Australian Banking Association

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Clean Energy Regulator
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Dear Paddy

Consultation for the Corporate Emissions Reduction Transparency Report

Thank you for your and Mary-Anne's time via Teams on 26 March for the ABA to provide feedback to the consultation on the Corporate Emissions Reduction Transparency Report (CERT)[1]. This letter provides written detail of the points raised in that discussion and raises four matters for clarification.

1. Alignment with global reporting standards is desirable.

Automatic application of *Renewable Power Percentage* (RPP) to calculate renewables percentage under CERT is inconsistent with the CDP/RE100 standard and would lead to entities reporting different renewables percentages under the different standards for the same reporting periods.

Global reporting standards require that 100% (with some very minor exceptions) of electricity needs are to be verifiably sourced from renewables through certificates to achieve a reportable 100% renewables transition. However, the ABA interprets that the CERT will only require 81% (presently) to be verifiable through certificate surrender. The ABA requests confirmation as to whether this interpretation is correct.

The RE100/CDP Standard (to which a number of Australian banks have committed) provides for renewables claims in relation to renewable energy delivered from the grid that has not been 'actively sought', but the conditions under which this can be claimed are limited, extract from standard is below.

> *'Default delivered renewable electricity from the grid, supported by certificates*
>
> *This is the renewable electricity in the electricity utility/supplier mix that has not been voluntarily procured by the consumer but is delivered by the utility/supplier as a default supply to the customer. Companies can claim default delivered renewable electricity from their utility/supplier mix if and only if an equivalent amount of EACs that meet the RE100 Eligible Supply and Credible Claims criteria are retired by the utility/supplier on behalf of their customers. If an RE100 company wishes to claim renewable electricity they must obtain the relevant information from their utility/supplier to verify that the renewable electricity meets the other RE100 requirements included the Credible Claims criteria and that the electricity comes from an eligible renewable source.*
>
> *This sourcing options can include renewable electricity that is supplied by utilities/suppliers under a compliance mandate. However, the existence alone of the mandate is not sufficient for an RE100 member to claim it, they need to verify how their utility/supplier is complying with the mandate. In the US, Renewable Energy Portfolio Standards (RPS) require that a specified percentage of the*

[1] http://www.cleanenergyregulator.gov.au/About/Pages/News%20and%20updates/NewsItem.aspx?ListId=19b4efbb-6f5d-4637-94c4-121c1f96fcfe&ItemId=892

electricity that utilities supply comes from renewable resources and that utilities/suppliers retire Renewable Energy Certificates on behalf of their customers for that percentage of electricity. In some cases, these programs allow for alternative compliance, multipliers, and other mechanisms that do not deliver renewable energy to consumers in line with the RE100 criteria.

Another example is renewable electricity delivered via default supply in Australia by the utility/supplier where utility/supplier has retired Largescale Generation Certificates (LGCs) under the Renewable Energy Target (RET). Again, consumers should verify that their supplier is retiring LGCs rather than using an alternative compliance mechanism such as paying a shortfall charge. This sourcing method is not applicable in most markets and companies wishing to use it should be prepared to provide supporting documentation.' [2]*Source:*

Under RE100/CDP requirements unless an entity can demonstrate through statements from their energy supplier that LGCs have been retired to the Clean Energy Regulator on the entity's (i.e. the energy supplier's customer's) behalf for the entity's purchased electricity consumption. Entities cannot claim a grid percentage as renewable.

The CERT calculation methodology on page 8 of the Consultation Paper shows an RPP of 19% is applied to total electricity consumed. That is, Organisation 4 has only had to retire the equivalent of 81% of its consumption in LGCs to report being 100% renewable under CERT. However, under RE100 unless 'Organisation 4' can demonstrate that it actively procured this renewable volume ***and*** that certificates were retired in relation to the RPP component of its supply, 'Organisation 4' would only be 81% renewable.

Noting the discrepancy between the CERT methodology and the RE100 methodology, the ABA recommends alignment of the CERT with RE100 on the basis that many firms are currently reporting under the RE100 framework.

2. Clarity on aligning CERT with GreenPower

The Consultation Paper (page 6) stated that the 'CERT would complement offset programs such as … GreenPower'.

The GreenPower website states:

> '*GreenPower accredits electricity retailers to purchase and surrender GreenPower LGCs (Large-scale Generation Certificates) when the customer purchases GreenPower. Certificates are retired for every unit of GreenPower sold preventing any double-counting or duplication. Each year, GreenPower Providers are audited independently*'.[3]

Working through the alignment of GreenPower and CERT:

Does this mean that energy suppliers RPP equivalent volume can be sold to customers as GreenPower?

If yes, then again using the example of Organisation 4 in the Consultation Paper, Organisation 4's electricity consumption is discounted by 19% (RPP) under CERT, resulting in a requirement to purchase only 81% of renewable energy.

If Organisation 4 procures 81% of its electricity through a GreenPower accredited supplier, does this mean that Organisation 4 is 100% renewable under CERT?

[2] RE100 Technical Criteria (22 March, 2021) p10-11
[3] GreenPower Website, "How GreenPower works" Access date 25 March 21.

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Assuming this is the case (in absence of clarity in standard) this would mean RPP is being double counted.

The ABA recommends that clarity is required on how ‘GreenPower’ (or other renewables products in the market) are to be accounted for under CERT. Areas and questions which could be addressed are:

- Options for the accounting mechanism (for example it could be through certificate transfer to the entity or evidence of energy supplier surrender of certificates on the entity’s behalf).
- Is every MWh of GreenPower (or other market renewables product) that is purchased by an entity considered to have been an LGC retired on the entity’s behalf for the purposes of CERT? Or is the requirement that green electricity retailers transfer LGCs to entities that report under NGERs/CERT?

3. Clarity required on statement of alignment of CERT with the Climate Active

The standard for ClimateActive provides for two emissions reporting approaches as it relates to electricity emissions (Scope 2): location and market-based, refer to the ClimateActive Technical Guidance[4]. However, CERT is not clear on the methodology to which it aligns; although it appears to imply it aligns to location-based approach. If this is the case, this means CERT is not aligned with entities’ ClimateActive reporting, where the market-based approach is applied by an entity as its primary electricity account method for the purposes of target setting/tracking.

4. Clarity suggested within standard as it relates to the treatment of Power Purchase Agreements

The ABA supports the Ineligible Units definition ‘Contracts for renewable energy such as Power Purchase Agreements (PPA) are not eligible’ (Consultation Paper 6.3.7). It would be helpful if this section could be expanded, to confirm that entering a contract to procure renewable supply for a given volume (‘X’) under a PPA does not in itself mean an organization can claim ‘X’ renewables volume. For an organization to claim this volume, it must procure and surrender X LGCs to the CER as detailed in 6.2.1.

Thank you for the opportunity to contribute to the work of the Clean Energy Regulator.

Kind Regards,

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[4] https://www.industry.gov.au/sites/default/files/2020-09/climate-active-technical-guidance-manual.pdf p54