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

5 November 2021

Consultation Paper – Corporate Emissions Reduction Transparency report

AGL Energy (AGL) welcomes the opportunity to make a submission in response to the Consultation Paper on Corporate Emissions Reduction Transparency (CERT) report (Consultation Paper) and the CERT Report Draft Guidelines – For Pilot (FY 20-21 and CAL21) dated October 2021 (CERT Guidelines).

AGL is committed to meeting the needs of its energy customers both now and through the transition to a net zero emissions future. AGL is one of Australia's largest integrated energy companies and the largest ASX listed owner, operator and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources.

As mentioned in our previous submission, AGL released its Climate Statement in June 2020, which includes AGL's target to achieve net zero emissions by 2050 and outlines the next steps in AGL's decarbonisation journey, including commitments to:

1. Offer customers the option of carbon neutral prices across all AGL products;
2. Support the evolution of Australia's voluntary carbon markets;
3. Continue to invest in new sources of electricity supply;
4. Responsibly transition AGL's energy portfolio; and
5. Be transparent.

Consistent with the first commitment in the Climate Statement, AGL launched a new Carbon Neutral electricity product on 1 July 2020 and a Carbon Neutral gas product on 25 November 2020. Both products are available for all customer groups, from residential through to large commercial and industrial customers. This program will be expanded across all services AGL offers (including telecommunications) by the end of FY21.

Feedback on key design elements of CERT Report and CERT Guidelines

AGL is generally supportive of the proposed CERT scheme and pilot and offers the following feedback on some of the key design elements of the CERT Report and CERT Guidelines.

Greater flexibility of reporting level

AGL understands that the CERT Report proposes to enable companies to set commitments at the controlling corporation or subsidiary level (per section 3.2.2 and section 12.1.4 of CERT Guidelines). Subsidiary-level commitments would not enable companies like AGL to disclose specific commitments associated with material reductions at specific facilities when aggregated into a subsidiary's portfolio.



AGL strongly recommends allowing commitments to be set at the facility level for facilities with emissions above a certain threshold (e.g. Safeguard Facilities), to align with facility-level emissions reporting and monitoring in other schemes (e.g. the Safeguard Mechanism).

Facility level data is readily available through NGER reporting to support the CER's verification process. AGL discloses emissions reduction targets associated with its asset closures in its annual CDP submission, and it is our strong preference to be able to take the same approach in the CERT Report. If facility-level commitments cannot be accommodated, an alternative option would be to allow companies to specify the proportion of the participants'/subsidiary's baseline emissions which a commitment relates to.

Reporting target/commitment in figure or percentage format

AGL notes the framing elements for a progress verified commitment include a number given as a percentage or figure (Figure 3, p. 8 of Consultation Paper). However, in the CERT Guidelines (section 8.1) a progress percentage is specified as the format for providing the commitment number.

AGL believes the option to choose between percentage or figure format for each commitment is important to enable companies to capture commitments that relate to absolute reductions initiatives that don't necessarily correlate with total emissions. As such, AGL would like to clarify whether participants in the pilot will be able choose whether to include a figure or percentage format for each commitment, and if so suggest that the CERT Guidelines be updated to reflect this to ensure there is no ambiguity.

AGL also submits that CERT participants should be able to nominate target/commitment ranges (i.e. 26-28%), as this would allow companies with variable operating profiles some head room when trying to set a company-wide commitment/target.

Presentation of data in CERT report

We consider that the energy sector should be treated separately in the CERT Report, or at the very least, that the report should include some sort of grouping of corporations to ensure that readers are aware of the industry/sector that each corporation belongs to when reviewing the data. The reasons for this include that:

- changes in the emissions of corporations in the energy sector may occur in jumps rather than gradual decreases (i.e. following the closure of coal fired power station); and
- corporations in the energy sector would generally have much larger emissions profiles due to the nature of their business.

Should you have any questions in relation to this submission, please contact Leilani Kuhn (Manager Policy & Strategy) on 03 8633 6934 or myself on 03 8633 6207.

Yours sincerely,

A solid black rectangular box used to redact the signature of Elizabeth Molyneux.

Elizabeth Molyneux

GM Policy & Markets Regulation, AGL Energy