

Future Made in Australia Community Benefit Principles Draft Public Guidance

The LPG industry safely and securely supplies 43PJpa of energy to industrial, commercial and residential consumers nation-wide, including around 30% of all regional Australian households¹. Gas Energy Australia (GEA) represents Australia's liquid gas supply chains including Liquefied Petroleum Gas (LPG) and associated gases with members spanning from producers to retailers and everything in between.

GEA welcomes the opportunity to lodge a submission to the Department of Industry, Science and Resources (DISR) consultation on Future Made in Australia (FMiA) Community Benefit Principles Draft Public Guidance.

Australia's liquid gas industries support Australia's net zero transition. LPG produces 14% less Scope 1 emissions than diesel today, and stores energy at 10x lower cost than batteries. As drop-in renewable forms of LPG emerge consumers can continue to use LPG while producing 99% less scope 1 emissions². Lower emissions today and net zero tomorrow, LPG is the perfect partner for renewable electricity in the cities and the bush.

General Feedback

GEA seeks further engagement between the Department, LPG proponents and BioLPG proponents to better understand how the regional community benefit of BioLPG access can be realised through the FMiA Community Benefit Principles.

We ask that the Department assess BioLPG regional community benefits against the Draft Public Guidance to determine whether the Guidance appropriately recognises these benefits and would incentivise projects providing them over those that do not (all else being equal).

Regional community benefit of BioLPG

LPG use is prevalent in regional Australia, with over half of the nearly 2 million homes using LPG being based in regional Australia. It is often used where other forms of energy supply

¹ DCCEE, 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>

² Frontier Economics, 2023, *Pathways to Zero Emissions for LPG*,

<https://www.gasenergyaus.au/get/2016/pathway-zero-emissions-for-lpg-frontier.pdf>

can be unreliable or unavailable. For these energy customers, BioLPG represents one of the few practical decarbonisation options available in a decarbonising economy.

Unlike urban Australian energy customers, many regional Australian energy customers would incur the high cost of self-firming their own electricity supply if electrification were their only decarbonisation pathway. With LPG today and BioLPG tomorrow, energy firming comes in the form of LPG Cylinders.

A typical residential 2x45kg cylinder LPG installation stores over 1MWh of energy and is rented for around \$100 – \$200 per year. This makes LPG storage around 1,000 times cheaper than home battery systems and hybrid home backup generation.

Despite the higher projected costs of BioLPG compared to LPG, these lower firming costs are anticipated to make a transition to BioLPG more cost effective than self-firmed electrification for many regional Australian homes and businesses.

Low-carbon Liquid Fuel (LCLF) Co-production

BioLPG can be co-produced through both HVO/HEFA and some Alcohol-to-Fuel LCLF production pathways. While BioLPG naturally occurs through these processes, project proponents must choose to spend additional CAPEX to separate it from waste product streams in order to make it available to market.

Many LCLF projects likely to be supported under the FMIa legislation will have exactly this choice to make. However, with no government policy incentivising BioLPG production, there is currently no driver to influence project proponents to choose in favour of BioLPG production.

Recommendation

GEA recommends DISR review the BioLPG co-production case study against the Draft Public Guidance to determine whether decarbonisation option for regional Australian communities would be supported.

Guidance that favours BioLPG-producing projects over equal projects that do not would demonstrate that Principles effectively support regional community decarbonisation.

The LPG sector is ready and willing to support this exercise. To discuss any of the above feedback further, please contact me on +61 422 057 856 or via jmccollum@gasenergyaus.au.

Yours sincerely,



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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 renewable LPG (rLPG) produced from hydrogen⁸. 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 cylinders. This is key in regional areas where mains power may be unreliable or unavailable. A standard residential LPG cylinder installation provides over 1MWh of energy storage – equivalent to more than 42 Tesla Powerwall 3 home battery systems at around one-tenth the cost⁹. This storage capacity, combined with the portability of LPG cylinders, 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 Liquid Gas Europe, 2025, *Outlook for renewable liquid gas in Europe*, available at: https://www.liquidgaseurope.eu/wp-content/uploads/2025/03/Outlook_lge_digital.pdf

⁹ Elgas, 2025, *LPG Gas Bottle Sizes*, <https://www.elgas.com.au/elgas-knowledge-hub/residential-lpg/lpg-gas-bottle-sizes-gas-bottle-dimension-measurements/>