



EnergyAustralia

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To the attention of James Erskine and team
Energy Policy and Partnerships
The Clean Energy Regulator
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Sent via email: CER-Cert@cer.gov.au

Dear Mr Erskine,

EnergyAustralia's comments on the Corporate Emissions Reduction Transparency, Consultation Paper, tabled by the Clean Energy Regulator

Thank you for the work done to date to support consultation on the Clean Energy Regulator's approach to Corporate Emissions Reduction Transparency ("CERT") reporting. We appreciate the opportunity to comment further at this juncture.

EnergyAustralia is one of Australia's largest energy companies, providing gas and electricity to 2.4 million household and business customer accounts across Eastern Australia, and controlling over 5,000 MW of electricity generation across Australia's eastern states.

EnergyAustralia operates one of the largest certified¹ carbon dioxide offset programs in Australia. Since 2016, EnergyAustralia has provided our residential customers with the ability to fully offset the emissions associated with their electricity use at no extra cost to them. We have recently extended the offer to offset gas usage emissions, and to our business customers, and subscriptions are growing well. Over 250,000 customers have opted in to 'Go Neutral', our offset program, and we have voluntarily purchased offsets equivalent to well over 2.8m tonnes of carbon dioxide.

EnergyAustralia now has the largest Climate Active certified offset offering in the Australian energy sector, and the second largest in the country.

In addition to offering our customers product level carbon neutrality, our goal is to achieve carbon neutrality across our portfolio by 2050, across scopes 1, 2 and 3. You can find out more at: energyaustralia.com.au/Carbon-Neutral-by-2050.

As an emissions-intensive business with a mature capability in carbon dioxide offsetting we have a unique perspective that we hope will be well received.

¹ Certified under the Climate Active program

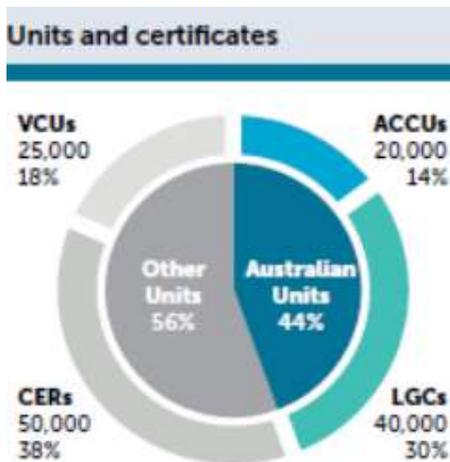
Scope 3 emissions offsets should be reportable

Scope 3 emissions are facing growing scrutiny, with companies increasingly working to reduce the carbon footprint of their purchases and any carbon released by their customers with the use of their products. Leading businesses are investing in offsets, both through the direct purchase of offsets and through buying goods and services from Climate Active certified sellers. They should be provided with space to report and demonstrate this contribution.

This point was made through the CER's co-design workshops and is stressed here because of its relevance not only to individual offsetters, but also to the broader objective of growing offset production and the offsets sector more broadly. If the CERT provides space for participating businesses to display their scope 3 credentials, there is further motivation to allocate the requisite funds.

Offsets must be affordable to grow voluntary participation

The Consultation Paper includes an example chart showing the breakdown of a company's offsets by scheme type:



We suggest that this chart is unhelpful in suggesting a hierarchy of offsets that, given the higher cost of Australian units, works against growing broader participation in offsetting activities.

EnergyAustralia offsets customer electricity and gas emissions at no additional cost to participating customers. Like many companies buying offsets voluntarily, we have been able to grow our impact and accommodate the costs by accessing the lower price point of CERs in addition to ACCU offsets. This will become harder to maintain if CER use is implicitly discouraged. There will be an adverse impact on offset program proliferation, and on the volumes of carbon dioxide actively offset.

Our shared national objective should be to grow the reach of carbon dioxide offset offerings, increasing the number of businesses participating and making offsets a more standard component of the purchase of a good or service. With the highest possible participation in voluntary offsetting we can expect the positive by-product of growing production and use of local, Australian offsets. We must not distort the core Climate Active voluntary certification framework by making CERs (or other CDM schemes) less legitimate.

Offsets for Scope 2 emissions

Thank you for responding to our suggestion that for carbon dioxide offsets should provide an acceptable counterbalance to Scope 2 emissions. It will be important to clarify that purchase of electricity from a Climate Active certified electricity seller will be deemed to be equivalent, so that administrative tangles relating to the transfer of offsets don't occur.

Emissions intensity targets must be supported

It may be helpful to allow electricity generators to report their emissions intensity per MWh of electricity (tCO₂e/MWh sent out).

In doing this, the report must specify that each MWh must be consistently measured on a 'sent out'² basis, aligning with accurate Australian Energy Market Operator practice. This would correct an oversight in current NGER Scheme reporting in which emissions intensity is displayed on the basis of gross electricity (MWh) as generated, a larger denominator, and therefore appears lower.

In the electricity generation sector, participants increasingly report emissions intensity in terms of equity, operation and inclusive of Power Purchase Agreements. It may be relevant to support reporting on all three.

Businesses are doing their bit

We acknowledge the principals of transparency and accountability in the design of the voluntary CERT reporting framework. In this spirit, the CERT may be useful in comparing and monitoring the decarbonisation commitments of different businesses, and potentially their investments in carbon dioxide offsets, so long as Climate Active Disclosure Statements remain the primary vehicle for reporting. While the CERT may have the effect of motivating participating businesses to grow their offsetting and decarbonisation activities, those businesses should not be asked to carry too much. Policy settings and Government-backed transition supports remain just as central to the decarbonisation committed under Australia's NDC.

For further information please contact Anna Hancock at anna.hancock@energyaustralia.com.au.

Best regards,

Anne Pearson
Head of Reputation

² At the meter where the output produced connects to transmission