

GreenPower submission to the Australian Government's Guarantee of Origin Scheme Design consultation paper

31 October 2023

To whom it may concern

The National GreenPower Accreditation Program (the GreenPower Program) welcomes the Australian Government's Department of Climate Change, Energy, and the Environment and Water (DCCEEW) consultation paper on the national Guarantee of Origin (GO) scheme design and looks forward to working with DCCEEW and the Clean Energy Regulator to implement this new renewable energy and product certification.

About the GreenPower Program and our renewable gas certification

Established in 1997, the GreenPower Program enables business and household customers to match their electricity use with accredited GreenPower renewable electricity, which is added to the grid on their behalf. The program is managed by the NSW Government on behalf of states and territories in the National GreenPower Steering Group. This submission presents the positions of the program rather than the positions of participating jurisdictions.

The GreenPower Program has made a significant contribution to the Australian renewable energy industry including over 250,000 customers choosing to purchase GreenPower products in 2022, and around \$1 billion having been invested back into the renewable energy sector since 2005. We expect strong uptake of GreenPower by hydrogen producers as they are exempt from GreenPower surrender fees until 2030.

In August 2023, we also launched the Renewable Gas Certification Pilot. This new certification allows commercial and industrial gas users to directly support renewable gas projects, displacing fossil natural gas use with low-emissions renewable gas. Businesses do this by purchasing certificates so their network gas use is matched with renewable gas that is added to gas networks on their behalf, which is equivalent to how renewable electricity certificates are used.

We plan for the GreenPower Program to adopt the REGO scheme as its underlying certification platform, similar to how we currently use Large-scale Generation Certificates in the REC Registry for GreenPower electricity products. We also plan for our renewable gas certification to transition to using GO certificates once the GO scheme includes biomethane and biogas. This will avoid duplication and support consistency and integration across government schemes.

To enable this integration, the GO scheme, and particularly the REGO component, will need functionality to make it easy for GreenPower stakeholders to use them, as discussed below.

Part 1 - Background

The GreenPower Program is supportive of a comprehensive, national GO scheme for products such as hydrogen. A scheme with the right functionality will enable voluntary markets and provide a trusted, transparent evidence base for renewable energy purchasing and carbon reporting.

We support the proposed approach in setting up a GO scheme now and adapting it once international frameworks are finalised, to enable early uptake and market development. We also strongly support the proposed approach for a longer-term integrated and aligned certification scheme for all renewable energy.

In the development of the new certification and supporting systems, we'd like to stress three main points.

Firstly, as is proposed, the GO scheme must enable the differentiation between hydrogen produced from renewable energy sources and hydrogen produced using fossil fuels with carbon offsets.

Secondly, in addition to the energy source, gross and net emissions, GO certificates should note whether the renewable energy used meets GreenPower's requirements, such as the generator age limit and certificate vintage requirements. These are specified in several international renewable energy frameworks, e.g. RE100. Including this information will provide customer choice, ensure clarity about what certificate buyers can claim, and make it easy for traders and end-users to identify best-practice GO certificates.

This could be achieved with a GreenPower tick on the certificate or a figure noting the percentage of GreenPower purchased for use in the production of the hydrogen.

Thirdly, the National Greenhouse and Energy Reporting (NGER) Scheme and related legislative and mandatory reporting frameworks should be updated to ensure they are consistent and aligned with best practice, and avoid double counting. Current frameworks are not in line with international guidance, in particular due to not requiring dual location and market-based reporting. They also don't currently recognise renewable gas certificates. The establishment of a hydrogen GO scheme (and the REGO scheme) is an opportunity for legislative change to address this issue, supporting an integrated market-based mechanism for renewable electricity, gas, and liquid fuels. We believe this will support a faster and more secure transition to an economy with net zero emissions.

Part 2 - Scheme enrolment and registration

We broadly agree with the proposed scheme enrolment, registration processes and relevant integrity controls. However, these will not be sufficient for mass-market products, and schemes like GreenPower that accredit products and carry out audits will be required to build consumer confidence and avoid greenwashing.

The current and previous consultation papers suggest that this may be supported if there is a 'reasonable physical link' between production and the end-beneficiary of the Product GO. We believe this link exists for hydrogen and biomethane injected into gas networks, and potentially also for other 'drop-in' fuels such as renewable LPG or biodiesel. The proposed limit to the sale of Product GOs to consumers within an Area Distribution Authority's boundary is more restrictive than GreenPower's nationwide boundary. DCCEEW should consider enabling nationwide trading, as is permitted in the GreenPower renewable gas certification. This enables certificate buyers to determine what physical proximity meets their needs.

The paper notes that LGCs and REGOs will have a 12-month validity period for use in Product GOs from the time of generation. We recently consulted on vintage requirements for GreenPower surrenders, and participating retailers and traders noted at least two calendar years are needed, preferably three, to manage contracting risk and any unexpected fluctuations in energy use. However, these barriers may not be as significant for hydrogen producers.

We support the consolidation of participant roles, with differences in functionality being managed within a participant's account rather than upfront.

Part 3 - GO certificates

The GreenPower Program supports the proposed approach to only allow the use of LGCs and REGOs as evidence of renewable electricity use. We will comment further on the inclusion of GreenPower purchases in our response to the Emissions Accounting consultation paper.

We note that the product GO scheme plans to use a **mass balance** chain of custody approach. While this will ensure environmental credentials for exported products are tracked, it may not support the most effective decarbonisation of domestic gas and fuel use.

To accelerate renewable energy and fuels uptake, we believe that the more flexible **book and claim** approach should be enabled in parallel to mass balance. By allowing products and certificates to be traded separately, we expect:

- more customers would be able to access renewable products
- common infrastructure such as gas networks could be leveraged. This is especially important for biomethane, hydrogen and other fuels that can be blended into a larger fuel supply chain and corresponding infrastructure
- project developers would be able to choose the most suitable location for a project rather than being limited to locations with proximity to customers
- there would be greater economies of scale, bringing down the cost of renewable products.

As mentioned in the consultation paper, the GreenPower Program's Renewable Gas Certification Pilot uses the book and claim approach. Participating projects have expressed their strong support for this approach, including due to the above-mentioned benefits.

We acknowledge that the Australian Government has started to consider book and claim mechanisms on a voluntary basis, for example in NGER reporting, but further work is required to give the private sector the necessary confidence to invest in book and claim-based business models. The book and claim approach will require policy and regulatory change for recognition of certificate purchases in emissions accounting. International guidance for this recognition is underway but may not be available until 2025. We consider this valuable, if not imperative, for rapid decarbonisation of energy use in Australia. This view is also reflected in the NSW Government's Renewable Fuels Scheme, the Victorian Government's recent renewable gas consultation, numerous industry bodies calling for a renewable gas scheme, and international examples like the Californian Government's Low Carbon Fuel Standard.

Recognition of renewable gas certificates in Climate Active and the Corporate Emissions Reduction Transparency report would be an appropriate first step in supporting voluntary renewable fuel markets. We look forward to continue working with DCCEEW and other relevant agencies and initiatives on this recognition.

Part 4 - Data Sharing

The GreenPower Program is supportive of an online certificate registry. To establish and maintain the integrity of the scheme, we are also supportive of data being made publicly available.

Formal data sharing arrangements with other scheme administrators will be imperative, including with the GreenPower Program and other state and territory initiatives. This will not only ensure accuracy, efficiency and reliability, but also provide industry with assurance that the various schemes are interacting effectively.

Part 5 - Other elements of the scheme design

GreenPower agrees with there being a published product prioritisation plan for scheme expansion. This will allow stakeholders to routinely provide input as various sectors develop over time, and for different product expansions to be developed accordingly.

We encourage consideration of adding biomethane and biogas into the GO scheme at the earliest possible opportunity. The biomethane sector has the potential to replace a significant proportion of current fossil natural gas use with renewable gas that requires little to no change to infrastructure and equipment. It has a high technology readiness level, with the main barriers to uptake being the lack of policy drivers, limited supply chains in Australia, and lack of market access to date. It presents a large opportunity for emissions reduction and increasing Australian clean fuel production capability, and should be supported by the GO scheme as the main emerging certification platform.

We plan to transition the GreenPower renewable gas certification to using this 'biomethane/biogas GO scheme' when it is available and are already working closely with

DCCEEW and the CER to make this transition as easy as possible for participating projects and customers.

We consider the proposed recurring substantial scheme review every three years appropriate for the GO scheme. The review should include analysis of how the scheme is working with and supporting other relevant schemes, government initiatives and policies.

If you have any queries regarding this submission, please contact Brad Bailey at greenpower.gas@dpie.nsw.gov.au.

Kind regards,

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