

27 October 2021

Energy Policy and Partnerships Section
Clean Energy Regulator
GPO Box 621
CANBERRA ACT 2601

Submitted by email:
CER-CERT@cer.gov.au

Dear Clean Energy Regulator,

RE: Corporate Emissions Reduction Transparency report consultation paper - October 2021

Hydro Tasmania welcomes the opportunity to provide comment on the Corporate Emissions Reduction Transparency (CERT) report *Consultation Paper* and *Draft Guidelines*. As Hydro Tasmania has stated in previous submissions, the CERT will be an important tool in increasing the transparency and consistency of corporate reporting including the use of offsets, renewable energy tracking and verification.

Hydro Tasmania has worked constructively with the CER for a number of years in the context of both National Greenhouse and Energy Reporting (NGERs) auditing and the Renewable Energy Target (RET). This strong relationship has assisted our business under both programs and has allowed easy resolution and clarification of issues. We have valued the engagement of the CER with respect to the development of the CERT including through participation in workshops and the contributions of other interested stakeholders.

Our substantive comments are provided as Attachment 1. If you would like to discuss the contents of this submission further, please contact: colin.wain@hydro.com.au; or 03 8612 6443.

Yours sincerely,



Colin Wain
Policy Development Manager
Hydro Tasmania

Attachment 1 – Hydro Tasmania responses to CERT Consultation Paper

General Comments

Hydro Tasmania supports the aims of the CERT and believes that the draft guidelines form a strong basis from which to progress to a trial stage. Given the complexity of emissions and renewable reporting, targets and claims, it is important that the consultation paper notes: *“Investors and other stakeholders can be assured that progress is real for net emissions data verified by the agency.”* The CERT paper and guidelines do not explicitly clarify the relationship between the CERT and the role of the ACCC or ASIC in assessing claims and/or the limits of reporting and claims through the CERT. Further explanation of the CERT’s interaction with key Federal bodies would be useful.

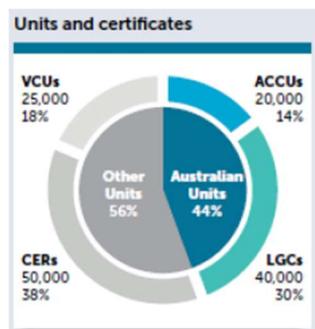
There is clear and growing corporate appetite for voluntary targets and for participation in carbon and renewables markets. As noted in the purpose of the CERT (Section 1.2), *“supporting voluntary participation in Australia’s carbon markets”* should be a key objective. This should include the flexibility to recognise real and verifiable approaches where these are developed in the future. Specifically, the use of below-baseline renewable energy generation must be recognised in future iterations of the CERT if it is to support the purchase of renewable energy across all States and Territories of Australia. In addition, the ability of the CERT to complement and interact with a future Australian (or international) Guarantee of Origin scheme will be important.

Figure 1: CERT ‘Company view’ & the use of international units

As a low emissions and primarily renewable energy business, Hydro Tasmania has annual emissions that are a fraction of our competitors. We look forward to future involvement in the CERT and believe that the company view as presented in Figure 1 appears to provide a strong basis on which to run the pilot.

Where we think there may be room for further improvement is in the ability to compare the relative performance of businesses. As stated in our 19 March 2021 submission: *“[The CERT] should appropriately capture the range of businesses within Australia and allow understanding and comparison of their emissions footprints and respective emissions intensities.”* The utility of the CERT could be further enhanced if it allowed easy comparison within specific industries and between competitors. Key to this is the comparison of actual performance and emissions footprint in addition to the CERT’s framing of emissions and renewable energy commitments. An important metric for the Australian energy generation sector is the emissions intensity of generation (tCO₂-e/MWh). Reporting company performance against a common metric would further enhance the utility of the CERT particularly for well understood sectors such as electricity generation.

With respect to Units and Certificates we strongly support the differentiation between Australian units and Other (international) Units. Hydro Tasmania has previously recommended limiting the CERT to recognising only Australian based units. We continue to believe that the CERT’s primary aim should be on promoting domestic abatement and renewable energy purchases. Given that this is not the decision made by the CER, we strongly support the clear differentiation by origin of unit (as shown in the company view below).



3.4. Eligible certificates and units

As stated, where claims are being made against Australian operations/facilities, Hydro Tasmania believes the CERT should be limited to Australian units only in order to promote domestic emissions reduction activities. Where a corporate group operates internationally there will be other (non-CERT) opportunities for them to report international action including the use of CERs, VERs and VCUs; or through the 'context' section of the Company View.

We support the use of LGCs as evidence of renewable energy purchases. However, as highlighted in our previous submission and in our discussions with the CER, there should be equal treatment of all renewable energy generation. The CERT must be able to recognise below RET baseline renewable generation as an eligible renewable energy purchase including associated emissions benefits under the scope-2 market-based method. This is a critical issue for: Hydro Tasmania; corporate entities operating in Tasmania; and future economic development and industry attraction opportunities for the State.

We understand and agree with the rationale for excluding STCs as an eligible unit to reduce scope 2 emissions, while also retaining the right to claim on-site generation as renewable even when STCs have been claimed and used for compliance against the SRES.

Hydro Tasmania agrees that Power Purchase Agreements are not evidence of renewable energy purchase where there is a renewable attribute that is sold elsewhere or used for compliance (typically through sale/transfer of LGCs). Where there is no certified renewable attribute, as is the case for below RET baseline generation, then evidence of a contractual relationship should be considered as transferring the renewable attribute to the energy user. For transparency and appropriate governance reasons, the CER would need to have a role in verifying the generation, assignment and reporting of below RET-baseline renewable energy generation.

3.6. Scope 2 emissions and renewable energy accounting

Hydro Tasmania recognises the rationale for, and benefits of, reporting under both location based and market-based methods for Scope 2 emissions. Given the strong and established basis in NGERs reporting, it would appear that moving to solely market based reporting would be difficult in the short-term, however, we believe that a market-based approach is superior and should be the objective as the CERT matures.

Section 6 (e) of the draft report guidelines mentions below RET baseline generation (see below). Hydro Tasmania understands that there are some cases where on-site renewable generation does not receive LGCs. The reference to 'on-site' indicates that this is not referring to the vast majority of Tasmania's hydropower renewable generation – which is below RET baselines but consumed offsite. It may be appropriate to clarify this wording further. As stated in this submission it is critical that the CERT can recognise below baseline RET generation (including Tasmanian hydropower generation).

- e) 'Renewable on-site electricity consumption (other)' refers to NGER-reported renewable electricity that is produced and consumed on-site by the participant where the generation is **not** credited with LGCs. This includes below RET baseline generation consumed on-site (if reported)