



# IGCC Submission to the Department of Climate Change, Energy and the Environment

2026 National Greenhouse and Energy Reporting (NGER) Scheme Updates

8 May 2026

## About us

**Investor Group on Climate Change (IGCC)** is a collaboration of Australian and New Zealand institutional investors focused on the impact of climate change on investments. IGCC represents investors with total funds under management of over \$4 trillion in Australia and New Zealand. IGCC's members are the custodians of the retirement savings of around 15 million Australians.

## Summary

Investors have a fiduciary duty to generate returns to their beneficiaries, mandated by law and with benchmarking that requires a certain level of fund performance. Investors rely on reported emissions data to provide an accurate picture of companies' emissions and transition risk, to assess current and prospective investments as well as the risk to asset value.

Methane emissions are generally under-reported and IGCC strongly supports more accurate accounting and reporting of methane emissions as essential to give greater clarity to investors. This will assist in making alternative, low to zero emissions investments more attractive, enabling more finance to be deployed towards prospective green industries.

IGCC supports many of the changes contemplated in this consultation draft and provides some further suggestions to strengthen NGER scheme operation that will in turn support climate-aligned innovation and investment.

### **We recommend that DCCEEW:**

- Consider **further improvements to more accurate methane emissions accounting**, noting previous perverse outcomes where facilities received less ambitious baselines because of the switch to different measurement methods.
- Take measures to ameliorate facility **misidentification of vented methane as flared methane**.
- Consider **reporting methane on both a 100-year and 20-year Global Warming Potential (GWP)** because of its near-term warming impact compared to carbon dioxide.
- Recognise the physical behaviour of gas blends injected into gas networks, which may flow to parts of the system that should electrify, **making market-based certificate schemes less effective in driving efficient gas decarbonisation in the reticulated system**.

- **Establish AEMO as the source of truth on Scope 2 emissions** in place of dated, flat emissions factors, moving towards more current data sets such as AEMO’s Carbon Dioxide Emissions Intensity Index.

## Extended response

### Best practice methodologies for methane accounting and reporting

#### **Methodologies**

There is variability in the accuracy of different methodologies for methane accounting methods, but a general acceptance that best practice is Method 2B or higher-order methods.

If methane emissions are higher than reported, a facility's true abatement cost trajectory is steeper than that which investors have visibility on. This affects the economic case for continued operation as regulatory frameworks increasingly price carbon, implicating asset valuations and capital expenditure decisions, and penalising the most emissions intensive companies. More accurate methane accounting can create a stronger decarbonisation signal that could pull forward capex decisions that result in more on-site abatement. Investors want to see reduced reliance on offsetting over time, increasing elimination of emissions are their source through on-site abatement over offsetting.

IGCC urges DCCEEW to consider how accuracy could be further improved, acknowledging some perverse outcomes where facilities have received less ambitious baselines because of the switch to different measurement methods previously.

A range of techniques can be employed to build measurement capacity and gather reliable methane emissions data. Accurately measuring methane emissions is challenging where there are a large number of emissions points that can be remote and geographically dispersed, and also highly variable depending on the time of measurement. Sophisticated approaches combine and reconcile measurements from a top-down approach and a bottom-up approach to build reliable estimates of methane emissions.

In 2025, Australian operators such as Woodside submitted its report to OGMP2.0 was recognised as a “Gold Standard Pathway” by the UN Environment Programme, which indicates a pathway towards OGMP2.0 reporting levels 4 and 5<sup>1</sup>. OGMP 2.0 reporting level 4 correlates to emissions reported by detailed source type and using specific emissions factors and activity factors, and level 5 correlates to emissions reported

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<sup>1</sup> <https://www.woodside.com/sustainability/environment/climate/Scope-1-and-2-ghg-emissions>

similarly to Level 4, but with the addition of site-level measurements<sup>2</sup>. This is worth the Department considering further.

### **Appropriate reporting on methane**

Methane has a much higher warming potential over a much shorter period, compared to carbon dioxide. IGCC understands that the 100-year metric is based on interoperability with the reporting frameworks for the Intergovernmental Panel on Climate Change, but this should not limit best-practice reporting.

Methane should be reported on both a 100-year GWP basis and a 20-year GWP basis. The 20-year basis would make the near-term climate impact of methane visible to investors, policymakers and the public, and reinforce the value of the methane-specific measurement and abatement improvements.

There have been other concerns about intentional unflared methane being under or misreported by facilities as being fugitive emissions or unintentionally released to the atmosphere. There are data gaps on how frequently and for long this happens, when it does. This gap in data should be a priority consideration for DCCEEW, with strategies developed with facilities thereafter to address this problem.

### **Blending of low-carbon liquid fuels in gas networks**

The methodology on hydrogen blending with natural gas is unproblematic from an accounting perspective, but there must be caution in the use-cases for blended fuels.

DCCEEW should recognise the physical behaviour of gas blends injected into gas networks, which may flow to parts of the system that should electrify, making market-based certificate schemes less effective in driving efficient gas decarbonisation in the reticulated system. The **disproportionate downsides of hydrogen blending in gas networks** include high risk of leakage and discouragement of network-connected facilities electrifying.

Hydrogen (regardless of its source, renewable or otherwise) poses significant risks of leakage via imperfect gas network infrastructure, with numerous points of vulnerability from source to end-user. Hydrogen has a high warming potential, and fugitive emissions could outweigh the apparent value that blending might afford. There should only be specific industrial use-cases for blended fuels, where there is direct control over the transportation of the fuel from source to end-user, preferably co-located for maximal efficiency and safety.

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<sup>2</sup> [https://www.ogmpartnership.org/sites/default/files/resources/2025-04/OGMP\\_20\\_Reporting\\_Framework.pdf](https://www.ogmpartnership.org/sites/default/files/resources/2025-04/OGMP_20_Reporting_Framework.pdf)

## Scope 2 emissions factors

We suggest that static Scope 2 emissions factors based on historic values very quickly become outdated and that the best point of reference should rather come from AEMO. AEMO already produces a state level Carbon Dioxide Emissions Intensity Index and can be called upon to provide a single source of the truth that evolves with power system changes over time. With AEMO established as the source of Scope 2 values, investors can pursue approaches to grid-energy emissions that engage more fully with the differentiated grid emissions at different moments.

## Further information

IGCC welcomes ongoing engagement with the CCA as this work progresses. Please contact us for more information.

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