GreenPower submission to NGER
2024 Proposed Amendments consultation paper

24 May 2024

Attention: the National Greenhouse and Energy Reporting scheme

The National GreenPower Accreditation Program (GreenPower) welcomes the opportunity to comment on the National Greenhouse and Energy Reporting Scheme (NGER) – 2024 Proposed Amendments consultation paper.

GreenPower enables business and household customers to match their energy use with accredited renewable energy, which is added to the grid on their behalf. GreenPower is an independent accreditation program managed by the NSW Government on behalf of the National GreenPower Steering Group, a collaboration of Australian state and territory governments. The positions presented in this submission only represent those of GreenPower and does not represent the position of individual state and territory governments.

The GreenPower Program response

This GreenPower response to the National Greenhouse and Energy Reporting scheme (NGERS) 2024 proposed amendments consultation paper focuses on:

- Section F - Scope 2 emissions from consumption of electricity, and
- Section G - Market-based approach for reporting scope 1 emissions from renewable aviation kerosene and renewable diesel.

Section F. Scope 2 emissions from consumption of electricity

GreenPower does **not support** the proposed incorporation of state and territory specific Residual Mix Factors into the market-based Scope 2 method for NGERS.

In line with GreenPower's goal of making renewable energy easy, GreenPower recommends the following:

1. *The Commonwealth DCCEEW should not proceed with the implementation of state and territory specific Residual Mix Factors in the market-based method for Scope 2 emissions for NGER reporters, for the reasons outlined below.*

2. *The Commonwealth DCCEEW should work with the CER and GreenPower to develop a more representative and equitable Renewable Power Percentage that includes the electricity generated and exported from distributed, small-scale rooftop solar systems well as the large-scale renewables it currently includes. It would be fairer to allocate the electricity exported from these distributed, small-scale rooftop solar systems to all electricity consumers, apart from RET-exempt activities, which did not contribute to it. This*

approach would still enable the owners of distributed, small-scale rooftop solar systems to rightfully claim that the electricity from their systems that they self-consume is renewable electricity.

The rationale for GreenPower not supporting the proposed change includes the following points set out below.

- It would be contrary to object 1 of the NGER Act which states "The first object of this Act is to introduce a single national reporting framework for the reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects, energy consumption and energy production of corporations…". The consultation paper indirectly notes on p19 that this NGERS approach is inconsistent with Treasury's framework for disclosing market-based scope 2 emissions in its mandatory climate related financial disclosure legislation as it states "…if the market based method is made mandatory under the NGER scheme earlier than 2027, reporters should disclose market-based scope 2 emissions under the proposed Treasury framework." This inconsistency between NGER and Treasury's climate related financial disclosure legislation would result in multiple national reporting frameworks for greenhouse gas emissions, contrary to object 1 of the NGER Act.

- It is contrary to standard industry practice as it blurs the clear distinctions between the location-based and market-based carbon accounting methods in the industry-standard, GHG Protocol Scope 2 Guidance. The GHG Protocol underpins NGER and the GHG Protocol Scope 2 Guidance states that "a location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)" (p8). These state and territory specific Residual Mix Factors are clearly location-based differences, not market-based differences.

- Disaggregating the creation of LGCs by jurisdiction in these state and territory specific Residual Mix Factors does not appear to recognise that electricity consumers all over Australia have all contributed equally to the mandatory RET, apart from:
    - ACT consumers who have made additional financial contributions to enable the ACT to reach 93% or 100% renewable electricity consumption, depending on which accounting methodology is used. This additional contribution by ACT electricity consumers is recognised in the Jurisdictional Renewable Power Percentage (JRPP), which is widely used in the market-based Scope 2 method.
    - RET-exempt entities and activites, which have not contributed to the RET

- It would enable NGER reporters to reduce their emissions under the market-based Scope 2 method more cheaply than other companies and organisations. This is because NGER reporters would receive credit for the electricity exported by distributed small scale solar systems in the Residual Mix Factor for each state and territory, and this benefit is not given to any other electricity consumer in other greenhouse gas accounting methodologies, e.g., Climate Active.

- It would introduce additional complexities and undesirable differences between the greenhouse gas and renewable energy accounting practices of NGER reporters and other Australian companies and organisations. This would make it even more challenging for GreenPower, GreenPower Providers, and potential GreenPower business customers, to understand and communicate what quantity of GreenPower they would need to purchase in order to make a credible renewable electricity claim.

Integrating GreenPower and the RET recognising the Renewable Power Percentage

GreenPower proposes to fully recognise the Renewable Power Percentage and for it to become effective on 1 January 2025. GreenPower product percentages are proposed to fully include:

- the Renewable Power Percentage (RPP), as set by the CER, for all customers, except for activities that are exempt from the Large-scale Renewable Energy Target (LRET), e.g., emissions-intensive and trade-exposed activities. LRET-exempt entities are not eligible to claim the RPP as they have not invested in renewable generation through the LRET.
- Jurisdictional Renewable Power Percentage (JRPP), as published in the National Greenhouse Accounts, where the jurisdiction retires LGCs as part of a renewable energy target. Currently, only the Australian Capital Territory has a Jurisdictional Renewable Power Percentage in the National Greenhouse Accounts.

GreenPower does not intend to apply any additional requirements to recognise the LGCs surrendered under the LRET, or the LGCs retired by jurisdictions as part of their renewable energy targets. The definition of an LGC is not proposed to change in GreenPower's Program Rules and will continue to be linked to the definition of an LGC in the *Renewable Energy (Electricity) Act 2000*. A GreenPower LGC will continue to be equal to 1 megawatt-hour (MWh) of renewable electricity generated by a power station.

These proposed changes are consistent with other greenhouse gas accounting standards that are widely used in Australia, for example Climate Active, GHG Protocol.

It is anticipated that the proposed 2025 GreenPower rule changes will lower the cost of many GreenPower products to its retailers and customers.

Section G. Market-based approach for reporting scope 1 emissions from renewable aviation kerosene and renewable diesel

The GreenPower Program **supports** the proposed inclusion of renewable aviation kerosene (RAK – Sustainable Aviation Fuel (SAF) derived from biomass) and renewable diesel (RD – a diesel equivalent derived from biomass) in the 2024 NGER amendments.

It is recommended to consider the inclusion of other drop-in renewable fuels in the 2024 NGER amendments, including:

- *SAF derived from power-to-liquids production technology (PtL, also known as an electrofuel, or e-fuel),*
- *biomethane,*
- *renewable liquified petroleum gas (rLPG),*

- *bio-liquified petroleum gas (bioLPG), and*
- *renewable dimethyl ether (rDME).*

There are additional opportunities for the NGER Scheme to work more closely with renewable energy markets to support the development of emerging renewable fuel industries and to support the decarbonisation of additional sectors. The inclusion of additional renewable fuels in the NGER Scheme will send a clear market signal and provide future certainty to attract developers and large-scale renewable fuels investment to Australia.

G. i) SAF from power-to-liquids

It is recommended that PtL-derived SAF be included in NGER for scope 1 reporting supporting the nascet SAF industry in Australia.

A diverse SAF supply chain is critical to meet Australia's aviation fuel market's needs.

Akin to RAK, SAF derived from PtL is a low-carbon drop-in fuel alternative to conventional aviation kerosene that will support the long-term decarbonisation of the aviation industry. Biomass-derived SAF is viewed as a short to medium-term alternative to traditional aviation kerosene. This is largely due to domestic availability and competition for available biomass feedstock.

SAF from PtL is viewed as a longer-term solution as hydrogen availability increases along with maturing with carbon dioxide (CO_2) capture technology over the coming decades. It's likely to be a more scalable SAF production technology that will be required to meet growing future aviation demands.

G. ii) Biomethane

It is recommended that;

i) a market-based reporting approach for biomethane to be implemented within the NGER Scheme, and

ii) the NGER Scheme recognise biomethane certifications such as the GreenPower Renewable Gas Certification.

Biomethane is emerging in Australia as the key successor to fossil methane gas. It is a low-carbon drop-in fuel that can be distributed through existing pipeline infrastructure to end-users without any infrastructure or appliance upgrades required. Biomethane has the potential to increase energy security, provide economic benefits in the form of jobs and GDP contribution, and is a ready solution to decarbonise hard-to-abate sectors such as refining, manufacturing, chemical production, and other heavy industries.

Globally, the production and delivery of biomethane through the pipeline networks is contributing to the decarbonisation of gas use, for example in Europe, the UK and the US. A key driver behind this are robust certification schemes, and recognition of these schemes by carbon accounting frameworks for emissions reduction reporting. This provides support for producers to extract a green premium for biomethane production and allows end-users to make credible sustainability claims in the form of emission reductions.

In Australia, the GreenPower Renewable Gas Certification currently certifies biomethane, as well as biogas and renewable hydrogen. This certification supports nascent renewable fuel industries to develop renewable fuels directly supporting the decarbonisation of hard-to-abate industries.

However, as market-based accounting for scope 1 emissions of biomethane is yet to be recognised by Australian carbon accounting frameworks such as NGER, users of the low-carbon fuel are currently unable to receive any emissions reduction benefits. This is holding back investment in biomethane development and limits decarbonisation options for gas users - a lost opportunity in the development and uptake of biomethane in Australia.

This approach supports the recommendations made in the Climate Change Authority's 2023 Review of the NGER Legislation

GreenPower is prepared to offer support to facilitate these actions.

G. iii) LPG alternatives - rLPG, bioLPG and rDME

It is recommended that renewable LPG drop-in fuels is considered for a market-based approach for reporting scope 1 emissions under the NGER framework.

LPG is used widely across Australia among residential, commercial, recreational, and industrial consumers, especially in regional and remote areas. LPG is generally used for process heat, transport, metal processing, mining, power heavy equipment, food production, cooking, and space and water heating.

Much of this LPG use is unable to be decarbonised through electrification. Low-carbon LPG drop-in fuel alternatives are required as Australia's economy transitions towards net zero emissions. Australia has an opportunity to support the decarbonisation of LPG use in Australia by supporting the industry development of low-carbon drop-in fuel LPG alternatives that is, rLPG, bioLPG and rDME.

Globally, decarbonisation of the LPG sector is underway with LPG alternatives being blended with conventional LPG across Europe and the US. This is partly because of government support for these fuels, as well as support provided for biodiesel and SAF production, as bioLPG is typically as a co-product of these renewable fuels.

With demand for biodiesel and SAF expected to grow significantly in Australia over the coming decades, complemented by Australian government support through NGER recognition for emission reporting, an opportunity will be available for significant growth in LPG alternatives in Australia.

Background - the GreenPower Program

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 represented through the National GreenPower Steering Group. This submission

presents the position of the Program rather than the individual positions of the participating jurisdictions.

The GreenPower Program has made a significant contribution to the Australian renewable energy industry. This includes over 250,000 customers voluntarily choosing to purchase GreenPower products in 2023, and around $1 billion having been invested back into the renewable energy sector since 2005.

In August 2023, GreenPower launched the Renewable Gas Certification. This new certification allows commercial and industrial fossil gas users to directly support renewable gas projects, displacing fossil methane gas use with low-emissions renewable gas.

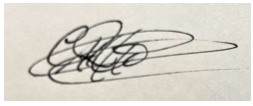
Businesses do this by purchasing certificates matched to their network gas use with renewable gas that is added to existing gas networks on their behalf. This approach is equivalent to how renewable electricity certificates are used.

GreenPower ensures that each of its Renewable Gas Guarantee of Origin (RGGO) certificates represents accredited zero to low-emission renewable gas that displaces fossil gas in Australia. Jemena's Malabar Biomethane Project, which is producing and injecting low-emission biomethane into the Sydney gas network, was the first project in Australia to be accredited under the Certification in December 2023.

The GreenPower Program will continue to contribute to the nation's energy transition from fossil fuels in the future as it supports the nascent green hydrogen and renewable fuels markets. There is an expectation of a strong uptake of GreenPower electricity products by hydrogen producers through targeted exemption from GreenPower certificate surrender fees until 2030.

Thank you for the opportunity to submit this consultation feedback on behalf of the GreenPower Program. If you have any queries regarding this submission, please contact Carl Hollis at greenpower.admin@planning.nsw.gov.au.

Kind regards,



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