

## **Submission Template**

### **Discussion Paper – treatment of voluntarily purchased renewable energy in the National Greenhouse and Energy Reporting System**

#### **Contact Details**

**Name of Organisation:** Australian Network of Environmental Defender's Offices Inc (ANEDO)

**Name of Author:** Rachel Walmsley, Policy & Law Reform Director, EDO NSW.

**Phone Number:** 02 9262 6989

**Website:** [www.edo.org.au](http://www.edo.org.au)

**Date:** 10<sup>th</sup> September 2010

#### **Confidentiality**

**Do you want this submission to be treated as confidential?** No

**Emailed to:** [reporting@climatechange.gov.au](mailto:reporting@climatechange.gov.au)

**Stakeholder feedback on option 1: 'no change' – continue to calculate scope 2 emissions for electricity based on existing state-based emissions factors.**

Not supported.

**Stakeholder feedback on option 2: reporting through the Online System for Comprehensive Activity Reporting (OSCAR) the amount of GreenPower™ purchased.**

Supported with amendment, in combination with Option 3 – see attached.

**Stakeholder feedback on option 3: 'hybrid' approach to adjust existing state-based emissions factors by 'netting out' voluntarily purchased renewable energy.**

Supported – see attached.

**Stakeholder feedback on option 4: 'contract-based' approach to calculating scope 2 emissions.**

Not supported.

**Any additional comments on the treatment of voluntarily purchased renewable energy in NGERs.**

See attached.



# Australian Network of Environmental Defender's Offices

**Submission on the Discussion Paper: *Treatment of voluntarily purchased renewable energy in the National Greenhouse and Energy Reporting System***

**10<sup>th</sup> September 2010**

The Australian Network of Environmental Defender's Offices (ANEDO) consists of nine independently constituted and managed community environmental law centres located in each State and Territory of Australia.

Each EDO is dedicated to protecting the environment in the public interest. EDOs provide legal representation and advice, take an active role in environmental law reform and policy formulation, and offer a significant education program designed to facilitate public participation in environmental decision making.

Submitted to:  
Renewable Energy and NGER Reporting Policy Team  
Department of Climate Change and Energy Efficiency  
GPO Box 854 ACT 2601

Emailed to: [reporting@climatechange.gov.au](mailto:reporting@climatechange.gov.au)

---

## **Contact Us**

EDO ACT (tel. 02 6247 9420)

EDO NSW (tel. 02 9262 6989)

EDO NQ (tel. 07 4031 4766)

EDO NT (tel. 08 8982 1182)

EDO QLD (tel. 07 3210 0275)

EDO SA (tel. 08 8410 3833)

EDO TAS (tel. 03 6223 2770)

EDOVIC (tel. 03 9328 4811)

EDO WA (tel. 08 9221 3030)

**ANEDO submission on the Discussion Paper: *Treatment of voluntarily purchased renewable energy in the National Greenhouse and Energy Reporting System***

The Australian Network of Environmental Defender's Offices Inc (ANEDO) is pleased to provide comment on the Discussion Paper: *Treatment of voluntarily purchased renewable energy in the National Greenhouse and Energy Reporting System*. ANEDO is a network of 9 community legal centres in each state and territory, specialising in public interest environmental law and policy.

This Discussion Paper has called for feedback on the appropriate treatment of renewable energy purchases, such as GreenPower and voluntarily surrendered Renewable Energy Certificates, under the National Greenhouse and Energy Reporting System (NGERS). Specifically the Discussion Paper looks at a series of 4 methodologies to calculate the scope 2 emissions for renewable energy under NGERS.

We note from the outset that the current reporting scheme, referred to in the paper as the 'physical' approach, is inadequate, inequitable and does not reflect an entity's individual voluntary purchase of energy from renewable sources. It fails to differentiate between the scope 2 emissions of those companies that choose to purchase GreenPower/retire RECs and those that don't. It distributes the benefits of those that voluntarily purchase GreenPower and retire RECs to all users of energy in that State as opposed to only those purchasing energy at a premium.<sup>1</sup> ANEDO appreciates that emissions reduction targets are generally set at a state or national level, and overall reporting should focus on the bigger picture of national emissions reductions. However, for companies making a voluntary contribution to national emissions reductions, ANEDO supports a reporting scheme that recognises the additional efforts individual companies make that benefit Australia. Presently there is little incentive for those entities not purchasing energy from renewables to make this transition, as the current reporting scheme does not reward voluntary reductions with recognition. ANEDO therefore believes that amendments to the reporting method need to be made to more accurately reflect the scope 2 emissions of different entities as a result of their energy purchasing behaviour.

In making any changes to the NGERS reporting requirements of scope 2 emissions, ANEDO submits that it is important to ensure that those companies that are voluntarily paying a premium for energy from renewable sources, not be subjected to a series of overly burdensome reporting requirements. Having stated this, it is also important to recognise the need to ensure environmental integrity within the reporting system; i.e. those companies professing to have purchased their energy from renewable sources must be able to provide certification of this in a transparent and accountable manner.

Having noted that the current system is inadequate and the need to ensure environmental integrity without creating an overly burdensome process, ANEDO suggests the use of a combination of Option 2<sup>2</sup> and Option 3 of the Discussion Paper.

---

<sup>1</sup> This is referred to as the 'free-rider' issue in the Discussion Paper – and results in the average emissions factor for the State being lower as a result of the increased uptake of renewable energy by a few entities.

<sup>2</sup> Slightly modified from that presented in the Discussion Paper, in that reporting GreenPower purchases and voluntarily surrendered RECs would be a mandatory requirement.

## **Addressing the ‘Free-Rider’ Issue**

As Option 3 removes, or nets out, the number of RECs voluntarily retired from the total electricity sent out of the grid, it goes some way towards addressing the ‘free-rider’ issue of the current physical approach. ANEDO supports this removal of GreenPower from the calculations that lead to the development of state-wide emissions factors, as it increases the transparency and environmental integrity of the NGERS process. However, as Option 3 results in a single adjusted State figure, ANEDO is concerned that genuine emissions reductions (through increased efficiency or reduced demand) will not be accurately accounted for. A single adjusted State emissions factor will not distinguish between gains made through reductions, and gains made through the purchase of GreenPower. ANEDO recognises that the purchase of GreenPower is a viable GHG reduction option for companies, but we also support emissions reduction programs that decrease overall reliance or inefficiency of electricity use. In terms of comparability, Option 2, by providing a standard emissions factor figure which reflects reductions through increased efficiency and reduced demand, and an adjusted emissions factor figure which reflects reductions through GreenPower purchases, would allow both figures to be compared across companies and over time. In this way, companies wishing to be recognised for their voluntary efforts to reduce GHG emissions will be able to demonstrate in which way reductions were achieved.

## **Encouraging proactive reductions through recognition**

If reporting for both the standard emissions factor and the adjusted figure for voluntary reductions became a mandatory requirement of Option 2, both Option 2 and 3 encourage the State to be more proactive in taking action to move closer to a low carbon economy. As the current approach does not differentiate between action being taken by the State and those companies taking voluntary action, it allows States to include the activity of purchasers of GreenPower when reporting on their greenhouse gas emissions inventories. With more comprehensive reporting obligations, both Option 2 and 3 reduce the opportunity for this to happen, and will therefore give a more accurate representation of State progress towards emission reduction targets. ANEDO submits that this separation of reporting will reduce double counting, and contribute to ensuring voluntary reductions are additional to international obligations (such as those that exist under the Kyoto Protocol).

## **Classifying an appropriate emissions intensity**

Option 3 of the Discussion Paper makes reference to the need for GreenPower and voluntarily surrendered RECs to have “an emissions intensity of zero or close to zero depending on the energy source.”<sup>3</sup> ANEDO agrees that it would be inaccurate to simply allocate an emissions intensity of zero to all forms of renewable energy. As such there would be a need for further clarification on the emissions intensity allocated to the various sources of renewable energy, and that any emissions intensity factor should be determined only after robust scientific assessment.

## **Administrative burden**

The Discussion Paper suggests that a shift to Option 3 would result in additional administrative complexity. ANEDO submits that this complexity would not be overly burdensome and that verified reporting of renewable energy purchased to the Greenhouse

---

<sup>3</sup> See page 11 of Discussion Paper.

and Energy Data Officer is necessary to increase the accuracy of scope 2 emissions from each individual corporation.

### **Reporting on new and innovative community-scale reduction initiatives**

Historically, to achieve emissions reductions, companies have been encouraged to focus on sourcing increasing quantities of energy from renewable sources<sup>4</sup>. ANEDO suggests that effective emissions reductions on a broad scale can also be achieved through other schemes. One such scheme that is being employed throughout the European Union is Cogeneration, whereby companies form communities to share or redistribute waste heat, water or other inefficiencies in so-called ‘district heating and cooling’<sup>5</sup>. This, and other, opportunities to achieve district-scale reductions are not addressed in the current or proposed reporting scheme, and future sustainable cities will need to take advantage of any opportunity to reduce GHG emissions. ANEDO therefore submits that any national reporting scheme should contain an element of flexibility to ensure that such ideas for innovative reductions, as long as they eventuate in positive environmental outcomes, be considered.

### **Key Recommendations and Observations**

- The current reporting scheme employing the ‘physical’ approach is inadequate, inequitable and does not reflect an entities voluntary purchase of energy from renewable sources.
- The new reporting scheme should not be overly burdensome for those entities paying a premium for energy from renewable sources, however it must develop a greater sense of environmental integrity within the reporting system.
- ANEDO supports the development of a new NGERs system with a combination of elements of both options 2 and 3 of the Discussion Paper.
- There is a need to better recognise the way in which GHG reductions are achieved, through decreases in energy use or increases in energy efficiency, over time (Option 2).
- There is a need to ensure that State Governments are encouraged to develop independent GHG initiatives as opposed to relying on the voluntary entities (Option 3).
- It is essential to ensure that voluntary reductions are additional to international obligations, and are not double counted (Option 3).
- An emissions intensity factor should only be determined after robust scientific assessment (Option 3).
- The NGERs must incorporate an element of flexibility within the reporting system to allow the inclusion of innovative, and environmentally robust, GHG reduction schemes.

Yours sincerely

**Australian Network of Environmental Defender’s Office Inc**

**Rachel Walmsley**

Policy & Law Reform Director (EDO NSW)

---

<sup>4</sup> *Australia’s Renewable Energy System* (2006). Rossiter, D & Singh, A. Office of the Renewable Energy Regulator, Australia.

<sup>5</sup> <http://www.euractiv.com/en/energy-efficiency/combined-heat-power-generation-chp/article-181255>. Accessed 3/09/10.