



Australian
Forest
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Association

AUSTRALIAN FOREST PRODUCTS ASSOCIATION

Submission to GreenPower on the
Renewable Gas Certification Pilot
April 2022



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National GreenPower Accreditation Program
NSW Department of Planning, Industry and Environment
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RE: RENEWABLE GAS CERTIFICATION PILOT

The Australian Forest Products Association (AFPA) welcomes the opportunity to make a submission in response to the *GreenPower Renewable Gas Certification Pilot: Consultation Paper*. AFPA is the peak national industry body representing forest resources, processing, and pulp, paper and bioproduct industries covering all parts of the forest products value chain. As such, the interests of AFPA's members cover the full renewable gas supply chain from supplying biomass feed stock through to being industrial-scale users of gas for process heat. There is also potential for the sector to be involved in the production of renewable gas either from primary sources or as part of wastewater treatment from pulp and paper mills.

General comments

AFPA and its members acknowledge the importance of rapidly decarbonising existing industrial processes and the broader economy, and recognise the opportunities this transition represents. Efforts and initiatives that support, facilitate and accelerate achievement of Australia's net zero are to be applauded. The Renewable Energy Target was very successful at driving growth in the generation of renewable electricity, however to date renewable heat has largely been ignored. The proposed GreenPower Renewable Gas Certification Pilot presents an opportunity to start to rebalance the situation through this user-driven, voluntary scheme.

The taxonomy and standards used by the pilot should directly link to the National Greenhouse and Energy Reporting (NGER) Scheme. NGER is a single national framework for reporting and disseminating company information about greenhouse gas emissions, energy production and energy consumption. It also aligns to global standards. Consistency with NGER would facilitate engagement of corporate users with the renewable gas certification program.

Responses to consultation questions

Renewable gases to be included in the pilot

The pilot program proposed to have an initial focus on biomethane and renewable hydrogen as relatively mature technologies that are either already operationally available or soon will be. Biomethane is supported as an initial focus for the pilot given it can readily substitute for existing gas without additional investment in infrastructure or end-user equipment.

AFPA notes that large energy users in NSW will soon be burdened with a green hydrogen liability. Uptake may be limited if users are asked to pay another cost.

Eligible feedstocks

GreenPower is proposing to align permitted feedstocks under the pilot with the Clean Energy Regulator's Emissions Reduction Fund methodologies which are:

- biogas from food waste
- biogas from wastewater treatment
- biogas from a combination of these feedstocks.

The consultation paper proposes to align to the existing ERF methodologies for displacement and abatement. The requirement to align to an ERF methodology may limit overall success of the scheme. There are other available biomass feedstocks that, in the production of biogas, provide for useful displacement or abatement of emissions and where inclusion could resolve other issues. For the forest product sector this includes construction and demolition wood waste, and residues from saw mills. There is no reason these feedstocks should be excluded, and AFPA recommends GreenPower pursue a broader scope of feedstocks.

Project cycle and life-cycle analysis

GreenPower proposes to use a cradle-to-gate boundary for assessing projects, which aligns with other certification approaches such as the Department of Industry, Science, Energy and Resources Hydrogen Guarantee Scheme. This approach is supported as it focuses on aspects of gas supply that are within the control of gas producers, and that can be differentiated with the gas market.

Offsetting emissions

A renewable gas certificate scheme will need to be robust and transparent in its operation. GreenPower is proposing that emissions associated with the production of a renewable gas must be offset prior to a certificate being created, and that only ACCUs could be used as emission offsets. There are also multiple international carbon credit units that are robust and credible, and there would seem to be no reason these credits should not be used to offset emissions incurred during the production of renewable gas.

Similarly, the Australian Government Department of Industry, Science, Energy and Resources is in the process of developing a new carbon credit unit called Safeguard Mechanism Credits (SMC). These credits will be generated through emission reduction efforts of facilities that are covered by the Safeguard Mechanism. Should the proposed SMC program come into force, SMCs should also be able to be used to offset emissions.

Interactions with other schemes

The NSW Independent Pricing and Regulatory Tribunal report on the *NSW Greenhouse Reduction Scheme: Strengths, weaknesses and lessons learnt* (July 2013), included important lessons regarding interactions between schemes. IPART reported that where schemes are based on completely different pricing mechanisms, the interaction between them can cause a distortion in one or both. The report highlighted that independently administered schemes needed to be designed on the same principles.

Consideration must be given at the start of the process for scheme exit, particularly in the event of scheme closure. Without clarity, end users are left to manage end-of-life risk and this can impede participation. The lessons from the NSW Greenhouse Gas Reduction Scheme are salient.

Functional unit of measurement

GreenPower is proposing to include a GJ figure on certificates as a functional unit of measurement. The functional unit should be defined in line with market practice, product specific emissions accounting (ISO standards 14040/14044) and the GHG Protocol Product Life Cycle Standard. It's noted that the registry may operate in a different unit, potentially kWh with a conversion to GJ on the certificate.

AFPA recommends the functional unit of measurement be set as 1 GJ (Higher Heating Value, HHV) of heat. This would provide applicability across all technologies and products as long as the point of measurement is the same.

Closing remarks

The establishment of a Renewable Gas Certificate registry and scheme is a positive development which will facilitate further decarbonisation for users of renewable gas for industrial heat. Thanks for taking the time to consider our submission.

Contact

Questions about the content of this submission should be directed to Tim Lester, AFPA Senior Policy Manager, phone 0437 524 933, tim.lester@ausfpa.com.au



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AFPA is the peak national industry body representing the resources, processing, and pulp and paper industries covering the forest products value chain.

AFPA represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp and paper.