

Net Zero Fund: Proposed Design

Gas Energy Australia (GEA) represents Australia's liquid gas supply chains including Liquefied Petroleum Gas (LPG) and associated gases. Our members span production to retailing and everything in between. The LPG industry safely and securely supplies 43PJpa to industrial, commercial, residential, leisure and transport energy consumers nationally, including around 30% of regional households where electricity can be unreliable or unavailable¹.

Gas Energy Australia (GEA) welcomes the opportunity to comment on the Department of Industry, Science and Resources (DISR) Net Zero Fund: Proposed Design consultation. GEA supports the intent to drive industrial decarbonisation and investment in clean technologies and encourages the Fund's design to remain technology-neutral.

Renewable liquid gases (rLGs) such as BioLPG, renewable LPG (rLPG) and renewable dimethyl ether (rDME) offer practical decarbonisation pathways for industry. Recognising the role of rLG would ensure equitable access to investment support for a broader range of lower cost decarbonisation options.

These fuels can deliver immediate and scalable emissions reductions particularly across regional, off-grid and hard-to-abate sectors while complementing electrification and other renewable fuel pathways. Including them within the Fund's scope would strengthen investor confidence, promote fair participation across technologies, and support Australia's broader emissions-reduction goals.

General Feedback

Technology-Neutral Investment Eligibility and Scope

The Fund should remain technology-neutral including providing support for on-site upgrades that enable fuel switching and efficiency improvements across industrial operations. Eligible projects should include retrofitting heat systems, storage and other infrastructure to use rLG. Multi-stage decarbonisation should also be encouraged, allowing facilities to move from higher-emission fuels (i.e. coal or fuel oil) to lower-emission LPG today, simultaneously providing the capacity to adopt rLG's before 2050.

Broader eligibility should extend to blending, distribution and end-use systems that deliver measurable emissions reductions using existing infrastructure. Such upgrades

¹ DCCEEW, 2024, *Australian Energy Update 2024*,

<https://www.energy.gov.au/publications/australian-energy-update-2024>

Australian Bureau of Statistics, 2014, *Environmental Issues: Energy Use and Conservation*,

<https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4602.0.55.001Main+Features1Mar%202014?OpenDocument>

can provide industry with a lower-cost and scalable pathway to decarbonise where full electrification is not viable.

An example of this is the food products manufacturer Gelita which upgraded its Victorian manufacturing plant from coal to LPG. This immediately cut emissions by more over 30 per cent while maintaining reliable heat supply and creating a clear pathway to transition to renewable LPG in future.²

Regional and Off-Grid Applications

The Net Zero Fund should recognise the unique challenges faced by regional and off-grid industries that cannot readily electrify. Many of these industries continue to rely on LPG infrastructure for a reliable and consistent energy supply. They also face higher costs and limited access to alternative energy options. For these reasons, fuel switching offers a more practical and affordable pathway to decarbonisation. BioLPG, a co-product of sustainable aviation fuel and renewable diesel production, can reduce emissions without the need for new infrastructure or major capital investment. Providing access to Net Zero Fund support for regional LPG and rLG conversion projects would help decarbonise hard-to-electrify regions while maintaining energy access and energy security for regional Australia.

Alignment with the Cleaner Fuels Program

The Net Zero Fund should coordinate with the \$1.1 billion Cleaner Fuels Program to ensure the two initiatives work together rather than overlap. Coordination between the programs would allow government funding to be used more efficiently and deliver greater value across the energy transition.

Some industrial energy users approaching the Net Zero Fund for electrification projects may be able to achieve lower-cost decarbonisation outcomes by adopting renewable fuels such as rLG's. Directing these opportunities to rLG producers accessing the Cleaner Fuels Program would ensure scarce government funding targets the most cost-effective solution.

This coordination would help reduce reliance on the Net Zero Fund, reserving its resources for sectors that require higher-cost or more complex abatement measures. A complementary approach would improve overall cost-effectiveness, broaden eligibility across fuel types, and maximise emissions reduction per dollar of public investment.

Recommendations:

GEA recommends that the EPA:

- Maintain a technology-neutral approach that includes rLG's.
- Clarify eligibility for investments that allow the use of rLG's in industrial operations.
- Align investment settings with certification frameworks such as the Guarantee of Origin and GreenPower certification schemes.

² *Gelita Australia LPG Case Study*, Origin Energy, 2023.

<https://www.originenergy.com.au/business/lpg/customer-stories/gelita-australia-lpg-case-study/>

- Engage with industry, including GEA, during implementation to ensure practical outcomes.
- Align the Net Zero Fund with the \$1.1 billion Cleaner Fuels Program to ensure consistent support for low-carbon fuels like rLG's.

To discuss any of the above feedback further, please contact me on +61 422 057 856 or via jmccollum@gasenergyaus.au.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'JM' or 'J McCollum', written in a cursive style.

JORDAN MCCOLLUM
Chief Executive Officer
Gas Energy Australia

The Role of LPG in Australia's Energy Landscape

Liquefied Petroleum Gas (LPG) plays a vital role in Australia's energy security and net zero transition. As a versatile energy source with drop-in renewable alternatives, LPG provides essential energy services to millions of Australians, particularly in regional and remote areas where it serves approximately 30% of households³. The LPG industry safely and securely supplies 43 petajoules of energy annually across industrial, commercial, and residential applications nationwide⁴. A further 120 petajoules of LPG is exported annually, with the LPG sector as a whole contributing over \$5bn of GDP and 20,500 FTE to the Australian economy⁵.

LPG stands out as a cleaner alternative to many traditional fossil fuels, producing 14% fewer greenhouse gas emissions than diesel⁶. The industry is actively embracing Australia's transition to net zero through the pursuit of renewable forms of LPG⁷. These include bioLPG (a co-product of Sustainable Aviation Fuel) and rLPG produced from hydrogen. These alternatives reduce scope 1 emissions by 99% while utilizing existing infrastructure and appliances.

One of LPG's most significant advantages is its superior energy storage capability in cheap, transportable LPG tanks. This is key in regional areas where mains power may be unreliable or unavailable. A standard residential LPG tank installation provides energy storage equivalent to more than 42 Tesla Powerwall 3 home battery systems at around one-tenth the cost⁸. This storage capacity, combined with the portability of LPG tanks, makes it an invaluable resource for energy security and emergency resilience.

The LPG industry is uniquely positioned to support Australia's energy transition without requiring government funding or subsidies. As the nation moves toward net zero emissions, renewable forms of LPG complement renewable electricity, offering a practical decarbonisation pathway for applications where electrification may not be feasible or cost-effective. By recognizing and supporting the development of renewable forms of LPG, Australia can ensure a diverse and resilient energy mix that retains energy security while achieving its climate goals.

³ Australian Bureau of Statistics, 2014, *Environmental Issues: Energy Use and Conservation*, <https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4602.0.55.001Main+Features1Mar%202014>

⁴ Australian Federal Department of Climate Change, Energy, the Environment and Water, 2024, *Australian Energy Update 2024*, <https://www.energy.gov.au/publications/australian-energy-update-2024>

⁵ ACIL Allen, 2022, *Economic contribution of the Australian gas economy in 2020-21*, <https://www.gasenergyaus.au/get/2123/economic-contribution-of-australian-gas-economy.pdf>

⁶ Australian Federal Government, 2024, *National Greenhouse and Energy Reporting (Measurement) Determination 2008*, <https://www.legislation.gov.au/F2008L02309/latest/text>

⁷ Frontier Economics, 2023, *Pathways to Zero Emissions for LPG*, <https://www.gasenergyaus.au/get/2016/pathway-zero-emissions-for-lpg-frontier.pdf>

⁸ Elgas, 2025, *LPG Gas Bottle Sizes*, <https://www.elgas.com.au/elgas-knowledge-hub/residential-lpg/lpg-gas-bottle-sizes-gas-bottle-dimension-measurements/>

Consultation Questions

1a) What are the types of projects or capital expenditure that should be supported to achieve the Net Zero Fund's objectives?

The Fund should maintain a technology-neutral approach so that rLG's can contribute alongside electricity in achieving industrial decarbonisation. Support should extend to projects involving production, blending and infrastructure upgrades that enable these fuels to displace higher-emission energy sources. Restricting eligibility too narrowly could exclude practical, near-term abatement options that offer immediate emissions reductions through existing liquid and gaseous fuel systems.

1b) Consider the level of investment required for large industrial decarbonisation and/or manufacturing renewable and low emissions technologies. This includes the relevant structure and combination of funding sources from government and the private sector.

Co-investment should build on existing LPG infrastructure to reduce costs and accelerate the rollout of rLG. Government funding should focus on shared assets such as blending, storage and certification systems that help establish markets and attract private capital. This approach would enable faster and more affordable emissions reduction in sectors where renewable liquid gases can decarbonise operations more efficiently than an electrification-only pathway.

1c) What are the existing commercial barriers to these investments reaching final investment decision?

Renewable fuels will always cost more than the fossil fuel incumbent, yet the total cost of electrification including appliances and energy use is often higher than using renewable fuels through existing, lower-cost equipment. Policy and regulatory uncertainty that fails to recognise customers able to decarbonise more cheaply through renewable fuels continues to limit investor confidence. A lack of domestic demand signals also prevents the long-term offtake agreements needed to make renewable fuel projects bankable. Allowing the Net Zero Fund to support customer conversions to LPG would help create this demand by enabling customers to use LPG today and renewable liquid gas tomorrow, strengthening the future renewable fuel market.

2b) Should corporate financing be within the scope of the fund? For example equity financing of companies or convertible options. Consider the specific parameters of any concessional support required. For example interest rates, risk tolerances, forgiveness clauses, equity or debt structures, repayment periods.

A range of financing options should be available to provide flexibility across different project types and company structures. Maintaining broad financing mechanisms would help attract private capital and support projects that deliver genuine decarbonisation outcomes.

2c) Consider current barriers to the National Reconstruction Fund investment in large industrial decarbonisation and/or manufacturing renewable and low emissions technologies. How can the design of the Net Zero Fund remove these barriers?

Current barriers include narrow eligibility, policy uncertainty, and limited concessional support for first-of-a-kind low-carbon fuel projects. The Net Zero Fund can address these by adopting technology-neutral criteria that include rLGs, providing clear certification frameworks, and offering flexible concessional finance to de-risk early investment. Aligning the Fund with complementary programs such as the Cleaner Fuels Program would also streamline access and strengthen national support for industrial decarbonisation.