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RET and Energy Section  
Clean Energy Regulator  
GPO Box 621  
Canberra ACT 2601

Submitted via email: [CER-RETandEnergySection@cleanenergyregulator.gov.au](mailto:CER-RETandEnergySection@cleanenergyregulator.gov.au).

## **CORPORATE EMISSIONS REDUCTION TRANSPARENCY REPORT**

Alinta Energy appreciates the opportunity to provide feedback on the proposed Corporate Emissions Reduction Transparency report.

Alinta Energy provides the following responses to the consultation paper's questions.

### **Is the proposed reporting structure suitable for demonstrating how a corporation is offsetting or reducing its scope 1 emissions and scope 2 electricity consumption?**

Alinta Energy strongly recommends that the emissions accounting methods used in CERT report align with the internationally recognised Greenhouse Gas Protocol (GHG Protocol). The GHG Protocol is the preeminent authority on how carbon emissions and eligible offsets should be accounted and compared against corporate targets. It is also recommended by the widely recognised Taskforce for Climate Related Financial Disclosures.

Below, Alinta Energy outlines the key differences between the proposed CERT report and the GHG Protocol, identifies the issues these differences may cause and suggests solutions for the CER's consideration.

#### **1. The CERT scope 2 emissions reporting would be location-based only**

The consultation paper proposes that the CERT report will source scope 2 emissions data from the NGER.<sup>1</sup>

The NGER uses the location-based method to calculate scope 2 emissions.

However, the GHG Protocol requires reporters to use both the location-based and market-based method.

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<sup>1</sup> Alinta Energy notes that the consultation paper also proposes that it will align with Climate Active's approach. However, it does not state whether the CERT report would use Climate Active's method to calculate scope 2 emissions. Alinta Energy considers that using this method would also cause divergences from the GHG Protocol, as Climate Active applies a national average residual emissions factor. Besides creating further differences in published data which are difficult to interpret, the national emissions factor can significantly over and understate entities' emissions; and, like the location-based method, prevent entities using their supplier-specific emissions factors and renewable energy to track their progress towards emissions targets.

Under the location-based method, scope 2 emissions are calculated by multiplying the energy consumed by a location-based emission factor. The disadvantage of this approach is that it does not recognise the use of renewable energy, except that it may have reduced the average grid emission factor for all consumers.

By contrast, the market-based method recognises the contribution of renewable energy in accounting emissions. It excludes renewable energy certificates that have already been surrendered by other entities to avoid double counting, and accepts the contribution of unclaimed renewable energy contracts that meet defined quality criteria.

If the CERT report omits the market-based method, it would ignore these contributions and calculations, making it more difficult for readers to discern whether the many reporters using the GHG protocol are meeting their targets. This may also obscure which offsets are the most effective and efficient means of reducing emissions.

Additionally, Alinta Energy considers that using the location-based method and including the RPP may cause double counting. The RPP is based on surrendered renewable energy certificates and is therefore more relevant to the market-based approach of accounting scope 2 emissions.

To avoid these outcomes, Alinta Energy recommends that an appropriate method for reporting market-based scope 2 emissions be developed in consultation with industry and in accordance with the GHG Protocol.

## 2. Not permitting eligible units to offset scope 2 and 3 emissions

The consultation paper proposes that participants will only be permitted to report eligible units against their scope 1 emissions. However, the GHG Protocol and Climate Active allow offsets to be counted against the sum of all emissions categories.

Alinta Energy considers that CERT report's proposed approach may cause participants with carbon neutral targets to report negative scope 1 emissions and positive scope 2 and 3 emissions, confusing the reader as to whether these participants have achieved their targets.

To avoid diverging from established measures and potentially confusing the reader, Alinta Energy suggests that the report allow participants to surrender eligible units against any category of emissions.

### **Should surrenders of ACCUs from NGER facilities delivered under Emissions Reduction Fund contracts be included in the net emissions calculation?**

Yes, Alinta Energy strongly supports the CERT report including ACCUs delivered under ERF contracts. This will ensure consistency between the two schemes and improve transparency by avoiding the need for readers to separately gather and then reconcile the information published under both schemes.

### **Does the CER appropriately manage double counting?**

As per the comments above, Alinta Energy considers that providing location-based scope 2 emissions with the RPP may cause double counting.

### **Should the RPP be included in CERT using the proposed methodology?**

Alinta Energy suggests that the treatment of the RPP should be considered during industry consultation on a market-based method for scope 2 emissions reporting. As noted above, Alinta Energy does not support outlining the RPP beside the location-based scope 2 emissions without also outlining market-based scope 2 emissions.

**Are there any other enhancements to CERT that could help build participation?**

Alinta Energy suggests that the CER consider incorporating other widely used emissions reduction targets, like emissions intensity measurements, to help build participation.

Thank you for your consideration of Alinta Energy's submission. If you would like to discuss this in more detail, please contact Oscar Carlberg at [oscar.carlberg@alintaenergy.com.au](mailto:oscar.carlberg@alintaenergy.com.au) or on 0409 501 570.

Yours sincerely,



**Mike Searles**

General Manager, Safety and Sustainability