

An aerial photograph of a lush green landscape. In the foreground, a concrete dam structure is visible, with water cascading over it. A winding road or path cuts through the rolling green hills. In the distance, a coastline is visible with several wind turbines and a body of water under a clear blue sky. A large green diagonal shape is overlaid on the left side of the image, containing the text.

Submission to REGO Approach Paper Consultation

November 2023



The National GreenPower Accreditation Program (GreenPower) welcomes the consultation by the Department of Climate Change, Energy, the Environment and Water (DCCEEW) on its Renewable Electricity Guarantee of Origin Approach Paper.

GreenPower is generally very supportive of the proposed Renewable Electricity Guarantee of Origin (REGO) scheme, apart from the proposal to allow below-baseline renewables to receive REGOs which may still result in significant risks for voluntary markets. If below-baseline renewables are excluded from being able to receive REGO certificates, the REGO scheme will be an important enabler of voluntary markets by providing a trusted and transparent evidence base that supports accelerated action in renewable energy and emissions reduction.

GreenPower intends to use REGOs in its renewable electricity products, if the final legislation and regulations for the REGO scheme are appropriate. The design of the REGO and GO schemes will materially impact GreenPower and other voluntary purchases, and thereby consumer access to renewables and so we encourage the Department and the CER to continue to work closely with GreenPower on the REGO scheme.

This submission is based on GreenPower's ongoing work in voluntary renewable energy markets, our current program review and upcoming program changes. It is informed by consultation with the National GreenPower Stakeholder Advisory Group and the National GreenPower Steering Group.

We commend the Department on the engagement on the REGO and GO schemes with GreenPower to date, and we look forward to continuing to work closely with the Department and the CER on facilitating a cohesive and voluntary market-enabling framework for energy carriers and products.

For any questions regarding this submission, please contact James Day at greenpower.admin@planning.nsw.gov.au.

Kind regards,

Manuel Weirich

Manager
National GreenPower Accreditation Program

About GreenPower

GreenPower enables business and household customers to match their electricity use with accredited renewable energy, which is added to the grid on their behalf. GreenPower is an independent accreditation program managed by the NSW Government on behalf of the National GreenPower Steering Group, a collaboration of Australian state and territory governments. The positions presented in this submission only represent those of GreenPower.

GreenPower is currently finalising changes to its accredited renewable energy products. These will respond to the rapid changes in electricity markets and improve alignment with international renewable energy standards and market-based carbon accounting. We expect strong uptake of GreenPower by hydrogen producers as they are exempt from GreenPower surrender fees until 2030.

In August 2023, we also launched the Renewable Gas Certification Pilot. This new certification allows commercial and industrial gas users to directly support renewable gas projects, displacing fossil natural gas use with low-emissions renewable gas. Businesses do this by purchasing certificates so their network gas use is matched with renewable gas that is added to gas networks on their behalf, which is equivalent to how renewable electricity certificates are used.

We plan for the GreenPower Program to adopt the REGO scheme as its underlying certification platform, similar to how we currently use Large-scale Generation Certificates in the REC Registry for GreenPower electricity products. We also plan for our renewable gas certification to transition to using GO certificates once the GO scheme includes biomethane and biogas. This will avoid duplication and support consistency and integration across government schemes.

To enable this integration, the GO scheme, and particularly the REGO component, will need functionality to make it easy for GreenPower stakeholders to use them, as discussed below.

Since its inception, GreenPower has made a significant contribution to the Australian renewable energy industry including:

- › around \$1 billion investment to the renewable energy sector since 2005
- › supporting voluntary action to reduce Australia's grid emissions by at least 16 Mt CO₂-e
- › providing consumers with a robust, easy to access mechanism for renewable energy purchasing

More information about GreenPower can be accessed at www.greenpower.gov.au

Part 1. REGO creation and surrender

GreenPower supports the development of a tradeable renewable electricity certificate mechanism that will endure beyond the RET's sunset in 2030 and that allows certificates to be created from offshore renewable generation connected to an Australian electricity network.

While we still hold concerns about the proposed inclusion of below-baseline generation in the REGO scheme, GreenPower intends to work towards allowing the use of REGOs in its renewable electricity products. This would remain subject to the GreenPower Program's eligibility conditions, and the final details of the legislation and regulations for the REGO scheme being deemed appropriate for adoption.

As noted in our submission to the previous consultation, **GreenPower is supportive of eligible renewable energy sources as defined under the Renewable Energy (Electricity) Act 2000 being able to create REGOs. Additionally, electricity generated from secondary renewable energy sources, e.g., renewable hydrogen, should also be able to create REGOs and storage REGOs.**

The Product GO could provide evidence that fuels used in a generator are renewable and enable the generator to create REGOs (e.g. if it burns renewable hydrogen and retires Hydrogen GOs that demonstrate emissions intensity below a REGO eligibility threshold).

Activities and fuels eligible to create REGOs may not all have near-zero emissions. Some projects may have significant upstream or process emissions. A Product GO for fuels like hydrogen and biomethane would provide the information required to determine whether a REGO can be considered 'zero emissions' or not. This market-based approach should be used in emissions accounting for all fuels that participate in a robust certification mechanism.

Section 1.1 Below-baseline generation

GreenPower welcomes DCCEEW's acknowledgement of concerns that introducing below-baseline REGO certificates could impact signals for investment in new renewable capacity. In our submission to the February 2023 consultations¹, we noted that we believe that the environmental attributes of below-baseline generators should be allocated to all electricity consumers as they paid for the construction of most large below-baseline renewables such as the Snowy-Hydro scheme and the hydroelectric dams in Tasmania through taxes and energy charges.

Below-baseline renewables are not eligible for inclusion in the RET and there is no demonstrated need to include them in the REGO scheme. Below-baseline generators should either be ineligible to create REGOs or be required to surrender all created certificates on behalf of all Australian energy consumers. Market-based accounting could then consider it as 'mandated renewable generation that is allocated to all consumers', and a 100% renewable electricity product (illustrative example only) could be made up of:

- the Renewable Energy Target's Renewable Power Percentage (until 2030) – e.g. 19%
- the below-baseline generation percentage (long-term) – e.g. 7%
- voluntary GreenPower purchase to 'top up' to 100% - e.g. 74%.

¹ GreenPower (2023), *Submission to Guarantee of Origin Scheme Consultation Papers*, February 2023, <https://consult.dcceew.gov.au/aus-guarantee-of-origin-scheme-consultation/have-your-say/view/61>

GreenPower also noted in our February response that introducing below-baseline REGO certificates would likely:

- be counterproductive to the energy policies of the Commonwealth, state and territory governments in Australia which aim to boost the supply of renewable energy
- result in significant risks for voluntary markets as below-baseline generators are significant in size and generate around 14,000 GWh of electricity per year, almost 74% of the aggregate demand from voluntary renewable energy commitments.² The inclusion of below-baseline renewables could divert income to old, largely government-owned assets, and away from additional renewable energy generators.
- result in a loss of consumer trust in renewable energy products, and
- undermine confidence in the otherwise commendable REGO and GO schemes proposal.

These risks are significant and GreenPower believes these risks continue to outweigh any benefits of DCCEEW's intention to allow buyers to exercise choice about the certificates they wish to purchase. Buyers of renewable energy certificates are mostly businesses and other large organisations buying them to credibly demonstrate how they are taking climate action by their emissions from their electricity use.

Introducing below-baseline REGO certificates would be providing buyers with a risky and misleading choice in certificates that may not lead to any additional environmental benefit, and may slow Australia's energy transition.

While GreenPower agrees that there is a risk of industry-led or international certification schemes (such as I-RECs) certifying below-baseline generation if it is excluded from the REGO scheme, other lower-risk policy options exist and are preferable. Instead of certifying below-baseline generation, the REGO legislation could disallow publicly-owned generators such as Snowy Hydro and Hydro Tasmania from creating renewable energy certificates if they are below-baseline. As almost all below-baseline generation capacity is owned by the Commonwealth, Tasmanian and Queensland Governments, this could effectively mitigate the risk of below-baseline generation being certified and double-counted by another industry-led or international certification scheme.

It is also important to recognise that some large below-baseline hydro schemes are being reconfigured to provide firming for renewables, e.g., the Snowy 2.0 scheme. Suitable below-baseline renewables should be used to firm intermittent renewables such as wind and solar. This important firming role should be incentivised, if it is necessary to provide further incentives, through short-duration and long-duration storage incentive schemes, not through a renewable energy certification scheme such as REGO.

While the proposal to limit the use of below-baseline REGO certificates to EITE activities and GO Scheme uses is better than the original proposal, GreenPower is still concerned about the potential impacts on the voluntary market. On balance, GreenPower is still not supportive of this proposal as:

- it only proposes to limit the participants that may surrender below-baseline REGO certificates prior to 2030. After 2030, it appears that any participants may surrender them.

² Green Energy Markets (2023), *Submission to Guarantee of Origin Scheme Consultation Papers*, <https://consult.dcceew.gov.au/aus-guarantee-of-origin-scheme-consultation/have-your-say-on-renewable-electricity-certification/view/29>

- these restrictions are only proposed to be included in the regulations for the REGO scheme, and not in the REGO legislation itself, and could easily be changed to allow below-baseline REGO use by other sectors.

A number of our key industry stakeholders have advised GreenPower that including these restrictions in regulations only does not provide the renewable industry with sufficient certainty about the long-term future of the REGO scheme, as regulations can be changed much more easily than legislation. These critical policy settings should be set in legislation. DCCEE is rightly arguing that “certainty about the renewable energy certificate framework can help to support investment decisions being made now” and the REGO legislation should reflect that. This would help to build broad support for the REGO scheme.

To maintain alignment with international standards and frameworks such as RE100 and B Corp, GreenPower will introduce a 15 year age limit for renewable generators from 1 January 2024. This will help accelerate the addition of new renewables into the grid and is on top of the existing exclusion of below-baseline generation from participating in GreenPower. This means that a newly built generator will generally be eligible to use its LGCs (or any future REGOs) for GreenPower sales for 15 years.

Section 1.2 Small-scale generation

Careful consideration needs to be given to whether all small-scale renewables should be able to create REGOs and how the REGO mechanism will interact with the feed-in-tariff schemes and other state and territory solar incentives in operation around Australia, as well as with household expectations about the ownership of environmental attributes.

There are significant risks of double counting if small-scale generators are eligible to create REGOs. This would need to be carefully managed. If they create and sell REGOs, owners of rooftop solar would no longer be able to claim they are using ‘renewable electricity’ despite the electrons from their solar panels being mostly used behind the meter. Based on frequently received submissions to GreenPower on the attribution of small-scale renewables, this is a contentious and complex issue.

Consideration should be given to only allowing small-scale renewables to create REGOs if they would not have occurred in the absence of the REGO mechanism, such as rooftop solar and solar bank/garden projects for renters and apartment dwellers. This would allow REGOs to be better directed where they are truly needed to enable more Australians to benefit from small-scale renewable energy projects. If designed well, this could also avoid double counting of renewable energy benefits.

While the aim may be to develop a flexible and user-agnostic REGO scheme, these implications need to be considered carefully upfront.

Section 1.3 Electricity storage

No comments

Section 1.4 Surrender restrictions

GreenPower is highly supportive of stronger restrictions being placed on the use of below-baseline generation in the REGO scheme. Please refer to our response to section 1.1 for further information.

Part 2. REGO attributes

GreenPower is generally supportive of a suite of attributes to be required on REGO certificates and believe there is strong public benefit in this information being publicly visible. We provided the following response to the Department's February 2023 consultation and it remains relevant for the current consultation.

Product GOs, REGOs and LGCs should all be housed and searchable on one platform to improve the accessibility and standardisation of information across all these related schemes.

Information that should be publicly visible on REGOs:

- All of the information that is currently visible on LGCs:
 - Certificate serial number
 - Fuel source for electricity generation*
 - Electricity generation year
 - State/territory of electricity generation
 - Certificate creation date
 - Current owner of certificate
 - Current status of certificate
 - Creator of the certificate
 - Power station accreditation code.

- **The following additional information** that the Department proposes to include on REGOs **should be mandatory** to both include and be publicly visible on REGOs as well as LGCs:
 - Renewable energy source or storage technology (*this field partly duplicates the Fuel source for electricity generation field on an LGC and so these two fields could potentially be combined)
 - Date of generation/production and hour, if applicable
 - State/ territory and grid location
 - Generator commissioning date - this will be of great assistance to GreenPower as we are introducing a 15 year age limit for renewable energy generators

- **The following additional information** that the Department proposes to include on REGOs **should be optional** to both include and be publicly visible on REGOs as well as LGCs. If they are included on REGOs they should always be publicly visible to enhance the transparency of the scheme and build confidence in sustainability claims by companies and organisations.
 - Storage or export status
 - On whose behalf certificate was surrendered
 - Additional fields not proposed in the consultation paper as discussed below.

- **The following fields** that the Department proposes to include on a REGO **should be modified slightly**:
 - *Purpose of surrender* should allow multiple selections or entries
 - It is likely to be necessary to allow the selection of more than one purpose in some cases, e.g., an organisation may surrender a REGO or LGC for multiple

purposes such as Climate Active certification or validation by the Science Based Targets initiative.

- The list of purposes for the REGO surrender should be structured and standardised so that those surrendering certificates choose from a limited selection of purposes when surrenders are made rather than entering information into a freetext field. This will produce structured data which will make it easier for market participants to analyse this data. Some purposes, e.g., NABERS, are also likely to need freetext information to be entered such as the name of the building, but making this whole field freetext should be avoided for the above reasons.
- The Department may want to also include the facility's accreditation date on REGOs as part of the facility information.
- GreenPower believes that **these identifiers, tags or similar filtering options should also be included on REGOs and Product GOs:**
 - *GreenPower compliant* – a field to indicate that a REGO or Product GO is from a renewable energy generator or renewable gas project that is accredited by GreenPower and is compliant with all GreenPower requirements. The ability to filter certificates for this field would be of great assistance to GreenPower buyers, providers, generators and the GreenPower Program Manager and reduce their compliance and administration costs.
 - *NSW Renewable Fuel Scheme compliant* – as above for GreenPower but with regard to the NSW hydrogen target.
 - Other Australian, state or territory schemes.
- Pending inclusion of small-scale generation, REGOs may need an **identifier for whether the environmental claim related to the renewable energy has already been allocated:**
 - *'Rooftop solar claimed'*, *'emissions benefit claimed'*, or similar – this indicator would allow voluntary market participants to exclude REGOs where the environmental attribute has already been claimed by the system owner.
 - REGOs should generally operate on the basis that the environmental claim is inherent in the REGO until the REGO is retired.
 - This proposal may help limit the risks of including small-scale generation in the REGO scheme but exclusion would be clearer.

GreenPower is keen to work with the Department and the CER on the details of this proposal.

Section 2.1 Below-baseline status

As discussed above in Section 1.1 - Below-baseline generation – GreenPower is not supportive of below-baseline generation being eligible to create REGO certificates. Please refer to that section for our detailed comments.

Section 2.2 Time stamping

GreenPower is very supportive of the voluntary time stamping of REGO certificates as this will enable the creation of new GreenPower renewable electricity products which match electricity consumption at a much more granular level, e.g., hourly or more frequently, than the current annual matching provided by GreenPower's existing renewable electricity products. Hourly matching of electricity consumption with renewable electricity is becoming increasingly popular amongst large corporates and some governments overseas. Staff at the World Resources Institute, co-developers of the GHG Protocol, reported earlier this year that:

"...More energy buyers are committing to 24/7 carbon-free energy, driving new supply offerings, and accelerating the transition toward fully decarbonized grids.

Researchers at [Princeton University](#), [McKinsey and Company](#), and the [Technical University of Berlin](#) have determined that hourly matching can drive [the deployment of advanced, clean, firm energy resources](#) and can lead to [lower carbon emissions](#) for both the buyer and the system. To date, more than 100 signatories have joined the [24/7 Carbon-Free Energy Compact](#). Signatories include energy buyers such as Johnson Controls and Rivian, energy suppliers such as AES and Constellation, governments such as the Icelandic and Scottish governments, as well as consultancies, investors, solutions providers and system operators."³

While we expect that, in the coming years, this capability will only be used by a selection of industry-leading participants, GreenPower is supportive of enabling the voluntary time-stamping of REGO certificates.

Section 2.3 Emission intensity data

GreenPower agrees with the Department's view that it would be preferable not to publish emissions intensity information on REGO certificates initially when the scheme commences. GreenPower agrees that estimating the emissions displacement requires a range of assumptions about the emissions intensity of the generation that would have been required in a counterfactual scenario.

This emissions intensity information, once included, should be published on both LGCs and REGO certificates. If it is published on REGO certificates only and not on LGCs then it would almost certainly result in REGOs having a lower economic value than LGCs. This is because they would result in the buyer having to report Scope 2 emissions, whereas LGCs currently enable buyers to report zero Scope 2 emissions. If REGOs end up having a lower economic value to renewable electricity certificate buyers then the owners of eligible renewable electricity generators are likely to continue to opt for creating LGCs from their generators rather than REGOs for as long as they can.

Work is currently underway globally by the GHG Protocol to review guidance on corporate GHG accounting and reporting standards for scope 1, scope 2, and scope 3 emissions.⁴ As the GHG Protocol underpins most major greenhouse gas reporting methodologies in place around the world, including NGRS, Climate Active and others, this review could also have a major influence on the

³ Hausman, N. and Bird, L. 'The State of 24/7 Carbon-free Energy: Recent Progress and What to Watch, World Resources Institute, www.wri.org/insights/247-carbon-free-energy-progress

⁴ GHG Protocol (2022), *GHG Protocol to assess the need for additional guidance building on existing corporate standards*, Press release, 31 March, <https://ghgprotocol.org/blog/ghg-protocol-assess-need-additional-guidance-building-existing-corporate-standards>

future direction of renewable energy certificate schemes, including the RET, REGOs and GreenPower. Accounting for upstream emissions of renewable generators when that is not yet done in other economies could impact Australia's competitiveness and needs to be carefully considered.

GreenPower therefore believes it would be preferable not to publish emissions intensity information on REGO certificates initially when the scheme commences and to wait until:

- the GHG Protocol has completed its review of guidance on corporate GHG accounting and reporting standards for scope 1 and scope 2 emissions
- after a methodology has been developed to calculate the emissions intensity of the generation that would have been required in the counterfactual scenario.

Part 3. Other elements of REGO

Section 3.1 Loss factors

GreenPower agrees that it would be undesirable for the REGO scheme to use a different convention for accounting for network losses than what is used in both the RET and the NEM's wholesale electricity market.

If Australian renewable electricity does end up being exported internationally through projects such as SunCable or similar, losses from electricity that is exported internationally should be fully accounted for so that Australian energy consumers do not end up indirectly subsidising the production of electricity exported internationally.