



Australian Government

Department of Climate Change, Energy,
the Environment and Water

Submission on the GreenPower Program Review Consultation

Thank you for the opportunity to comment on the GreenPower consultation paper and program review report.

The Department of Climate Change, Energy, the Environment and Water (the Department) administers Climate Active which is an ongoing partnership between the Australian Government and Australian businesses that enables voluntary climate action. Climate Active certifies Australian businesses that have credibly reached a state of carbon neutrality by measuring, reducing and offsetting their carbon emissions against the requirements of the Climate Active Carbon Neutral Standard. Certification is available for organisations, products and services, buildings, events and precincts.

In addition to the existing Climate Active Carbon Neutral Standard, Climate Active is developing a framework to support and certify 100% renewable electricity claims (under a new 100% Renewable Electricity Standard for Organisations) and broader 100% clean energy claims by organisations.

Climate Active recognises GreenPower as an eligible renewable electricity source, which incentivises GreenPower uptake from businesses reporting to Climate Active. Under Climate Active's market-based approach for electricity accounting, GreenPower electricity purchases are accounted for as zero emissions electricity in a Climate Active member's carbon account.

Please see below our responses to select questions asked in the GreenPower consultation paper.

Questions 2 and 13 ask if a vintage requirement for GreenPower certificates should be introduced.

The Department is supportive of GreenPower introducing a 36 month vintage requirement for Large-scale Generation Certificates (LGCs). This approach is aligned with the treatment of LGCs outlined in Climate Active's [Electricity Accounting rules](#). Under Climate Active's market-based approach for electricity accounting LGCs must have an issuance date of less than 36 months from the end of the reporting year. In the future Climate Active may consider updating this requirement to be based on the LGC generation date rather than issuance date, to encourage closer proximity between generation and use of LGCs.

Questions 4-6 propose options for recognising the Large-scale Renewable Energy Target (LRET) in GreenPower products.

The Department is supportive of GreenPower recognising the LRET for renewable electricity claims. Under the Climate Active market-based method, a business's annual proportionate renewable electricity investment through the LRET is recognised by allowing organisations to claim electricity consumption corresponding to the Renewable Power Percentage (RPP) as zero emissions renewable electricity. This treatment is consistent with the logic of the market-based method: Consumers incur a cost of meeting the LRET, either through a separate cost component in commercial energy contracts or through a premium price for electricity in retail contracts. The LRET can therefore be thought of as an implicit contractual or purchasing arrangement on electricity consumers for renewable electricity. LRET exempt entities (emissions-intensive trade-exposed entities) are not eligible to claim the RPP as zero emissions electricity under Climate Active as they have not invested in renewable generation through the LRET.



If GreenPower decides to proceed with Option A and only recognise the RPP contribution for 100% GreenPower products, Climate Active will need to update the way GreenPower purchases are reported under Climate Active. In particular, under Option A, Climate Active would need members who claim GreenPower to provide us with details of the type of GreenPower product that they purchased (e.g. 50%, 100%, etc.) to ensure that we could accurately apportion the RPP contribution to their electricity account (for a carbon neutral claim). This will not be an issue under Option B where the RPP contribution is included in all GreenPower products.

Question 23 considers how GreenPower can support flexibility for small energy users to purchase GreenPower.

The Department is supportive of efforts to help embedded network customers access GreenPower. The Department recognises that some small organisations have limited capacity to independently purchase and surrender LGCs. If Greenpower offers more support and flexibility for these small energy users it will be easier for them to match their electricity consumption with renewable electricity, which could be claimed in that organisation's carbon account as zero emissions renewable electricity under Climate Active's market-based method

Questions 28-29 consider how GreenPower could develop an electricity emissions fund as an alternative to the program's current design.

Depending on the design of the potential fund, Climate Active may need to reconsider how GreenPower purchases could be recognised under Climate Active's market-based electricity accounting approach, which is underpinned by the surrender of LGCs. For instance, if GreenPower electricity was to be based on the development of new projects through Power Purchase Agreements (PPAs), rather than the surrender of LGCs, its treatment under Climate Active would need to change. Climate Active does not recognise PPAs as a basis for a renewable electricity claim unless LGCs have been surrendered. This helps protect against double counting as surrendered LGCs are taken out of circulation and cannot be claimed by another party.

Policy development on renewable electricity certification

The Department would like to clarify comments made about renewable Guarantee of Origin certificates in the program review report by providing some context.

The Department is considering options for an enduring renewable electricity certificate mechanism, beyond the RET, that would support organisations seeking to make renewable electricity claims and achieve zero emissions goals. This work is happening as part of the Hydrogen Guarantee of Origin (GO) scheme development work, as well as in the context of the RET ending in 2030.

Renewable electricity certification as part of the GO scheme was discussed in Sections 3.4 and 3.5 of the Department's 2021 *Hydrogen Guarantee of Origin Scheme Discussion Paper*.

The Department is undertaking targeted consultation to seek views from a range of relevant stakeholders, beyond the hydrogen industry, and to inform policy design.



Carbon Offsets

The Department disagrees with the statements made in GreenPower's program review report that Climate Active carbon neutral products allow low quality offsets.

All units eligible for use under Climate Active have been assessed as meeting best practice offset integrity principles. These principles require that offset units are additional (unlikely to occur in the ordinary course of events), permanent, measurable, transparent, address leakage (account for material increases elsewhere that nullify the offset claimed), independently audited and registered.

The integrity principles are based on the offsets integrity framework for Australian Carbon Credit Units (ACCU) as set out in the *Carbon Credits (Carbon Farming Initiative) Act 2011*. The offsets integrity principles ensure that any unit used to offset emissions as part of a carbon neutral claim represents a genuine and credible emissions reduction.

Many Climate Active members choose to adopt a portfolio approach, supporting a combination of domestic units (for example, ACCU) alongside other international units. A mix of units provides flexibility to meet a carbon neutral claim. Any difference in spot-price of these units does not reflect a difference in these units' requirement to meet the offset integrity principles outlined above.

Carbon neutral electricity products

Question 19 asks if retailers that sell green products that are not linked to renewable energy generation should be blocked from joining GreenPower. The Department does not support the proposal. Climate Active certifies businesses that have credibly reached a state of carbon neutrality by measuring, reducing and offsetting their carbon emissions. The standard which underpins Climate Active certification is based on international standards tailored to Australia. It is reviewed and improved regularly to ensure its integrity and that it remains aligned with best practice.

Retailers that have Climate Active carbon neutral certification for their carbon neutral electricity products have achieved this by following the same rigorous process we require of all our members seeking a carbon neutral claim through Climate Active.

Climate Active incorporates various integrity processes, including third party verifications of carbon accounts, departmental funded risk-based audits, and annual public reporting of carbon neutral certifications.

Section 5.4.2 of the consultation paper also states that carbon neutral electricity products have a negative impact on consumer understanding of, and support for renewable energy. The Department agrees that that clear communication of carbon neutral or other sustainability claims is important for credibility and consumer understanding.

Climate Active has clear communication requirements for certifications, including rules around use of the Climate Active Certification Trade Mark. Climate Active also requires that carbon neutral certifications are transparently disclosed via mandatory annual reporting for each certification (published on the Climate Active website). The Department supports further work to improve literacy around the objective features of different retail electricity products.



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We also note that the Climate Active program incentivises GreenPower uptake, as businesses reporting to the Climate Active program can claim reduced electricity emissions via eligible renewable electricity sources, which includes GreenPower purchases.

Discrediting carbon neutral claims

The Department does not support the proposal referenced in section 5.4.3 for GreenPower to undertake an advertising campaign against carbon neutral electricity products.

Climate Active's Carbon Neutral Standard is based on international best-practice carbon accounting, and ensures that carbon neutral claims are robust, independently verified, and transparent.

We consider that any potential campaign against Climate Active carbon neutral electricity products are likely to only heighten misunderstandings of the process and methodology used by Climate Active and more broadly reduce confidence in Government assured green claims.

The Department also does not accept the positioning proposed in the program review report that GreenPower is the *'the only government certified renewable energy product through which credible renewable energy claims can be made'* (pg. 50). Under Climate Active, organisations that have matched 100% of their renewable electricity consumption with eligible renewable electricity sources (e.g. LGCs) are able to credibly make this renewable energy claim.

Retailer rating system

The Department would like to better understand what would be considered in a retailer rating system. We would be concerned if GreenPower intends to rank retailers offering certified carbon neutral electricity products poorly.

As outlined above, retailers that have Climate Active carbon neutral certification for their carbon neutral electricity products have achieved this by following the same rigorous process we require of all our members seeking a carbon neutral claim through Climate Active.