

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

By email: CER-CERT@cer.gov.au

Monday 1 November 2021

Dear Clean Energy Regulator team

RE: GBCA submission to Corporate Emissions Reduction Transparency report consultation

Green Building Council of Australia (GBCA) appreciates the opportunity to provide a submission to the Clean Energy Regulator's consultation on the introduction of a Corporate Emissions Reduction Transparency (CERT) Report.

GBCA's purpose is to lead the sustainable transformation of the built environment and we commend and support efforts by both the private sector and governments to encourage and facilitate emissions measurement and transparency.

GBCA has over 550 members including major developers, professional services firms, banks, superannuation funds, product manufacturers, retailers, utilities and suppliers. We also have 29 local government members, 23 state government departments and land organisations, and 22 university/education members.

GBCA rates the sustainability of buildings, fitouts and communities through Australia's largest national, voluntary, holistic rating system – Green Star. More than 3000 projects across Australia have achieved Green Star certification so far.

A foundation principle of Green Star is the measurement and benchmarking of emissions. Green Star buildings produce, on average, 55% fewer emissions than standard buildings and through the evolution of the Green Star rating tools, we are working towards climate positive buildings. Over the next several years, Green Star will require projects to be net zero carbon, or net zero carbon ready, in order to achieve certification.

To maximise the adoption and effectiveness of Green Star, benchmarks and methods of measurement and verification within Green Star are aligned with global standards wherever appropriate. Green Star is aligned with Climate Active and is used by many organisations to support their reporting under the Global Reporting Initiative (GRI), the Taskforce for Climate-related Disclosure (TCFD) and GRESB (Global Real Estate Sustainability Benchmark). Green Star also works closely with NABERS to ensure complementarity between the two leading rating systems for buildings in the Australian market.

The comments from GBCA in this submission largely mirror those made by the NABERS team in their submission to this consultation and seek to clarify and align the work of both of our organisations with that of the CERT.

1. Alignment with global standards (recommendation)

The consultation document provides this information:

Leading voluntary frameworks (such as the Global Reporting Initiative, TCFD and Sustainability Accounting Standards Board) recommend emissions reduction reporting by companies but currently do not specify a reporting framework.

GRI 305: Emissions 2016 provides the following information:

The reporting requirements for GHG emissions in this Standard are based on the requirements of the 'GHG Protocol Corporate Accounting and Reporting Standard' ('GHG Protocol Corporate Standard') and the 'GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard' ('GHG Protocol Corporate Value Chain Standard'). These two standards are part of the GHG Protocol developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD).

The GHG Protocol helps to define the market-based accounting method for scope 2 emissions and it would be useful for the CERT to demonstrate alignment or explain any deviations. This action would provide clarity to reporting organisations that there is alignment with their voluntary disclosures.

2. Renewable energy percentage (recommendation)

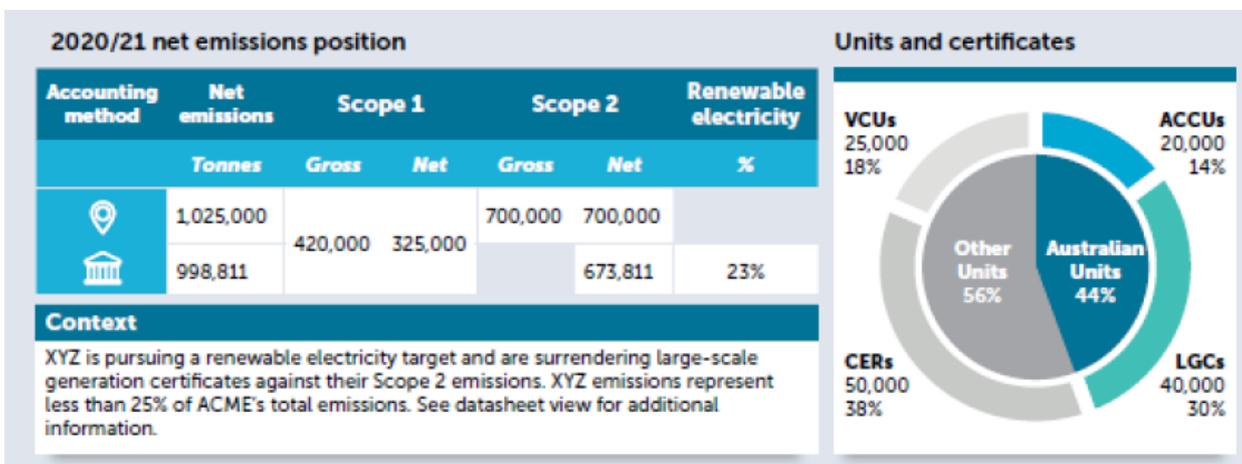
Caution is required when using the term Renewable Energy vs. the term Renewable Electricity. For instance, there appears to be an inconsistency in the following example:

XYZ (ACME subsidiary)	<p>XYZ is committed to 100% consumption of renewable electricity by 2030. "XYZ is accelerating installation of solar generation on buildings where the rooftop is accessible and procuring renewable energy via green procurement options now available in the market."</p>	<p>53% towards goal of 100% renewable energy consumption by 2030</p>	 
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GBCA supports the use of the term '100% renewable energy'. However, we note that it is important if energy is what is being measured, then electricity and all other energy sources should be included and clearly reported.

3. Disclosure of offsets (clarification)

LGCs measured in megawatt hours are included in the doughnut chart with offset certificates measured in tonnes CO2e. It's unclear to GBCA in this representation if the renewable electricity % is inclusive of both RET and voluntary purchased/retired LGCs.



The GHG Protocol provides good guidance for this type of disclosure, especially related to the disclosure of offsets. The GHG Protocol recommends that offsets be shown outside the emissions inventory and GBCA suggests considering this approach to ensure clarity.

4. Jurisdictional Surrenders and CERT (recommendation)

Under Section 3.4 of the consultation paper (October 2021), it is proposed that “[...]LGCs surrendered by state or territory governments to meet jurisdictional renewable energy targets will not be accepted”.

GBCA’s understanding is that this is not aligned with the market-based approach and is a disadvantage to any consumer with facilities in the relevant jurisdiction. This will also be inconsistent with how other programs such as Climate Active, Green Star, and NABERS are looking to implement market-based carbon accounting. Under these programs, jurisdictional targets such as the ACT’s 100% renewable electricity target (where LGCs are being surrendered on behalf of the consumers) will be recognised.

As per the calculation method established under Section 5.3.11 of the draft guidelines document, “LGCs surrendered” are defined as including any “Third party LGCs surrendered’ [...] on behalf of the participant”. This is how the ACT jurisdictional target works, by surrendering LGCs on behalf of consumers within the territory. The ACT has voluntarily surrendered 88% (2.2 million) of all LGCs voluntarily surrendered in June Quarter of 2021 as per the [Quarterly Market Report](#).

The ACT Government has previously provided Annual Reporting to demonstrate the coverage of the renewables procurement program which, along with the use of registered LGCs, should help to alleviate concerns of double counting.

GBCA believes that having an aligned approach between all schemes will result in greater clarity and efficiency for those seeking or needing several certifications. It also ensures all programs are driving the same outcomes and that any future jurisdictional procurement of renewable electricity can be similarly accounted for.

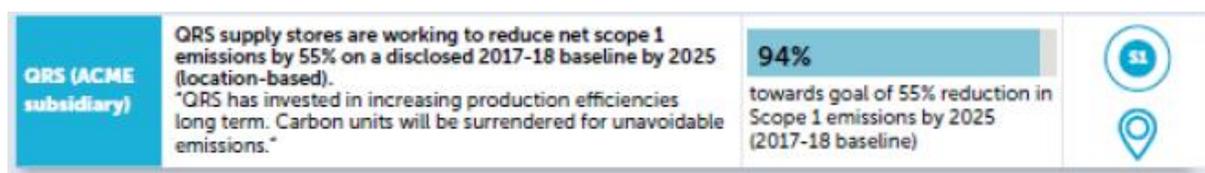
5. Treatment of on-site generation and exports (recommendation)

As per Section 10.2.10 of the draft guidelines, electricity consumed from on-site renewable generators will be able to be claimed towards their renewable electricity claims. GBCA agrees with the rules established to make this claim, but recommends these same rules apply for exported electricity. That is, a participant should be able to claim exports of renewable electricity generated on site, where there are no LGCs created or LGCs created from this generation are surrendered on behalf of the participant.

Again, this approach would align with the market-based accounting methodology and the electricity accounting rules established by Climate Active ensuring that the principles of unique claims and avoidance of double counting are maintained.

6. Communicating progress (clarification)

The consultation document shows an example dashboard view including:



The bar chart in this representation is easy to misinterpret when the target is not a 100% reduction. An alternative should be designed for instances where the target is not a 100% reduction.

7. Eligible units (clarification)

Section 4 of the CERT Report Guidelines (page 7) provides a definition of eligible units that includes ACCUs, CERs, VCU, VERs, CERs and LGCs.

GBCA supports the use of LGCs as a mechanism to demonstrate the purchase of renewable electricity excluding them being used as an offset against scope 1 emissions. It seems the Guidelines support this principle and 4.1.1 f) could be made more definite in this regard. Proposed alternative wording:

f) LGCs may only be included in market-based Scope 2 emissions accounting (see Section 5.3). They must be surrendered in accordance with 5.3.11

8. LGCs surrendered (clarification)

The draft CERT Guideline at 5.3.10 e) states,

- 'LGCs surrendered' is defined at 5.3.10

This is a circular reference and LGCs surrendered should be defined, especially so that there is clarity between LGCs surrendered in accordance with the RET and those voluntarily surrendered. The explanation at 5.3.11 is unclear because of the omission of LGCs surrendered for the RET.

9. Renewable electricity percentage (clarification)

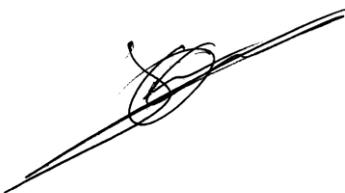
The formula provided in section 6 includes "Below baseline renewables". A definition of this renewable electricity and how it has been allocated to consumers is required.

10. Reporting boundaries (recommendation)

The guideline at 7.2 provides the options for reporting boundaries: operational control or equity-based control. Financial control is an alternative that should be added as another option (further information can be found in the "The Greenhouse Gas Protocol – A corporate accounting and reporting standard", page 17).

Please do not hesitate to contact me, or Katy Dean, Policy Adviser, via email at katy.dean@gbca.org.au, if you or your staff would like to discuss any of the points or resources in more detail.

Yours sincerely



Jorge Chapa
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