

1 July 2026

SUBMISSION ON AUSNET GAS SERVICES ACCESS ARRANGEMENT 2028-33

Thank you for the opportunity to make a submission on AusNet Gas Services' (AusNet) Reference Service Proposal (RSP) for the 2028–33 Gas Access Arrangement, lodged with the Australian Energy Regulator (AER) on 1 June 2026.

LMS Energy (LMS) strongly supports the National Gas Objective of promoting efficient investment in, and efficient operation and use of, covered gas services for the long-term interests of consumers of covered gas in respect to the achievement of greenhouse gas emission reductions. The inclusion of renewable natural gas (biomethane) in access arrangements is critical to enable this objective.

LMS offers the key points below, which are expanded in our detailed comments following an overview of LMS:

- **The RSP provides an important opportunity to recognise renewable gas within the access arrangement framework.** The proposal sets the foundational service classification and risk architecture for 2028–33. Given the National Gas Law has recognised biomethane as a 'covered gas' since March 2024¹ LMS encourages the AER to ensure the RSP explicitly includes accommodation for renewable gases.
- **Service classification can keep the door open to distribution-level renewable gas injection.** AusNet's haulage reference service defines gas 'injection' by reference to Transfer Points (transmission city gates). LMS seeks that service classification for 2028–33 expressly contemplate a distribution-level renewable gas injection or connection service.
- **The emissions objective in the National Gas Objective can be advanced by decarbonising retained gas use, alongside reducing gas use.** Around half of AusNet's throughput serves industrial customers are in hard-to-electrify applications. Renewable gas is the most practical decarbonisation pathway for hard-to-electrify industry and merits recognition in how the RSP interprets the decarbonisation objective. Enabling renewable gas ensures these customers' needs continue to be met into the future.
- **LMS requests tariff and risk design that is neutral to renewable gas.** 'Flattening' and the proposed hybrid price cap could disadvantage renewable gas injection and/or volumes. Sustaining throughput via renewable gas could directly mitigate the demand-decline risk the proposal seeks to address.

¹ Statutes Amendment (National Energy Laws) (Other Gases) Act 2023; National Gas Amendment (Other Gases) rules, commenced 12 March 2024. The National Gas Law's 'covered gases' include natural gas, hydrogen, biomethane, synthetic methane and blends.

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LMS ENERGY OVERVIEW

LMS is Australia's largest bioenergy company and abates around 5 million tonnes of carbon dioxide equivalent (tCO₂e) per annum by capturing methane produced from the natural decomposition of organic waste. Over the last 30 years LMS has prevented over 60 million tCO₂e from entering the atmosphere, making it one of Australia's largest emissions reducers.

LMS is Australian-owned, operates around 70 landfill biogas facilities across Australia, New Zealand and the United States alongside solar generation, and employs approximately 300 people, including across regional Australia.

Biogas generated at LMS facilities is currently converted to renewable electricity. There is significant opportunity to upgrade biogas to biomethane — a renewable replacement for natural gas that can be used without modifying gas pipelines or appliances, providing a low-carbon energy option for hard-to-electrify industries such as food processing, manufacturing and high-temperature heat. Analysis indicates approximately 400 PJ of biomethane is recoverable across Australia today, with the potential for the broader biogas industry to add materially to GDP and create thousands of jobs, predominantly in regional areas.²

LMS is developing a portfolio of renewable gas projects nationally, including within and adjacent to AusNet's footprint. Any future network connection would be progressed through the usual technical and commercial processes; LMS' interest in this submission is in ensuring the regulatory framework keeps this pathway open for renewable gas.

BIOENERGY AND RENEWABLE GAS ARE CRITICAL TO NET ZERO

Methane is a potent greenhouse gas, and rapidly reducing methane from waste, agriculture and energy is among the most effective near-term climate actions available. Biomethane delivers a dual benefit — preventing fugitive methane while displacing fossil natural gas — and is a drop-in renewable fuel for the gas that Australia's net zero plans anticipate will continue to be used, particularly in industry, well beyond 2050.

The value of renewable gas in Australia's Net Zero, and Energy and Electricity sector plan is seen within the transformation goal of gas users having transitioned to renewable gases where possible by 2050, with remaining natural gas use abated³. Renewable gas production is progressing and advancing with a range of projects anticipated to be actively supplying renewable gas to the gas grid by 2028-33. For example, LMS in partnership with SunPork have announced the Wasley's Renewable Natural Gas

² LMS Energy corporate data; indicative national biomethane potential of approximately 400 PJ per annum drawn from [Australia's Bioenergy Roadmap](#) (ARENA, 2021), the 'Biomethane opportunities to decarbonise Australian industry' report from Blunomy and Energy Networks Australia (2025) and related industry analysis.

³ Australian Government, 2025, 'Australia's Net Zero Plan', <<https://www.dcceew.gov.au/sites/default/files/documents/net-zero-report.pdf>>, and Australian Government, 2025, 'Electricity and Energy Sector Plan', <<https://www.dcceew.gov.au/sites/default/files/documents/electricity-energy-sector-plan-2025.pdf>>.

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Facility, which will feed biomethane into the gas grid to power an estimated 2,000 homes⁴. It also has numerous other renewable gas projects under consideration.

Importantly, the national gas regulatory framework already accommodates this: following the Statutes Amendment (National Energy Laws) (Other Gases) Act 2023 and the National Gas Amendment Rules that commenced on 12 March 2024, the National Gas Law's 'covered gases' expressly include natural gas, hydrogen, biomethane, synthetic methane and blends. The frameworks under which this RSP is made therefore already contemplates renewable gas. LMS encourages the AER and AusNet to reflect that capability within the RSP.

DETAILED COMMENTS

Expanding on the key points above, LMS offers the following detailed comments on the AusNet RSP.

1. Service classification to explicitly include distribution-level renewable gas injection.

AusNet proposes no new reference services and defines its haulage reference service by reference to injection of gas at Transfer Points only.⁵ In a network where new connections are beginning to cease and residential throughput is declining, the enduring value of the network increasingly lies in serving retained industrial and commercial load — and in carrying renewable gas to it. Defining services solely around transmission-point injection and a declining-demand outlook risks structurally excluding the very pathway — distribution-level renewable gas injection — that can keep the network relevant and decarbonised through the transition.

Distribution-level biomethane injection is technically established and already practised on comparable Australian distribution networks, supported by industry standards including the Australian Pipelines and Gas Association (APGA) Code of Practice: Renewable Gas Connections and gas-quality specification AS 4564.⁶ LMS seeks that the AER:

- Assess service classification with explicit regard to renewable gas as a covered gas under the NGL; and
- Ensure the 2028–33 classification does not preclude AusNet developing a distribution-level renewable gas injection or connection service during the period.

LMS believes this requested approach is proportionate, preserving flexibility, supporting future access negotiations and avoids closing off an emerging decarbonisation pathway before the relevant projects and commercial arrangements can be developed.

⁴ Energy Source & Distribution, 2026, 'Aussie-first renewable project uses pig poo to power grid', 11 March 2026, <<https://esdnews.com.au/groundbreaking-renewables-project-uses-pig-poo-to-power-grid/>>.

⁵ AusNet RSP 2028–33, section 2 (service classification and reference service factors under National Gas Rules rule 47A; haulage reference service defined by injection at Transfer Points).

⁶ Australian Pipelines and Gas Association, Code of Practice: Renewable Gas Connections; AS 4564 Specification for general purpose natural gas.

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2. It is important that the interpretation of the National Gas Objective recognise renewable gas.

AusNet relies on the emissions-reduction component of the National Gas Objective to justify weakening volume-growth incentives.⁷ LMS supports incentives that are consistent with emissions targets. LMS submits, however, that the objective is also advanced by decarbonising the gas that continues to flow, aligned with Australia's Net Zero plans.

With around half of throughput serving industrial customers in high-heat, feedstock and on-site-generation applications that are difficult or uneconomic to electrify, renewable gas injection is a direct, low-disruption decarbonisation lever for that load. LMS seeks that the AusNet RSP also consider renewable gas supply to meet the National Gas Objectives considered in the AER's assessment.

3. Tariff structures and the tariff variation mechanism that are neutral to renewable gas.

LMS accepts the declining-block structure with signalled 'flattening' and the proposed move to a hybrid price cap.⁸ However, LMS seeks clarification that neither change would penalise or distort renewable gas injection or the treatment of biomethane volumes, and that risk-allocation arrangements — including any future treatment of injection, curtailment during low-demand periods, metering and gas-quality obligations — are designed to be injector-neutral.

Renewable gas injection supports network throughput and utilisation, which lowers long-run unit costs for remaining customers — a direct and constructive response to the demand-decline risk the hybrid price cap is intended to manage.

4. Proportionality relative to incumbent sectors.

Electricity distribution networks are supported through the transition via a revenue cap and a broad policy and subsidy framework for electrification. Renewable gas is an emerging industry capable of decarbonising load that electrification cannot easily reach. It is important that the network framework provides a practical access pathway. LMS encourages the AER to ensure the emerging renewable gas industry is supported and not held to a higher or more complex standard than the incumbent system, absent strong justification.

It is recognised that near-term renewable gas volumes would be modest relative to total throughput, that distribution-level injection carries genuine technical and commercial considerations, and that supportive demand-side policy is still developing. These considerations do not limit renewable gas' ability to contribute toward the decarbonisation National Gas Objectives or provide reason to lock the foundational 2028–33 service and risk framework around a zero-future-gas assumption. Keeping the door open now is low-cost and ensures future options are not limited (or require amendments to the access agreement).

⁷ AusNet RSP 2028–33, sections 1.1 and 3 (industrial share of network throughput; treatment of the emissions-reduction objective in the National Gas Objective).

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LMS would welcome the opportunity to work with the AER and AusNet on a practical, proportionate approach to renewable gas in the access arrangement to follow.

We thank you for considering LMS' submission and would be happy to discuss any aspect of it.

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