



Australian Government
Clean Energy Regulator

**CLEAN
ENERGY
REGULATOR**

Corporate Emissions Reduction Transparency report

Guidelines – FOR CONSULTATION

February 2021

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For Consultation

1. Definitions

Term	Definition
<u>ACCU (Australian carbon credit unit)</u> ⁱ	A unit issued pursuant to the <i>Carbon Credits (Carbon Farming Initiative) Act 2011</i> and is equal to one (1) tonne of carbon dioxide equivalent.
The agency	The <u>Clean Energy Regulator</u> ⁱⁱ .
<u>ANREU (Australian National Registry of Emissions Units)</u> ⁱⁱⁱ	A secure electronic system designed to track the location and ownership of Australian carbon credit units (ACCUs) issued under the <u>Emissions Reduction Fund</u> ^{iv} , and units issued under the <u>Kyoto Protocol</u> .
<u>CDM (Clean Development Mechanism)</u> ^v	The mechanism, referred to in Article 12 of the Kyoto Protocol, allows a country with an emission-reduction or emission-limitation commitment under the Kyoto Protocol to implement an emission-reduction project in developing countries.
<u>CERs (Certified Emission Reductions)</u> ^{vi}	A unit issued outside Australia pursuant to Article 12 of the Kyoto Protocol as well as all other relevant international UNFCCC/Kyoto Protocol Rules.
CERT (Corporate Emissions Reduction Transparency) report	A voluntary publication that is open to National Greenhouse and Energy Reporting scheme reporters. It will publish data to support claims about voluntary climate actions.
CERT data	Data published in CERT that is additional to the data published under the <u>National Greenhouse and Energy Reporting Act 2007</u> ^{vii} .
CERT participant	A National Greenhouse and Energy Reporting scheme reporter that opts-in to CERT.
CERT notification deadline	31 January following the CERT reporting period. The cut-off date for participants to notify the Clean Energy Regulator of eligible units that have been cancelled or surrendered under CERT.
CERT surrender deadline	15 January following the relevant CERT reporting period. Cancellations/surrenders of all eligible units must take place before this date to be published in the associated CERT.
CERT guidelines	The rules that govern participation in CERT as set out in this document, and as amended from time to time.

<u>EERS (the Emissions and Energy Reporting System)^{viii}</u>	EERS is the system used for all reporting under the <i>National Greenhouse and Energy Reporting Act 2007</i> .
<u>EITE (Emissions-intensive trade-exposed) activity^{ix}</u>	Corporations that conduct an emissions-intensive trade-exposed activity receive an exemption from Renewable Energy Target liability.
<u>ERF (Emissions Reduction Fund)^x</u>	The Emissions Reduction Fund is a voluntary scheme that aims to provide incentives for a range of organisations and individuals to adopt new practices and technologies to reduce their emissions.
<u>LGC (Large-scale generation certificate)^{xi}</u>	A certificate issued pursuant to the <i>Renewable Energy (Electricity) Act 2000</i> and is equal to one (1) megawatt hour of renewable electricity generated.
MWh (Megawatt hour)	A unit of energy equal to the work done by a power of a million watts in one hour.
<u>National Greenhouse and Energy Reporting scheme^{xii}</u>	A single national framework for reporting and disseminating company information about greenhouse gas emissions, energy production, energy consumption and other information specified under NGER legislation.
<u>National Greenhouse and Energy Reporting scheme reporter^{xiii}</u>	A corporation required to report under the <u><i>National Greenhouse and Energy Reporting Act 2007</i>^{xiv}</u> .
Notice	A notification of information regarding CERT, issued by the Clean Energy Regulator to a CERT participant.
Power Purchase Agreement	A Power Purchase Agreement is a long-term electricity supply agreement between two parties, usually a power producer and a customer. The agreement may include a condition that some or all of the electricity supplied is from renewables.
<u>REC Registry (Renewable Energy Certificate Registry)^{xv}</u>	The Renewable Energy Certificate Registry (REC Registry) is an online system allowing Renewable Energy Target participants to create, transfer and surrender renewable energy certificates.
Reporting year	One of the years for which a person must provide a report under Part 3, 3E, 3F or 3G of the <u><i>National Greenhouse and Energy Reporting Act 2007</i>^{xvi}</u> .
<u>Renewable Energy Target^{xvii}</u>	The Renewable Energy Target is an Australian Government scheme designed to reduce emissions of greenhouse gases in the electricity sector and encourage the additional generation of electricity from sustainable and renewable sources.

<u>RPP (Renewable Power Percentage)</u> ^{xxviii}	The percentage used to determine the number of Large-scale generation certificates required to be surrendered by liable entities ^{xix} to meet obligations under the Renewable Energy Target.
<u>Safeguard Mechanism</u> ^{xx}	A framework for Australia's largest emitters to measure, report and manage their emissions by encouraging large facilities to keep their emissions at or below baseline levels.
<u>Scope 1 emissions</u> ^{xxi}	Emissions released into the atmosphere as a direct result of an activity, or series of activities at a facility level ^{xxii} . Scope 1 emissions are sometimes referred to as direct emissions.
<u>Scope 2 emissions</u> ^{xxiii}	Emissions released into the atmosphere from the indirect consumption of an energy commodity. For example, 'indirect emissions' come from the use of electricity produced by the burning of coal in another facility.
<u>VCU (Verified Carbon Unit)</u> ^{xxiv}	An emissions unit verified by Verra ^{xxv} and is equal to one (1) tonne of carbon dioxide equivalent.
<u>VERs (Verified Emission Reduction units)</u> ^{xxvi}	An emissions unit verified by the Gold Standard ^{xxvii} and is equal to one tonne of carbon dioxide equivalent.

For Consultation

2. Introduction

Organisations are increasingly taking action to reduce emissions, and shareholders, supply-chain partners and the public have expressed the need for increased transparency in tracking progress towards meeting corporate emission reduction and offsetting targets.

The Corporate Emissions Reduction Transparency report (CERT) will present data and information on voluntary targets, progress in achieving these targets and highlight the proportion of a corporation's carbon emissions and purchased electricity that is covered by the surrender¹ of eligible units, regardless of whether such surrenders are voluntary or required under state, territory or Commonwealth laws. The percentage share of eligible units created in Australia will also be set out.

CERT will enable eligible corporations under the National Greenhouse and Energy Reporting (NGER) scheme to reference a trusted and independent source to support their claims about voluntary climate actions to reduce their emissions or source renewable electricity and offset units.

Corporations that meet the National Greenhouse and Energy Reporting scheme data [publication thresholds^{xxviii}](#) will be able to opt-in to CERT. The offset scope 1 emissions and proportion of electricity consumed from renewable energy will be published as part of the Clean Energy Regulator's (the agency's) annual NGER scheme data. CERT will complement offset programs such as [Climate Active^{xxix}](#) and [GreenPower^{xxx}](#) and will help participants showcase their voluntary action through a low cost pathway.

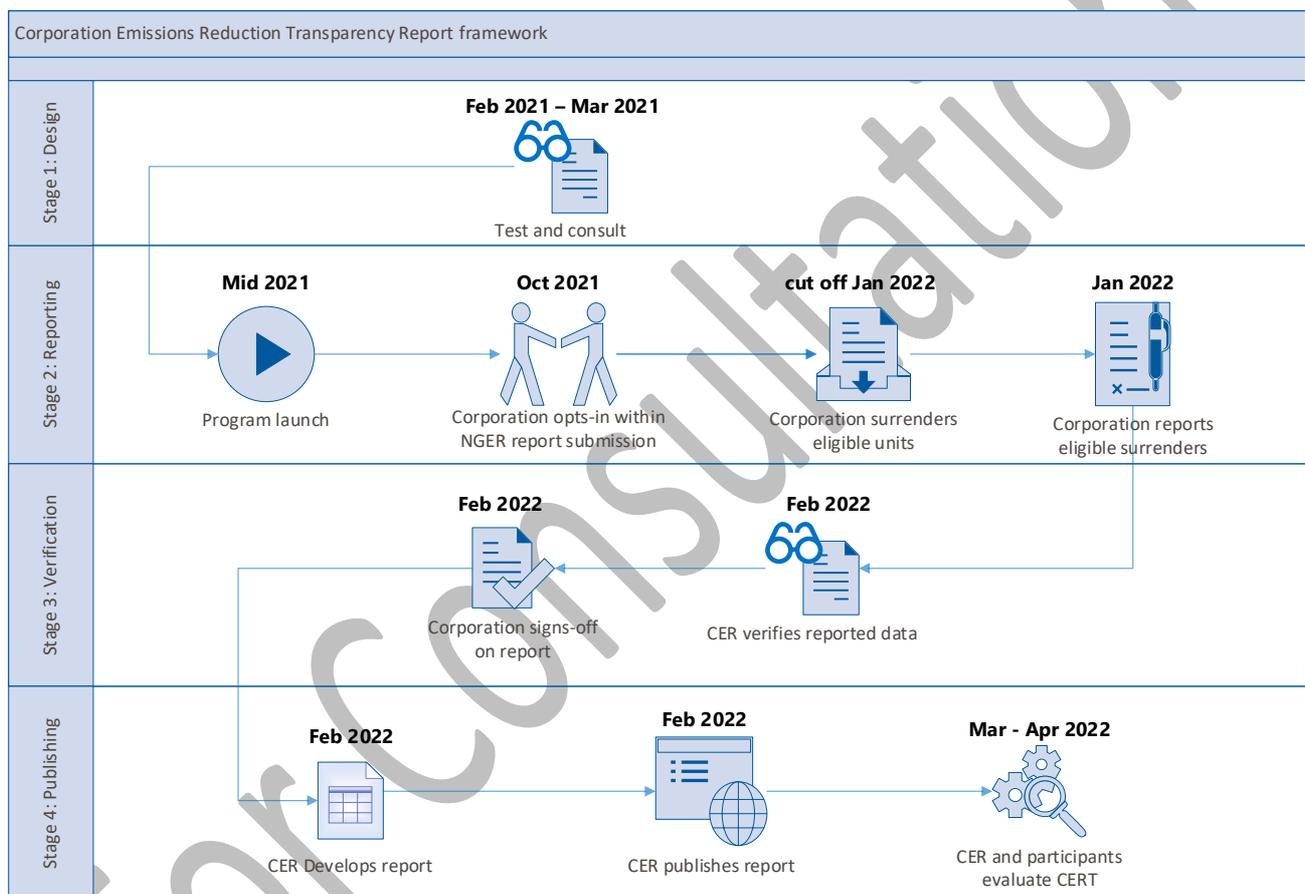
¹ Surrender is a widely used term adopted for the purpose of these guidelines to cover a range of terminology in different legislation and programs including surrender cancellation and retirement of units and certificates.

3. Overview

CERT provides a framework to:

- Demonstrate the net position of participating NGER reporters’ annual energy and emissions profile.
- Support business’ climate action claims by providing a trusted and independent source.
- Encourage voluntary participation in Australia’s carbon markets.

Figure 1: CERT framework



An example of a CERT, with 11 new columns (in blue and green) shown next to the existing NGER scheme report columns (in grey) is below. The five green columns (columns 2-6) show the corporations' emissions and energy targets, and their progress towards their overall target. The six blue columns (columns 8-10 and 13-15) show the detail of a corporation's surrenders and the proportion of scope 1 emissions and purchased electricity covered by eligible units.

Table 1: Corporate Emissions Reduction Transparency report

Organisation name	[New column] Voluntary emissions target*	[New column] Voluntary renewable energy target	[New column] Climate Active participant	[New column] Progress towards emissions target (including all eligible units) (%)	[New column] Australian eligible units as a share of total eligible units used (%)	Total Scope 1 Emissions before surrenders (tCO ₂ -e)	[New column] Total ACCUs [†] cancelled (tCO ₂ -e)	[New column] Total CERs [‡] , VERs [^] and VCUs [§] cancelled (tCO ₂ -e)	[New column] Net scope 1 emissions (total scope 1 minus total ACCUs, VCUs and VERs cancelled) (tCO ₂ -e)	Total Scope 2 Emissions before surrenders (tCO ₂ -e)	Net Energy Consumed (GJ)	[New column] Scope 2 Electricity Consumed (MWh)	[New column] LGCs voluntarily surrendered (MWh)	[New column] Renewable Energy as a percentage of total electricity consumed [∨]	Important Notes
Org 1	No	No	No		-	10,000	-	-	-	10,000	5,000	-	-	-	
Org 2	Reduce operational emissions by x% by 2030	100% renewable electricity by 2030	No		80%	10,000	4,000	1,000	5,000	10,000	5,000	12,000	0	19%	
Org 3	Maintain scope 1 emissions below year WXYZ	100% renewable electricity and energy by 2050	No		91%	10,000	4,000	1,000	5,000	10,000	5,000	12,000	6,000	69%	
Org 4	Net zero by 2020	100% renewable electricity by 2020, 100% renewable energy by 2030	Yes		90%	10,000	8,000	2,000	0	10,000	5,000	12,000	9720	100%	

Participation in CERT is voluntary and available to all NGER reporters. Each CERT participant will be required to formally opt-in each year, and in doing so, agree to the CERT guidelines, consent to its data being published and indemnify the agency against submission of incorrect data.

- * Includes scope 1 and scope 2 emissions target
- † Australian Carbon Credit Units (ACCUs)
- ‡ Certified Emissions Reduction Units (CERs)
- ^ Verified Emissions Reduction units (VERs)
- § Verified Carbon Units (VCUs)
- || Large-scale generation certificates (LGCs)
- ∨ An example RPP of 19% has been included

4. CERT guidelines

4.1 About the CERT guidelines

- 4.1.1 The CERT guidelines outline the rules and interactions between CERT participants and the agency.
- 4.1.2 The CERT guidelines supersede all previous negotiations, understandings, representations and agreements.

4.2 Changes to the CERT guidelines

- 4.2.1 CERT participants agree that:
 - a) The agency may change the terms of the CERT guidelines at any time following a period of consultation.
 - b) If the agency provides CERT participants with notice of any change, the CERT participant must comply with the updated version (at its own expense).
 - c) If a CERT participant does not agree to the changes, the CERT participant must cease participation in CERT.
 - d) If a CERT participant opts-in to CERT after being provided with a Notice of any change to the CERT guidelines, it will be taken that the CERT participant has agreed to that change.

5. Participation

This section outlines the eligibility requirements of participation in CERT.

- 5.1 CERT participation will only be available to corporations that meet the National Greenhouse and Energy Reporting scheme data [publication thresholds^{xxxi}](#).
- 5.2 CERT participation will be voluntary.
- 5.3 NGER reporters will be required to opt-in annually within EERS as part of the NGER scheme.
- 5.4 CERT participants will be required to have REC Registry and ANREU accounts to voluntarily surrender certain eligible units or to engage third parties to voluntarily surrender eligible units on their behalf.
- 5.5 CERT participants must consent to terms, conditions and indemnity clauses set out in the opt-in process for CERT, including permitting the disclosure of additional information necessary to populate the report.

6. Eligible certificates and units

An outline of the different units accepted and excluded under CERT.

6.1 Scope 1 eligible units

- 6.1.1 Units eligible to be included under the 'Net scope 1 emissions (Total scope 1 emissions minus total ACCUs, VCUs and VERs cancelled)' component of CERT are:
- ACCUs voluntarily cancelled.
 - ACCUs surrendered to meet safeguard mechanism compliance.
 - ACCUs cancelled under state or territory schemes that are held in a Commonwealth cancellation account.
 - CERs voluntarily cancelled in the ANREU, excluding those outlined in 6.3.6 of the CERT guidelines.
 - VCUs, VERs and CERs not cancelled in the REC Registry or ANREU are eligible provided adequate evidence of the cancellation and purpose are provided in accordance with Section 7 of the CERT guidelines.

6.2 Scope 2 eligible units

- 6.2.1 The units eligible to be included under the 'Renewable Energy as a percentage of total electricity consumed' component of CERT is LGCs that are voluntarily surrendered.
- 6.2.2 It is proposed to allow non EITEs activities to recognise their proportion of the statutory RET target – see 9.2.6 below.

6.3 Ineligible units

- 6.3.1 STCs are not eligible.
- 6.3.2 ACCUs required to be relinquished for non-compliance reasons² are not eligible.
- 6.3.3 LGCs required to be surrendered due to incorrect creations are not eligible.
- 6.3.4 LGCs required to be surrendered to meet Renewable Energy Target liability are not eligible – see 9.2.6 below.
- 6.3.5 Units created under state and territory schemes are not eligible. This includes but is not limited to:
- Victorian energy efficiency certificates, and
 - Energy Savings Certificates.
- 6.3.6 The following units cancelled either within or outside the ANREU are not eligible:
- long-term (ICERs) and temporary (tCERs), and
 - CERs from nuclear projects, the destruction of trifluoromethane, the destruction of nitrous oxide from adipic acid plants or from largescale hydro-electric projects not consistent with criteria adopted by the European Union (based on the World Commission on Dams guidelines).
- 6.3.7 Contracts for renewable energy such as Power Purchase Agreements are not eligible.

² This could include over-creation, reversal of sequestration or other events.

7. Reporting

An outline of the eligibility requirements to report under CERT and the reporting process.

- 7.1 Eligible units cancelled for a given reporting year must be reported by the CERT participant before the CERT notification deadline for the relevant reporting period.
- 7.2 Corporations may elect to report a target for emissions reduction or renewable energy use only, or both before the CERT notification deadline for the relevant reporting period.
- 7.3 All eligible unit cancellations and surrenders must be attributed to a single CERT reporting period through the comments section of the relevant registry and made before the CERT surrender deadline.
- 7.4 Eligible units surrendered by a third party on behalf of the CERT participant may be accepted where this arrangement is clearly stated in the comments section of the relevant registry.
- 7.5 Eligible units surrendered in registries other than the ANREU or REC Registry may be accepted where there is sufficient public information to confirm who made the surrender, as well as the volume and purpose.
- 7.6 For the purposes of 7.3 and 7.4, this must include as a minimum:
 - a) CERT reporter's name
 - b) CERT reporting period
 - c) the surrender or cancellation purpose
 - d) the volume of certificates, and
 - e) date of surrender.
- 7.7 The agency will allocate each eligible unit cancellation to the nominated CERT participant as outlined in the CERT participant's notification for that year.
- 7.8 ACCUs issued for an activity at a relevant facility that reduced reportable scope 1 emissions must be reported to the Clean Energy Regulator.

8. Verification

This section outlines the verification process for CERT.

- 8.1 The agency will primarily verify CERT reporting through internal processes including data matching between agency systems.
- 8.2 If further information is required to accurately verify CERT reporting, the agency may request additional information from the CERT participant be provided within a specified timeframe.
- 8.3 If some or all of the CERT data provided by the CERT participant is unable to be verified by the agency, the agency may at its discretion:
 - a) decide not to publish any data for the CERT participant for that year, or
 - b) publish only the CERT data which could be verified by the agency for that CERT participant before that CERT publishing date.

9. Publishing

This section outlines the details of the accounting methods used within CERT and significant dates associated with the publishing of CERT.

9.1 Accounting for tracking emissions targets and progress

- 9.1.1 The 'Voluntary emissions target' column of the report will include a summary of the target (for example net zero by 2050) or 'No' if no target declared.
- 9.1.2 The 'voluntary renewable energy target' column will include a summary of the target (for example 100% renewable electricity by 2030) or 'No' if no target declared.
- 9.1.3 The 'Climate Active participant' column will indicate whether the organisation is a participant in Climate Active, and provide a link to the corporations public disclosure statement.
- 9.1.4 The 'Progress towards emission target (including all eligible offsets) (%)' column will present the corporation's progress towards their overall target. [Approach to be determined based on consultation feedback.]
- 9.1.5 The 'Australian eligible units as a share of total eligible units used (%)' column will show the percentage of all eligible units represented by ACCUs.

$$= \frac{\text{Total ACCUs cancelled}}{(\text{Total ACCUs cancelled} + \text{Total CERs, VCU's and VERs cancelled})} \times 100$$

9.2 Accounting for tracking scope 1 emissions and scope 2 electricity

- 9.2.1 The 'Total ACCUs cancelled' column of the report will include the total number of eligible ACCUs cancelled for a given reporting year for each CERT participant.
- 9.2.2 The 'Total CERs, VERs and VCUs cancelled' column of the report will include the total number of eligible CERs, VCUs and VERs cancelled in the ANREU or other registries for a given reporting year for each CERT participant.
- 9.2.3 'Net scope 1 emissions (Total scope 1 emissions minus total ACCUs, VCUs and VERs cancelled)' will be calculated using the following equation:

$$= \text{Total Scope 1 emissions before surrenders} - (\text{Total ACCUs cancelled} + \text{Total CERs, VCUs and VERs cancelled}) + \text{ACCUs issued for Scope 1 emissions reductions activities}$$

Where:

- › 'ACCUs issued for scope 1 emissions reductions activities' refers to ACCUs that were issued to a facility of the CERT participant operation, during the relevant reporting year, that were generated through an ERF project that directly reduced onsite scope 1 emissions.
- › ACCUs generated at sub-NGER threshold facilities and ACCUs that were not associated with an NGER facility, i.e. land-based ERF projects, are excluded

- 9.2.4 The total 'scope 2 electricity consumed' is as reported under the NGER scheme and published in megawatt hours for each CERT participant.³
- 9.2.5 The total number of LGCs voluntarily surrendered in the REC Registry for a given reporting year will be published under the 'LGCs voluntarily surrendered' column of the report.
- 9.2.6 'Renewable Energy as a percentage of total electricity consumed' will be calculated using the following equation:

$$= \left[\frac{(\text{Scope 2 electricity consumed} - \text{EITEs electricity consumption} - \text{Eligible behind the meter electricity consumption})}{\text{Scope 2 electricity consumed}} \times RPP + \frac{\text{LGCs voluntarily surrendered}}{\text{Scope 2 electricity consumed}} \right] \times 100$$

³ In accordance with the NGER framework scope 2 electricity consumption excludes some electricity generated and consumed onsite.

Where:

- › ‘Scope 2 electricity consumed’ refers to all electricity required to be reported under NGER.
- › ‘EITEs electricity consumption’ refers to the electricity consumed for any EITEs activities associated with the controlling NGER reporters.
- › ‘Eligible behind-the-meter electricity consumption’ refers to the electricity consumed from electricity generation not from combustion that occurs behind the meter and that is associated with the NGER reporter.
- › ‘LGCs voluntarily surrendered’ refers to the number of LGCs voluntarily surrendered by the CERT participant for the associated CERT reporting period.
- › ‘RPP’ is an average of the renewable power percentages for the two calendar years associated with the relevant financial year.

9.3 Publication details

9.3.1 CERT data will be published on the agency’s website by 28 February each year alongside NGER scheme data.

9.3.2 Amendments to a CERT may be made at the time of publishing of the following year’s CERT or earlier at the agency’s discretion.

Link references

ⁱ <https://www.legislation.gov.au/Details/C2015C00012>

ⁱⁱ <http://www.cleanenergyregulator.gov.au/>

ⁱⁱⁱ <http://www.cleanenergyregulator.gov.au/OSR/ANREU/The-Australian-national-registry-of-emissions-units>

^{iv} <http://www.cleanenergyregulator.gov.au/ERF>

^v <https://unfccc.int/resource/docs/convkp/kpeng.html>

^{vi} <https://unfccc.int/resource/docs/convkp/kpeng.html>

^{vii} <https://www.legislation.gov.au/Details/C2019C00263>

^{viii} <https://www.legislation.gov.au/Details/C2019C00263>

^{ix} <http://www.cleanenergyregulator.gov.au/RET/Scheme-participants-and-industry/Emissions-intensive-trade-exposed-exemption>

^x <http://www.cleanenergyregulator.gov.au/ERF/About-the-Emissions-Reduction-Fund>

^{xi} <https://www.legislation.gov.au/Details/C2019C00061>

^{xii} <https://www.legislation.gov.au/Details/C2019C00263>

^{xiii} <https://www.legislation.gov.au/Details/C2019C00263>

^{xiv} <https://www.legislation.gov.au/Details/C2019C00263>

^{xv} <http://www.cleanenergyregulator.gov.au/OSR/REC/The-REC-Registry>

^{xvi} <https://www.legislation.gov.au/Details/C2019C00263>

^{xvii} <http://www.cleanenergyregulator.gov.au/RET/About-the-Renewable-Energy-Target>

^{xviii} <http://www.cleanenergyregulator.gov.au/RET/Scheme-participants-and-industry/the-renewable-power-percentage>

^{xix} <http://www.cleanenergyregulator.gov.au/About/Accountability-and-reporting/administrative-reports/the-renewable-energy-target-2014-administrative-report/Liable-entities>

^{xx} <http://www.cleanenergyregulator.gov.au/NGER/The-safeguard-mechanism>

^{xxi} <http://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme/Greenhouse-gases-and-energy>

^{xxii} <http://www.cleanenergyregulator.gov.au/NGER/Pages/Reporting-cycle/Assess-your-obligations/Facilities-and-operational-control.aspx>

^{xxiii} <http://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme/Greenhouse-gases-and-energy>

^{xxiv} [https://verra.org/project/vcs-program/registry-system/verified-carbon-units-vcus/#:~:text=Under%20the%20VCS%20Program%2C%20projects,e\)%20achieved%20by%20a%20project](https://verra.org/project/vcs-program/registry-system/verified-carbon-units-vcus/#:~:text=Under%20the%20VCS%20Program%2C%20projects,e)%20achieved%20by%20a%20project)

^{xxv} <https://verra.org/>

^{xxvi} <https://www.goldstandard.org/articles/gold-standard-emission-reductions>

^{xxvii} <https://www.goldstandard.org/>

^{xxviii} [http://www.cleanenergyregulator.gov.au/NGER/National greenhouse and energy reporting data/What data is published and why](http://www.cleanenergyregulator.gov.au/NGER/National%20greenhouse%20and%20energy%20reporting%20data/What-data-is-published-and-why)

^{xxix} <https://www.climateactive.org.au/>

^{xxx} <https://www.greenpower.gov.au/>

^{xxxi} [http://www.cleanenergyregulator.gov.au/NGER/National greenhouse and energy reporting data/What data is published and why](http://www.cleanenergyregulator.gov.au/NGER/National%20greenhouse%20and%20energy%20reporting%20data/What-data-is-published-and-why)

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