



9 August 2026

## **Submission: Climate Change Authority 2026 Annual Progress Advice**

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure. We support a net zero emission future for Australia by 2050<sup>1</sup> and our members are committed to doing their part in the transition to net zero. Our members' assets transport over 1,500 PJpa of gas consumed in Australia, alongside over 4,500 PJpa of gas for export.

APGA welcomes the opportunity to comment on the Climate Change Authority's (CCA) 2026 Annual Progress Advice. This consultation is timely as an input to the imminent 2026-27 Safeguard Mechanism Review and the CCA's concurrent consultation on methane abatement in the resources sector. APGA's submission to the latter consultation accompanies this submission and covers many of the same issues.

### **APGA strongly opposes any proposal to apply steeper decline rates specifically to the gas sector.**

With the Safeguard Mechanism Review likely to result in changes in the scheme threshold and baseline decline rates, gas transmission pipelines are already limited in their abatement opportunities largely because of the National Greenhouse and Energy Reporting scheme (NGERs) design does not currently permit direct emissions measurement. Operators cannot reduce what they cannot measure.

Applying stricter decline rates will simply act as an additional tax on these facilities, which for the most part will be passed onto consumers. As acknowledged by the Australian Energy Market Operator (AEMO), gas powered generation and the gas transmission infrastructure to support it are a key part of achieving net zero, and this proposal will add to the significant additional barriers to investment in these facilities. Any amendments to the operation of the Safeguard Mechanism must only be progressed after serious consideration of the downstream ramifications of those decisions, ahead of any potential emissions reductions gains.

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<sup>1</sup> APGA, *Climate Statement*, available at: <https://www.apga.org.au/apga-climate-statement>

## Consultation questions

### **Question 1: What are your views on the proposed approach for setting reference pathways to assess progress, including strengths, limitations and any alternative approaches that should be considered?**

The CCA's reference pathways and pilot metrics should provide comparable visibility across all pathways recognised in Australian Government policy, including renewable gases, low-carbon liquid fuels, carbon capture and storage, and industrial transformation more generally. As currently proposed, the CCA's pilot metrics are weighted towards the electricity sector, and do not provide this visibility.

Reference pathways and pilot metrics calibrated to reflect smooth, continuous annual progress may also be poorly suited to major industrial and gas transmission customers, whose abatement is more likely to occur through discrete, capital-driven steps, such as equipment replacement or installation of carbon capture systems, rather than incremental year-on-year change. The timing of these investments depends on facility-specific factors including asset life, replacement cost and investment cycle. A framework calibrated to smooth reduction may understate genuine transformation that is occurring but concentrated in specific investment cycles. This risks leaving gas transmission and other constrained sectors under-represented in the CCA's assessment of Australia's progress, even where genuine abatement activity is underway.

A framework that does not measure progress across all recognised pathways cannot provide a complete or representative picture of Australia's transition, nor identify the most efficient mix of emissions reduction across the economy. We recommend the CCA broaden its pilot set to include indicators for renewable gas production and consumption, low-carbon liquid fuel volumes, and industrial emissions intensity and abatement investment, so that sectors beyond electricity receive comparable visibility in its economic transformation assessment.

### **Question 3: What do you see as the top priorities for climate policy reform?**

The number one priority of all governments should be to transition away coal-fired power generation. This will deliver far and away the most significant emissions reduction. While notionally this is the goal, governments have progressed policies that have ultimately required those generators to continue to produce long after their notional retirement dates. At the same time, governments have pursued policies that have reduced the investment case for gas infrastructure and specifically gas powered generation (GPG), of which 17 GW will be needed by 2050 to progress a least-cost transition to *net* zero.

APGA considers that recent policy focus on reducing *all* "fossil" resource use relatively simultaneously, including natural gas, is misplaced as it places on equal footing two separate forms of energy generation with manifestly different levels of emissions. Brown coal generators in Victoria have an emissions intensity of 1.2–1.3 tonnes of CO<sub>2</sub> per MWh

and black coal generators elsewhere around 0.7–1.0 tCO<sub>2</sub>/MWh.<sup>2</sup> Natural gas generators have an emissions intensity of about 0.4 tCO<sub>2</sub>/MWh. Rather than using gas powered generators to bridge the gap between a National Electricity Market that is majority coal-powered to renewable resource-powered, policy has sought to make GPG unviable both from a cost and emissions perspective while at the same time effectively requiring coal generator retirement delays.

As has been seen by progressive extensions to the lifespans of existing coal-fired generators, this has been a costly strategy in terms of emissions. The temporary extension of the operating life of the Eraring Power Station in New South Wales will ‘cost’ approximately 13.2 million tCO<sub>2</sub>-equivalent emissions annually, while simultaneously decreasing the investment case for GPG.

This is reinforced by system-wide modelling: analysis by Boston Consulting Group<sup>3</sup> indicates that renewable electricity delivers the greatest system-wide emissions reduction and cost savings when directed first at displacing coal-fired generation, with each MWh of renewable electricity displacing brown coal generation avoiding between 0.8 and 1.2 tonnes of CO<sub>2</sub>-e, ahead of liquid fuel and gaseous fuel applications. Policy that delays coal retirement while simultaneously constraining the investment case for gas-powered generation works against this sequencing, foregoing the largest and lowest-cost emissions reduction opportunity available to the system.

#### **Question 4: What actions could help households adopt solar, batteries, electric vehicles and home electrification?**

APGA does not agree with the CCA’s elevation of “improving household access to low-emissions technologies” to its number one targeted reform to accelerate emissions reduction. Households are responsible about 10% of Australia’s total carbon emissions and approximately 24% of electricity use. Policy that seeks to support electrifying households through vouchers, tax credits or other systems will simultaneously deliver relatively small reductions in overall emissions at large cost to governments, and add significantly to the national electricity burden – which is, still, largely delivered using coal. These choices should be left to households, with programs for energy bill reduction for vulnerable consumers a separate conversation.

Policies that electrify residential and commercial gas use have already had impacts on energy grids. In Victoria, electricity distributor CitiPower observed that household

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<sup>2</sup> Clean Energy Regulator, 2024, *Australia's largest electricity generators 2021-22*, <https://cer.gov.au/markets/reports-and-data/nger-reporting-data-and-registers/australias-largest-electricity-generators-2021-22>

<sup>3</sup> Boston Consulting Group, 2023, *The Role of Gas Infrastructure in Australia's Energy Transition*, <https://apga.org.au/research-and-other-reports/the-role-of-gas-infrastructure-in-australias-energy-transition>

customers who electrified their houses in 2024 more than doubled their average electricity consumption and nearly quadruples it in winter.<sup>4</sup>

Importantly, this is electrification that has taken place ahead the Victorian Government’s policy that new residential and commercial properties, and a large number of existing properties, be all-electric from 2027. While there are exemptions, it is likely that there will be another surge in local electricity demand, not all of which will be offset by homeowner solar and battery installations. It is also electrification that took place before the 2026 surge in EV uptake.

When it comes to encouraging EV uptake, it is readily apparent since the commencement of hostilities in and around the Strait of Hormuz that consumers are already voting with their wallets and investing in EVs when and if it makes financial sense to do so. Further government policy to support uplift is clearly unnecessary.

**Question 7: Should decline rates differ across facilities or sectors beyond existing arrangements for TEBA facilities? What evidence would support differentiation, and what principles should guide how any differentiation is applied?**

APGA opposes any proposal to apply steeper decline rates to coal and gas facilities. Applying decline rates that differ for specific industry sectors is unprecedented and flatly unacceptable, and even more so when policy actively prevents those industries from reducing their reported emissions.

To be clear, this question refers to the proposal specifically introducing steeper decline rates for coal and gas facilities, as outlined in Table 4. CCA does not propose applying steeper decline rates to any other sector:

|                                                        |                                                                                                                                                  |                                                                                                                                                                                                                                                                               |                                                                                                                                                                       |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2. Apply steeper decline rates to coal and gas sectors | Differentiates the emissions reduction task by requiring coal and gas facilities to reduce net emissions faster than other Safeguard facilities. | Could increase net abatement from coal and gas facilities and reduce abatement required from other Safeguard sectors for a given Scheme-wide outcome. May see similar patterns of abatement, but greater SMC and ACCU purchase by coal and gas facilities and less by others. | <ul style="list-style-type: none"> <li>Effectiveness – Lower near-term warming effects</li> <li>Equity – distribution of abatement costs across industries</li> </ul> |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|

As discussed in APGA’s submission to the CCA’s resources sector methane abatement paper,<sup>5</sup> while we completely disagree with the concept of differing decline rates for the coal and gas sectors overall, we observe that for gas transmission facilities this imposition would be especially egregious. Australia’s gas transmission pipelines are critically necessary to the Australia’s economy, both as a source of electricity and a currently irreplaceable source of heat and carbon for industrial processes. While committed to

<sup>4</sup> CitiPower, 2025, *2026-31 Revised Proposal – Revenue and Expenditure Forecasts*, available at <https://www.aer.gov.au/industry/registers/determinations/citipower-determination-2026-31/revised-proposal>

<sup>5</sup> APGA, 2026, *Submission: Fossil methane abatement – a near term opportunity*, <https://apga.org.au/submissions/fossil-methane-a-near-term-abatement-opportunity>

decarbonising their businesses, Australian transmission pipeline operators are currently hamstrung in their efforts by policy.

Under NGERs there are no higher order methods for transmission pipelines, with reporting methods entirely based on estimates using crude distance calculations (Method 1) or emissions factors that likely overstate emissions for Australian components (Methods 2 and 3). Despite committing extensive resources to develop direct measurement processes and procure technologies, pipeline asset operators are unable to report directly measured emissions. This means they cannot report any *reductions* in those measured emissions from process changes or investments in or repairs to components.

The only avenues available to pipeline operators to reducing fugitive emissions being physically shortening pipelines, having fewer components, or reducing gas throughput – or through purchasing offsets. Applying steeper decline rates to this infrastructure will simply increase the cost to current gas users, without making an appreciable difference to facility emissions.

Differentiation in decline rates should, in any circumstance, be based on facility-specific evidence of emissions intensity and abatement opportunity, rather than broad sector labels that treat coal and gas generation as facing equivalent circumstances. Where evidence at the facility level is not available, a uniform decline rate across all Safeguard facilities avoids the risk that sector-wide labelling produces inconsistent outcomes for facilities in materially different starting positions.

For major transmission customers in particular, abatement is more likely to occur through discrete, capital-driven steps, rather than smooth, continuous annual reduction. The timing of these investments depends on facility-specific factors including existing asset life, mine life, replacement cost and product margin. A decline rate calibrated to reflect steady incremental reduction may not align with the investment cycles through which these customers actually decarbonise, and could penalise facilities for the timing of genuine abatement rather than its absence.

Steeper decline rates applied to gas facilities also risk carbon leakage, where emissions-intensive production relocates offshore rather than being genuinely abated, rather than delivering a net global emissions benefit. Addressing this risk requires parallel development of carbon border adjustment mechanism (CBAM) policy, consistent with the Carbon Leakage Review, to ensure decline rate stringency does not disadvantage domestic production relative to imports from jurisdictions without equivalent carbon constraints.

At the same time, this will increase regulatory barriers to investment in necessary gas infrastructure. The current challenges in investing in gas infrastructure are well acknowledged by the Federal Government. Its February 2026 proposal to extend AEMO's powers to invest in gas infrastructure noted that addressing gas infrastructure constraints would induce retail gas bills to fall by up to 30%, and retail electricity bills by up to 8% in

2029<sup>6</sup>. While APGA did not support the specific proposed legislation<sup>7</sup> we do agree that the current investment landscape for gas infrastructure is troubled, largely due to regulatory barriers to investment. APGA has argued for lifting those barriers. Punitive changes to the Safeguard Mechanism without making available real pathways to emissions measurement and reduction reporting will increase the risk of these projects being financially non-viable.

To discuss any of the above feedback further, please contact Catriona Rafael, Head of Policy, on +61 409 489 814 or [cr Rafael@apga.org.au](mailto:cr Rafael@apga.org.au).

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<sup>6</sup> DCCEEW, 2026, *Proposed Extension of AEMO's East Coast Gas System Reliability and Supply Adequacy Functions*, <https://consult.dcceew.gov.au/proposed-extension-aemo-ec-gas-system>

<sup>7</sup> APGA, 2026, *Submission: Proposed Extension of AEMO's East Coast Gas System Reliability and Supply Adequacy Functions*, <https://apga.org.au/submissions/proposed-extension-of-aemos-ecgs-rsa-functions>