewable gas in a blended fuel received from a natural gas network.
- taking a 'certificate-backed' approach whereby the completion or retirement of an eligible renewable gas certificate by an NGER scheme reporter, or on their behalf, is required for them to fully and exclusively reflect the scope 1 emissions attributes of the renewable gas represented by the certificate in their scope 1 emissions reporting.

Several submissions were supportive of the proposed reasonable physical link requirement. Some submissions advocated for the removal of this requirement and adoption of a book and claim approach which enables the full decoupling of renewable gas supply and consumption.

Several submissions advocated for a more flexible temporal link requirement to reduce the risk of renewable gas becoming 'unreportable' if there are administrative delays in registering, retiring and completing certificates, and to avoid preferencing renewable gas produced earlier in the reporting year which would have more time to be certified.

Several submissions advocated for the removal of the proposed loss factor (designed to reflect losses of renewable gas through the network), expressing concern that it would lead to double counting of fugitive emissions already reported by pipeline network operators.

Some submissions advocated for the development of market-based reporting arrangements for other fuel types, such as renewable LPG.

Outcomes

The Update Determination makes amendments to enable market-based reporting of scope 1 emissions from the consumption of renewable gas that has been injected into the natural gas network, broadly as set out in the consultation paper.

The arrangements are implemented as a new section 2.67C (see item 6 of the Update Determination) which provides a market-based approach for determining the amount of a renewable gas in a blended gaseous fuel received from a natural gas network. For this purpose, the market-based approach replaces the existing sampling-based approach in section 2.67A of the Measurement Determination¹. The new section 2.67C is supported by an amendment to the definition of a blended fuel, extending it to cover blended gaseous fuels containing hydrogen (see item 1).

The new section provides for reporters to determine that the gas they receive from the natural gas network and consume in a reporting year contains an amount of renewable gas, as represented by eligible renewable gas certificates retired or completed by them or on their behalf, adjusted for losses. This is the case even if the facility does not physically consume all the gas represented by the certificates, because of it having been blended and distributed with natural gas in the broader pipeline gas network. Any gas sourced from the natural gas network that is not covered by this certificate-backed loss-adjusted amount must be reported as natural gas.

The loss factor accounts for the fact that some of the injected renewable gas represented by renewable gas certificates will be lost as pipeline fugitives as the gas moves through the network to consumers. It applies mass balance principles to help ensure the integrity of the amendments by preventing more renewable gas being reported as consumed than is deliverable. It is separate from and does not impact or duplicate existing arrangements for reporting pipeline fugitive emissions, which continue to only be reported once, by the pipeline operator, to account for the climate impact of the fugitive emissions themselves.

Two types of certificates are recognised under the amendments:

- **Product Guarantee of Origin (PGO)** certificates, registered under the [Guarantee of Origin \(GO\)](#) scheme.
- **Renewable Gas Guarantee of Origin (RGGO)** certificates, issued under the [GreenPower Renewable Gas Certification \(RGC\)](#).

Both certificate types can be used to underpin market-based reporting for both biomethane and hydrogen, to the extent that the respective schemes cover those products. The amendments specify

¹ Reporters will continue to use the rules in section 2.67A to determine the composition of any blended gaseous fuel that is not received from a natural gas network.

additional requirements that must be met for certificates issued under these schemes to be eligible to be used for NGER scheme scope 1 emissions reporting (see item 6, subsection 2.67C(5))².

These requirements include that the certificate must represent renewable gas that was injected into the natural gas network within the 24-month period preceding the end of the reporting year in which its attributes are being reported (see item 6, paragraph 2.67C(5)(b)). This is a more flexible **temporal link requirement** than was included in the consultation paper. Additional flexibility is afforded to: reduce the risk of renewable gas becoming ‘unreportable’ if there are administrative delays in the processing of certificates; minimise the potential premium placed on gas produced early in the reporting period; and to account for the fact that some gas is held in long term storage after injection, rather than being quickly consumed.

While the amendments provide for certificates to represent renewable gas injected within the 24-month period preceding the end of the reporting year, the certificate itself must still be retired or completed after the start of the reporting year and prior to the submission of the report for the facility for the reporting year (the NGER reporting deadline is 31 Oct each year, four months after the end of the reporting year; see item 6, paragraph 2.67C(5)(a)). This reflects that it is only at the point of certificate retirement or completion that an entity can make consumption claims over the attributes of renewable gas represented by the certificate.

The option to retire and complete certificates up to the time the report is submitted for the facility provides for renewable gas to be injected into the network on 30 June of the reporting year and for reporters to still have up to 4 months to retire or complete certificates for that gas, as shown in Figure 1.

Figure 1 Temporal link requirement timeline

Showing the eligible injection period and eligible certificate retirement or completion period for NGER reporting year t

J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
NGER reporting year <i>t-1</i>												NGER reporting year <i>t</i>												NGER report for year <i>t</i> due 31 Oct			
Eligible injection period: renewable gas must be injected during year <i>t</i> or <i>t-1</i> to be reported in year <i>t</i>																											
												Eligible certificate retirement or completion period: certificate representing gas injected during the eligible injection period can be retired or completed any time in this period, prior to the submission of the report for the facility															

This temporal link requirement only applies to certificates for the purpose of using them to underpin NGER scheme market-based reporting. It does not impact the underlying certificate lifetime or expiry date, which is determined in accordance with the rules of the relevant certification scheme.

The amendments also require that certificates must represent renewable gas that could reasonably pass from its injection point into the natural gas network to the facility reporting its attributes. That is, there must be a **reasonable physical link** between the supply and consumption of renewable gas. This requirement balances the need for high integrity, traceable claims to the scope 1 emissions

² Each certification scheme also has its own eligibility requirements that remain outside of scope of the NGER scheme arrangements.

attributes of individual renewable gas consignments, while still providing flexibility in the production, supply and consumption of renewable gas through Australia's interconnected gas networks. The amendments are not intended to facilitate book and claim style reporting of the emissions from consuming renewable gas.

The reasonable physical link requirement is applied treating the interconnected pipeline infrastructure comprising the East coast gas market and Western Australia gas market as two segregated systems, each under a separate, closed mass balance. NGER scheme facilities who source gas from the East coast gas market can report the scope 1 emissions attributes of renewable gas (as represented by the eligible renewable gas certificates retired or completed by them or on their behalf) supplied into the East coast gas market at any injection point, but cannot report the scope 1 emissions attributes of renewable gas injected into the Western Australia market (and vice versa).

The Update Determination also adds new matters to be identified for fuel combustion, ammonia production and hydrogen production sources. The items require reporters who make use of the new market-based reporting arrangements in section 2.67C to identify the eligible renewable gas certificates, and the amount of renewable gas represented by those certificates, used to underpin their reporting. This information will provide greater visibility over the use of the arrangements and support the reconciliation and verification of reported emissions.

The Update Determination includes amendments to support the reclassification of hydrogen as a fuel type. Hydrogen was previously classified in the NGER scheme as an 'energy commodity'. These amendments are consequential to amendments made by the Update Regulations. The amendments include the listing of hydrogen in Part 2 of Schedule 1 of the Measurement Determination, along with an energy content factor and emission factors, in terms of kg CO₂-e/GJ, for scope 1 emissions of CO₂, CH₄ and N₂O released from combustion of hydrogen (see item 69). The setting of the N₂O emission factor for hydrogen has been informed by independent technical expert advice from the University of Melbourne, including a review of domestic and international literature and research, and thermodynamic simulations covering a range of equipment types and operating conditions. The department may update the factor in the future should new scientific evidence become available.

The development of market-based methods for other fuel types and production scenarios will be considered for future NGER update cycles. This will be informed, among other things, by the expansion of product certifications under the GO scheme.

B. Fugitive emissions from oil and natural gas operations

Methods 1 and 2A revised emission factors – gas flared in oil and natural gas operations

Proposal

The consultation paper proposed updates to the emission factors used in Methods 1 and 2A for gas flared in oil and natural gas operations.

Implementation would correct an unintentional inconsistency between the existing gas flaring emission factors across different flaring sources. It would also improve the accuracy of reported emissions and the methods' alignment with Intergovernmental Panel on Climate Change (IPCC) guidance adopted under the Paris Agreement.

Submissions

Submissions covered a range of issues. Some submissions supported the continued and consistent improvement of the NGER scheme, including the revision of emission factors, and aligning the methods with IPCC guidance, including using the proposed oxidation efficiencies of 98% for production flaring and 99.5% for refinery flaring. Other submissions raised concerns about the potential overestimation of methane emissions resulting from the assumption that flare gas is 100% methane, and implications of the proposed emission factors on facilities covered by the Safeguard Mechanism.

Some submissions provided alternative proposals. One proposed using volumetric factors to align with standard practice of measuring volumetric flow of gas flared and converting to mass using a molecular weight measurement. Another proposed using NGER energy reporting and energy content factors to calculate gas flaring emissions to better align energy and emissions reporting. A further proposed reflecting actual gas mixtures in the assumed gas composition of gas flares.

Outcomes

The Update Determination amends the emission factors for gas flared under Methods 1 and 2A in line with the original proposal, with one minor change. In response to submission feedback, the department has made a minor revision to the proposed N₂O emission factor for gas flared. The amended emission factor for N₂O has been refined to no longer apply the oxidation factor. This better reflects current understanding that N₂O emissions from gas flaring are primarily influenced by the flare temperature and the quantity of nitrogen containing compounds present. Should the revised factors have a material impact on emissions reported by a facility covered by the Safeguard Mechanism, the Clean Energy Regulator has the discretion to vary the facility's baseline to accommodate the regulatory change.

The department notes that the alternative approaches proposed in some submissions would represent a fundamental shift from the mass-based approach in NGER methods for this emissions source. It is the department's assessment that use of currently available higher order methods, including Method 2B (which was co-designed with industry in 2024 for this emissions source), would realise more significant improvements in reported emissions than the proposed alternate Method 1 approaches.

Additional Method 2B - natural gas transmission and distribution – gas flaring

Proposal

The consultation paper proposed Section 3.87B Method 2B for estimating fugitive emissions from natural gas production flaring be made available to estimate fugitive emissions from natural gas

transmission and distribution flaring sources. This method uses a mass balance approach to estimate CO₂ and CH₄ emissions and was introduced in 2024.

Implementation would have the benefit of providing an additional option for natural gas transmission and distribution reporters to more accurately estimate emissions from natural gas flaring activities.

Submissions

There was broad support for allowing the use of section 3.87B Method 2B for natural gas transmission and distribution flaring sources. Many submissions welcomed the method as an option for estimating facility-specific emissions with greater accuracy.

Several industry submissions expressed the need for further higher order methods, including proposing a Method 3B or 4 for leakage emissions from natural gas transmission and/or distribution. Submissions pointed to the inability to account for emissions reductions beyond applying more granular emission factors, such as at the component level. Industry stakeholders requested the inclusion of a Method 3B based upon existing “leaker/non-leaker” methods, such as Method 3 in Section 3.73C. Such a method would allow for the differentiation between transmission or distribution components that are leaking above a threshold, often found and fixed through Leak Detection and Repair (LDAR) programs. Requests for a Method 4 were less specific but referred to the use of atmospheric measurement approaches.

Outcomes

The Update Determination makes amendments to allow Method 2B for gas flaring to be used for transmission and distribution flaring sources, as proposed in the consultation paper.

During the public consultation period, the department engaged with the proponents of the leaker/non-leaker alternative Method 3 for transmission. This process determined further work was required beyond the 2025 NGER review cycle, so no additional method is proposed for inclusion in the Update Determination.

Regarding proposals to develop Method 4 approaches (which involve direct measurement of emissions), the [Expert Panel on Atmospheric Measurement of Fugitive Methane Emissions in Australia](#) will provide evidence-based advice to government on atmospheric measurement approaches and the potential role they could play in further enhancing fugitive methane emissions estimation under the NGER scheme and the National Greenhouse Accounts more broadly.

Consistent with the government’s response to the CCA’s 2023 NGER review, the department will continue to pursue development or refinement of higher order methods for fugitive emissions sources through future NGER scheme review cycles. This will include consultation and engagement with stakeholders where appropriate to ensure outcomes are fit for purpose, based on the latest available science and regulatory best practice.

Additional reporting requirements - matters to be identified**Proposal**

The consultation paper proposed amending the data reporting requirements, known as ‘matters to be identified’ (MTBIs), under Methods 2, 2A and 3 for gas flaring. This would see the addition of ‘the tonnes of flared gas’ as an MTBI item that facilities would need to report.

Methods 2, 2A and 3 for gas flaring currently require reporting only the tonnes of hydrocarbon from the flare, whilst Methods 1 and 2B require reporting the total tonnes of gas. Implementation would enable better analysis and comparison of reported data within and across facilities; this would improve the Clean Energy Regulator’s ability to assess compliance, and the department’s ability to use reported data consistent with Paris Agreement rules.

Submissions

Submissions expressed broad support for the additional MTBIs.

Outcomes

The Update Determination amends reportable MTBI as proposed in the consultation paper. This will see ‘the tonnes of gas flared’ added as an MTBI in Part 2 Schedule 4 for higher order methods to Sources 2D, 2F, 2H, 2T, 2U, 2W, 2Y, 2Z, 2ZB, 2ZE, and 2ZF.

C. Scope 2 emissions from consumption of electricity**Proposals**

The consultation paper proposed:

- Making the routine annual update of emission factors.
- Adding a requirement for consistent use of the market-based method for all facilities within a controlling corporation’s group – specifically, requiring reporters who elect to use the market-based method for *any* facilities within the group to use it for *all* facilities for which a purchase or acquisition of electricity has occurred in the reporting year.
- Clarifying the permitted timing of surrender of renewable energy certificates taken into account in calculating market-based emissions.
- Adding new matters to be identified under Schedule 4: RET accreditation codes for power stations within the facility; and Surrender ID numbers of surrendered certificates.

Submissions

Submissions were generally supportive of all proposals.

Several submissions sought further clarity around the application of amendments to require consistent use of the market-based method within a controlling corporation’s group, with some submissions requesting flexibility to apply the market-based method progressively to facilities under

their control over several reporting cycles. Concerns included potential issues with jurisdictional differences resulting in different profiles in facilities across states with the same corporate report. Submissions proposed facilities to be reported by legal entity instead of corporate control.

There was broad support for the inclusion of forthcoming REGO scheme certificates in the market-based method. Further details of the department's consideration of this issue is provided in section 2 (NGER Forward Work Program) below.

Some submissions reiterated support for state- or grid-based residual mix factors (RMF) for use in the market-based method, as proposed during the 2024 NGER scheme amendments consultation.

Outcomes

The Update Determination makes amendments as proposed. Additional material is provided in the explanatory statement to clarify the requirement to report all facilities if a company elects to use the market-based method and around the use and surrender of large-scale generation certificates (LGCs) in the market-based method.

D. Waste

Proposals

The consultation proposed amendments to:

- Enable NGER reporters to account for the diversion of biosolids to biochar production.
- Make a minor update to the N₂O emission factor for effluent discharged to estuaries.

Submissions

Submissions expressed strong support for the inclusion of provisions to enable the reporting of diversion of biosolids to biochar production. The N₂O factor update for effluent discharge was also supported.

Outcomes

Amendments are made as proposed. The department will further explore the fate of nitrogen in biochar production processes and consider whether further amendments are warranted to wastewater methods in a future update.

E. Other amendments

Deduction of captured fossil carbon dioxide from ammonia and hydrogen production

The Update Determination makes amendments (see items 23 to 43) to Divisions 4.3.1 and 4.3.7 of the Measurement Determination which set out methods for estimating industrial process emissions from the production of ammonia and hydrogen respectively.

The methods provided in these Divisions previously provided for reporters to deduct emissions of CO₂ derived from the production of ammonia or hydrogen from their emissions estimate if the CO₂ was captured and transferred for use in another facility, regardless of the fuel from which the captured CO₂ was derived.

The Update Determination amends the methods to specify that reporters can only deduct captured and transferred *fossil* CO₂ from their emissions estimate. If a facility consumes a mix of fossil and biogenic feedstocks (for example, a mix of natural gas and biomethane) and thereby emits a mix of fossil and biogenic CO₂, only the portion of captured CO₂ that is derived from fossil fuel can be deducted in the emissions estimate. If a facility only consumes fossil fuel feedstocks (for example, only natural gas) and captures and transfers some or all the CO₂ produced during production, its reporting would be unchanged.

This reflects that under the NGER scheme, biogenic carbon fuels are already assigned a CO₂ scope 1 emission factor of zero. From an emissions accounting perspective, use of biogenic carbon fuel as a feedstock for ammonia or hydrogen production therefore does not produce reportable scope 1 CO₂ emissions. Allowing reporters to deduct emissions of biogenic CO₂ that have been captured and transferred for use at another facility could put the ammonia or hydrogen producer in a negative emissions position. The potential for ammonia and hydrogen producers to report using biomethane as a feedstock is enhanced because of amendments in the Update Determination enabling market-based reporting of scope 1 emissions from consumption of biomethane and hydrogen transported via the natural gas network (see section A, above).

The development of these amendments was not complete in time for them to be included in the public consultation paper, however they were subject to targeted stakeholder consultation. The department will monitor the uptake of biomethane as a feedstock for ammonia and hydrogen production and may revisit these amendments in future annual NGER scheme updates.

2. NGER forward work program

F. Review of Method 2 for estimating fugitive emissions from open cut coal mines

Proposal

The consultation paper sought feedback on areas of concern and opportunities for improvement that could be considered in the review of Method 2 for estimating fugitive emissions from the extraction of coal from open cut coal mining. Method 2 requires the development of a mine-specific model for the in-situ methane in place prior to extraction. Modelling, sampling and analysis must be conducted in accordance with the Australian Coal Industry's Research Program (ACARP) guidelines and relevant Australian Standards. The consultation paper provided a list of areas for consideration previously raised by stakeholders.

Submissions

While some submissions considered the existing sampling, analysis and modelling requirements to be largely adequate, several submissions supported consideration of one or more of the issues listed in the consultation paper. Other submissions identified additional issues for consideration, including gas model uncertainty, transparency of the sampling and modelling undertaken by facilities, revision of the low gas zone emission factor, timing of gas sampling and atmospheric measurement of fugitive emissions.

Some submissions raised the importance of carefully considering how and when any changes arising from the review would be implemented. These submissions called for particular consideration of any material changes to the sampling requirements or standards, since some facilities are currently undertaking the sampling required to transition from Method 1 to the existing Method 2, while other facilities have completed their sampling.

Outcomes

The department will use the feedback received through the public consultation to scope the review of Method 2. The review will seek to accommodate the range of identified issues that directly relate to Method 2, such as the minimum number of boreholes in each gas domain required for sampling, procedures for ensuring that sampling is unbiased and representative, and accounting for methane captured on-site prior to the extraction of coal. The issues potentially within scope are numerous and complex, so the department will consider the best approach to ensuring that each issue can be adequately reviewed based on the best available science, technologies and practices.

The department will engage with the Clean Energy Regulator, scientific and technical experts, industry and other stakeholders, to ensure the review's findings are evidence based, implementable and consistent with regulatory best practice. Any proposed legislative amendments arising from the review will be subject to normal public consultation, with related implementation arrangements

taking into account the situations of those facilities that are transitioning to, or already using, Method 2.

Issues raised in the public consultation that relate to the application of atmospheric measurement are not in the scope of this review, as they are being considered by the [Expert Panel on Atmospheric Measurement of Fugitive Methane Emissions in Australia](#).

Two further issues raised in the public consultation are not within the scope of the Method 2 review. Methane production in water management ponds and mine water outflows is not within scope, because it is not a source of fugitive emissions under the existing Intergovernmental Panel on Climate Change (IPCC) Guidelines, with which NGER scheme methods must align. Methane production or spontaneous combustion from coal waste is also not within scope, because it is not directly related to Method 2 and the latest IPCC Guidelines state there is currently insufficient research to inform a method to estimate emissions from this source. The department will revisit these issues should new information become available.

G. Co-processed liquid fuels

Submissions were supportive of the department's proposal to consider scope 1 emissions reporting arrangements for co-processed liquid fuels as part of its forward work program.

Several submissions advocated for the department to consider opportunities to link the NGER scheme with low carbon liquid fuel certifications prioritised for development under the GO scheme. Some submissions also recommended aligning with accounting approaches for co-processed fuels already developed internationally, adapted, as necessary, for Australian conditions.

The department will continue to work with stakeholders to assess what amendments are required to better enable the reporting of scope 1 emissions from combustion of co-processed fuels in the NGER scheme.

H. Scope 2 emissions

Recognition of REGO certificates

The department invited feedback on REGO certificates' recognition under the scope 2 market-based method. With the introduction of the REGO it is expected that both REGO and LGC units will be available concurrently until 2030, at which point REGO will take over from LGCs as the primary market means of reflecting the production and consumption of renewable electricity.

Industry feedback strongly supported recognition of REGO certificates in the Scope 2 Market method. The department is working towards an out-of-cycle update to recognise REGO certificates on the same basis as Large-scale Generation certificates for later in 2025.

The design and implementation of this amendment will be informed by the underlying rules developed for the operation of the REGO scheme including proposed restrictions on below-baseline certificates. Further information on REGO design and restrictions on below-baseline REGO

certificates was provided in a consultation paper accompanying the exposure draft of the tranche 1 rules for REGO, available at: <https://consult.dcceew.gov.au/tranche-1-exposure-draft-guarantee-of-origin-rules>. Further consultation on REGO will be undertaken soon.

The department will progress NGER amendments later in the year to incorporate REGO in the derivation of RMF for use in market-based method for application to FY2026 for NGERS reporting in October 2026.

The department will provide additional explanatory material to clarify the application of amendments relating to the requirement to use of LGC and REGO certificates, particularly around the timing of unit creation and with reporting being after the reporting year.

Reducing risk of confusion or misleading claims

The consultation paper also invited submissions to inform potential future amendments to reduce the risk of confusing or misleading claims arising from the interaction between the location-based and market-based methods for reporting scope 2 emissions. Submissions received on this issue were supportive.

Among the submissions, GreenPower noted that they had also considered this issue and are planning to proceed with a rule change within their scheme requiring that any behind-the-meter usage of renewable energy from a GreenPower Generator or large scale generator creating LGCs has been matched with LGCs and deducted from generation claims.

The department will consider this and other options, including requiring facilities that sell LGCs from onsite renewable generation production and consumption to apply the market-based method in addition to the mandatory location-based method. This would ensure transparency in claims relating to the emissions benefit of LGCs they have on-sold.

These issues will be consulted on throughout 2025 with a view to developing a proposal as part of the annual 2026 update.