

Submission to the Cleaner Fuels Program

Policy Design and Engagement Paper Australian Renderers Association

Introduction

The Australian Renderers Association (ARA) is the national industry association representing Australian rendering establishments and accredited used cooking oil (UCO) recyclers. Members process animal by-products and recovered fats and oils into stable, traceable co-products for domestic and international markets across the food, feed, industrial and energy sectors. ARA works closely with government and industry stakeholders to support market access, regulatory outcomes and the effective functioning of these supply chains. ARA welcomes the opportunity to provide feedback on the questions contained in the Cleaner Fuels Program Policy Design and Engagement Paper.

1. Eligible fuels

Question 1.1: Which LCLF should be eligible under the program and why?

ARA supports a fuel-agnostic approach to eligibility under the Cleaner Fuels Program. Allowing a range of low-carbon liquid fuels to be eligible under consistent policy settings supports efficient investment, avoids pre-selecting particular pathways, and enables the market to respond to evolving technology readiness, cost and demand conditions. Eligibility criteria should focus on emissions performance and sustainability outcomes, rather than specifying particular fuel types at the outset.

Question 1.2: Should certain types of LCLF be prioritised over others?

ARA does not support prioritisation of specific fuel types or end uses. Strategic prioritisation risks creating unintended system-wide effects where policy signals favour particular pathways rather than supporting overall supply growth. Where fuels rely on co-product-based or supply-linked feedstocks, implicit prioritisation may influence how materials are allocated across end uses without increasing overall availability. A fuel-agnostic approach better supports market stability and investment certainty.

2. Type of production support

Question 2.1: Should the production credit be a fixed amount per litre of production, or a variable amount that depends on the market price of LCLF?

ARA does not express a preference for a specific production credit mechanism. From a supply chain perspective, the key consideration is that whichever mechanism is adopted should support overall production and investment without unintentionally favouring particular pathways or end uses.

Question 2.2: To deliver the policy intent of the Program while maximising value for taxpayers, should projects with the lowest cost be prioritised under the Program?

ARA notes that cost-based prioritisation alone may not fully reflect broader market dynamics, including sustainability characteristics and existing supply chains. A balanced assessment framework that considers these factors alongside cost effectiveness would better support efficient market outcomes.

Question 2.3: Should the production credit be linked to the quantum of LCLF produced, or the carbon emissions saving potential of the fuel?

ARA supports linking production incentives to robust carbon intensity outcomes, provided methodologies are transparent, proportionate and aligned with established frameworks. Care should be taken to avoid duplication with existing assurance systems.

Question 2.4: What are your views on the cost to deploy LCLF domestically compared to internationally?

International policy settings influence market conditions and investment decisions. Domestic program settings should be designed with awareness of these dynamics to support market stability and avoid unintended upstream effects.

Question 2.6: Should production be focused on domestic supply only or should export also be permitted?

Export markets form part of the existing commercial landscape and contribute to industry resilience and investment confidence. Program settings that preserve market flexibility support efficient price discovery and enable supply chains to respond to demand across multiple end uses.

3. Fuel production and sustainability

Question 3.3: Should LCLF be required to meet a carbon intensity threshold to be eligible for the Program?

ARA supports the inclusion of carbon intensity requirements, provided thresholds and methodologies are proportionate, evidence-based and aligned with established Australian and international frameworks.

Question 3.3(b): Should Indirect Land Use Change be included in the method for determining carbon intensity, for the purpose of the Program?

Carbon intensity methodologies should be aligned with internationally recognised life cycle assessment approaches, including the treatment of indirect land use change, to ensure that relative CI outcomes accurately reflect land use and displacement risks across different feedstock categories. ARA supports differentiated and risk-based approaches to ILUC that recognise material differences between feedstock categories and support robust, comparable and defensible CI outcomes.

Question 3.4: Other than carbon intensity, should any other sustainability criteria be included?

In addition to carbon intensity metrics, sustainability criteria should align with internationally recognised standards for low-carbon liquid fuels. ARA has commenced development of an

industry Sustainability Framework for rendering and accredited used cooking oil recycling operations. The Framework is expected to be published in late 2026 and is intended to provide additional context and transparency, including around governance, traceability and broader sustainability considerations, where animal fats and used cooking oil are utilised as feedstocks.

4. Other policy considerations

Question 4.1: What are your views on the factors affecting the merit of a proposal?

ARA supports consideration of sustainability, fuel security, economic contribution and market efficiency when assessing project merit. Recognising established supply chains and feedstock characteristics will support effective and durable outcomes.

Question 4.6: Is there any other feedback you would like to provide that isn't covered by questions above?

ARA encourages continued engagement with established upstream industries as the Program design is finalised, to ensure policy settings support domestic production objectives while maintaining stable and efficient markets.

Thank you for taking the time to consider our submission. Any questions or requests for further information can be directed to:

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