



Australian Government

Department of Agriculture, Fisheries and Forestry

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National Bioenergy Feedstock Strategy

AGL Energy (AGL) welcomes the opportunity to provide feedback to the Department of Agriculture, Fisheries and Forestry's National Bioenergy Feedstock Strategy Discussion Paper (**Discussion Paper**).

At AGL, we take our decarbonisation responsibilities seriously and recognise the significant role we can play in helping Australia reach its climate commitments. AGL's second Climate Transition Action Plan (CTAP), published in August 2025, builds on commitments previously made in our 2022 CTAP, by charting a pathway to achieving our ambition of being net zero for Scope 1, 2 and 3 emissions by 2050, and setting additional commitments relating to emission reductions, our portfolio rebuild and other initiatives. Key commitments in our [2025 CTAP](#) include targeting a full exit from coal-fired generation by the end of FY35 and an ambition to add 12 GW of new renewable and firming capacity by the end of 2035.

AGL welcomes the Federal Government's release of its 2035 national emissions reduction target, along with the Net Zero Plan and related sector plans. A more ambitious 2035 target will require deeper cuts in emissions across all sectors, and low carbon fuels will have a significant role to play, as acknowledged by low carbon fuels being one of five priorities listed in the Net Zero Plan. We strongly support development of the National Bioenergy Feedstock Strategy (the **strategy**), unlocking a bioenergy industry to reduce emissions and waste, create value for the economy and support communities and jobs, while ensuring food supply is not compromised.

This submission's key points are summarised as follows

- AGL recognises the important role that bioenergy can play in reaching Australia's emissions reductions targets. In our view, some fuels such as biomethane and renewable diesel are low hanging fruits, given their relative maturity and advantages compared to other low carbon fuels.
- We support a coordinated, national approach to developing the strategy that considers and incorporates similar schemes and policies across jurisdictions to reduce duplicative processes and maximise positive outcomes.
- We would welcome clarification around tenor of the strategy and whether the intent is to evolve and expand the strategy over the longer-term. We suggest that there may be an opportunity to expand the strategy's scope to include a broader range of feedstocks.
- The strategy should focus on circular economy principles and sustainable practices to minimise impacts on, and maximise value for, the environment and communities. We suggest there be a focus on waste material feedstock, rather than new biogenic sources, to reduce emissions and maximise value and use of resources.
- Establishing a clear long-term vision for the industry, through long-term policy settings, guidelines, and enduring demand signals, will be critical to addressing challenges and driving certainty for investment.
- Regulatory standards, and transparency around emissions and sustainability criteria, will be key to building trust and demand in bioenergy products and in validating their emissions intensity. The Guarantee of Origin Scheme could play an important role here.



- Comprehensive consultation and engagement with communities is essential to obtain support for bioenergy projects and the energy transition more broadly

The critical role of bioenergy in decarbonising Australia's economy

Achieving Australia's emissions reductions targets will require significant emissions reductions across all sectors of the economy. AGL recognises that bioenergy, including renewable or low carbon liquid fuels (LCLF), low carbon gases and solid biofuels, can play a significant role in decarbonising sectors where electrification is more challenging, such as aviation, transport, maritime, construction, mining, and agriculture.

The development of a bioenergy industry has many benefits including: improving sovereignty capabilities; expanding the economy and supporting jobs, providing benefits to regions most impacted by the energy transition; offering a decarbonisation option for industries where electrification is difficult; and supporting waste reduction through use of feedstocks such as municipality waste. The bioeconomy, encompassing bioenergy, presents a significant opportunity for Australia due to its abundant and diverse natural assets and advanced industries, strong sustainability credentials, reputation for clean, green and safe and research and innovation capacity¹.

In our view, some fuels such as biomethane and renewable diesel are low hanging fruits, given their relative maturity and advantages compared to other low carbon fuels. Renewable diesel for instance is a 100% drop in replacement fuel, has a longer shelf life than fossil diesel, and can be stored and transported easily compared other fuels such as liquid hydrogen.

Biomethane is likely to play a significant role in decarbonising industries, particularly those hard to electrify, given its maturity and availability now, and its relatively lower cost compared to renewable hydrogen, which is expected to remain more expensive in the near term. Biomethane represents a complete circular solution, converting waste to low carbon fuel and in the process, producing valuable by-products such as digestate, that can be reused as fertiliser, supporting feedstock growth. It can also produce biogenic CO₂ that can be used to make synthetic fuels, complementary to LCLF. Availability of feedstocks and logistic costs are likely to be key constraints on the development of a biomethane industry. However, with the right policy settings, biomethane can be produced from readily available waste, in turn reducing waste and contributing to emissions reduction.

LCLFs also have complementary functions; for example, sustainable aviation fuel (SAF) production is complemented by other low-carbon products, such as renewable diesel and lighter hydrocarbons, enabling further decarbonisation in road transport and heating.

The importance of a coordinated, national approach

AGL supports a coordinated, national approach to developing a bioenergy feedstock strategy to reduce duplicative processes and maximise positive outcomes. It is essential that when developing the strategy, the department considers and incorporates other related schemes and policies, at both a state and federal level, such as the Future Made in Australia (FMIA) initiative and Guarantee of Origin (GO) Scheme, which look to build low carbon industries such as LCLFs.

The focus of the *A Future Made in Australia: Unlocking Australia's low carbon liquid fuel opportunity* consultation in 2024 was on advanced biofuels and synthetic e-fuels in order to reduce waste and to not compete with food production, given they are a drop-in replacement for fossil fuels². AGL was supportive of this work, noting its scalability potential³. We would welcome clarification on how the FMIA initiative links in with the strategy, and any overlap in policy objectives and actions.

We note that the focus of the strategy is on the opportunities for feedstocks produced in the agriculture and forestry sectors, and the trade-off with food security, and therefore non-biogenic feedstocks and biogenic feedstocks not directly produced by these industries are excluded. The Discussion Paper mentions that the National Waste Policy Action Plan and Australia's Circular Economy Framework indirectly address the use of

¹ See QUT's report: [Growing Australia's Bioeconomy: Building a Sustainable Economic Future](#)

² [A Future Made in Australia: Unlocking Australia's low carbon liquid fuel opportunity Consultation Paper](#)

³ [AGL submission](#) to the *A Future Made in Australia: Unlocking Australia's low carbon liquid fuel opportunity* consultation (2024)



waste materials as bioenergy feedstocks. However, we question whether other sources of feedstock that don't compete with food production (such as landfill) should be included in order for the strategy to be a *holistic*, national bioenergy feedstock strategy. We suggest that there may be an opportunity to expand the strategy's scope to include a broader range of feedstocks and that Australia should begin with a focus on waste material feedstock, rather than new biogenic sources, to more effectively reduce its emissions and maximise value and use of resources.

Given the Discussion Paper mentions the focus being on feedstocks that are “projected to account for the bulk of LCLF and low carbon gas production for the near future”, it would be beneficial to understand the tenor of the strategy, and whether the intent is to adapt the strategy over the longer-term as newer technologies are developed and become commercially available.

Coordination across jurisdictions is essential, given some states are progressing their own strategies around low carbon fuels e.g. NSW's Renewable Fuel Scheme and related strategy, and Victoria's exploration of feedstock for their Industrial Renewable Gas Guarantee.

Supporting a diverse range of feedstocks through clear long-term policy settings

As noted in the Discussion Paper, Australia has access to a wide range of biomass resources and has more than sufficient production capacity, however, there are various challenges to developing reliable and sustainable feedstock supplies, such as competing demands for feedstocks such as exports for overseas biodiesel production and livestock consumption.

Sustainability of feedstock availability in the medium to long-term is key to providing investment certainty and ensuring sufficient supply until other fuels with more scalability, such as green hydrogen, become commercially viable. To help address seasonal variation issues, exacerbated by climate change, diversification of feedstocks should be encouraged and incentivised.

One of the key barriers we see is commercial: the higher cost of low-carbon products relative to fossil-based alternatives. Part of the commercial challenge is that feedstock is often remote, adding another layer of cost and logistical complexity, with a need to centralise feedstocks for production and delivery to customers. There is a need to close the price gap that limits the competitiveness of bioenergy, to increase attractiveness in the market and demand for feedstocks and associated products.

Regulatory and policy barriers are another significant hurdle, with a lack of policy clarity and support for bioenergy over traditional energy sources, and insufficient funding and incentives hindering development. Inconsistent standards and regulatory frameworks exacerbate uncertainty for the industry.

Establishing a clear long-term vision for the industry, through long-term policy settings and guidelines, and enduring demand signals, will be critical to addressing some of these challenges, alongside driving certainty for investment. Supportive policy and market measures could help bridge the price gap in Australia between low-carbon and fossil-based fuels and gas, and their associated end-products.

We support programs that provide support for developing projects for bioenergy in Australia, such as the *Sustainable Aviation Fuel Funding Initiative* and the *Cleaner Fuels Program*, as well as the expansion of existing renewable gas initiatives such as Hydrogen Headstart and the Hydrogen Production Tax Incentive to include biomethane. A range of different mechanisms may be required to support a diverse range of bioenergy feedstocks and end-products given that industry participants will be of various size and maturity, with different commercial requirements.

In order to improve feedstock supply chain efficiency and reduce costs, consideration should be given to developing purpose built 'growth' areas/precincts for feedstock.

Promoting positive social licence and environmental outcomes

AGL supports growing new industries that will benefit our communities and wider economy, while playing an important role in Australia's transition to net zero. In scaling bioenergy industries, it is critical that environmental and social impacts are considered, measured and addressed to promote social licence.

Comprehensive consultation and engagement with communities is essential to obtain support for bioenergy projects and the energy transition more broadly. Social licence relies on meeting and exceeding community



expectations through early and genuine engagement with local communities to ensure they feel heard and benefit from new projects. Much can be learnt from the renewable energy industry, where consideration is given to minimum standards for community engagement and community benefits.

Regulatory standards, and transparency around emissions and sustainability criteria, will be key to building trust and demand in bioenergy products and in validating their emissions intensity. Reporting and accounting frameworks must adapt to reflect the need to accurately capture emissions and abatement to underpin decarbonisation across sectors. The GO Scheme could play an important role here as a basis for emissions and sustainability criteria, to track and verify emissions of using feedstocks for bioenergy purposes. AGL has been very supportive of the development of the GO Scheme, which will provide the necessary signals and transparency to market participants to make informed choices, and provide assurance that purchases of green products are leading to real sustainable outcomes.

International schemes and experiences provide a valuable source of information and learnings for developing domestic regulatory standards and certification. Alignment with international schemes such as the Guarantees of Origin scheme in the European Union, which has been operational for years, and the International Civil Aviation Organization's Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) scheme is an important consideration. The CORSA scheme considers aspects such as food security, water quality and availability, and soil health and so is a good example to leverage when considering certification of bioenergy in Australia.

Given the potential environmental issues associated with bioenergy feedstocks, such as land use change and water use, there should be a focus on developing projects that utilise existing land and infrastructure and utilise fewer resources. Focusing on circular economy principles and sustainable practices will help minimise impacts on the environment and communities.

We look forward to continued engagement on the development of the National Bioenergy Feedstock Strategy and related bioenergy policy.

Should you have any questions in relation to this submission, please contact Casey Barkla-Jones at cbarkla@agl.com.au.

Yours sincerely,

AGL Energy

About AGL

At AGL, we believe energy makes life better and are passionate about powering Australian life. Proudly Australian since 1837, AGL provides over 4.5 million gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia. AGL owns Australia's largest privately-owned fleet of hydro assets and operates the largest portfolio of renewables and storage assets of any ASX listed company. We are building on our history as one of Australia's leading private investors in renewable energy to be a leader in the transition to a lower emissions and smart energy future in line with the goals of our Climate Transition Action Plan. We'll continue to innovate in energy and other services to enhance the way Australians live, move and work.