

Response to GreenPower Renewable Gas Certification Pilot Consultation Paper

28th March 2022

The Voluntary Carbon Markets Association (VCMA) provides this brief response to the subject consultation paper.

The VCMA does not believe the consultation paper makes the case as to why this pilot is required.

The VCMA understands that the proposed scheme attempts to give gas consumers an opportunity to purchase *carbon neutral gas* whereby they can “own” the renewably created gas molecules in the network. The problem with this construction is that it creates a façade of consequence, allowing the buyer to believe that this ownership will lead to a corresponding and positive environmental consequence i.e., their purchase will avoid a pro rata emission of greenhouse gas.

Unfortunately, the proposed pilot does not tell the consumer that the outcome may be somewhat more complicated, e.g., that their money may simply go toward the economic profit of a pre-existing project. The principle of transparent consequentialism is fundamental to most LCA methodologies, GHG reporting standards and offset schemes.

Given our members experiences selling GreenPower we know that even sophisticated purchasers struggle with understanding what the consequence of the purchase is in terms of environmental benefit. This is particularly so where multiple layers of additionality and conversion methodologies are involved. Regardless, we have found that consumers will simply rely on a government’s label as evidence that all such factors have already been considered to ensure their expectations are met. This of course remains the case until someone exposes the flaws in the system to the media as per the [recent claims](#) regarding the ACCU based CFI/ERF.

The VCMA agrees that there will be a high demand from consumers wanting to offset their current natural gas-based greenhouse pollution. However, the VCMA does not believe that the pilot as proposed will deliver a scheme which will meet the expectations of the consumers over the long term

We make the following points:

- The pilot proposes that facilities already constructed be eligible for certificates. This will provide an income stream to projects that were created based on investment decisions that did not anticipate such income and as such will not result in one-for-one additional production. Providing certificates where a project has already happened, or would happen anyway based on existing financial viability, is normally prohibited in other offset standards. The historical application of GreenPower relates to a starting date before which all existing renewable electricity generation capacity is excluded. This allowed a clear differentiation between GreenPower and other renewable electricity, and it was clear that post 1997 RE investments were made with revenue from LGCs considered. The Malabar

project, and existing sources of biogas, blur the boundary between ‘new’ renewable energy and existing, as it utilises an existing source of biogas, but adds an extra process to purify it to a point where it could be fed into the gas grid. In practice, the biogas could be burned in its existing form to replace use of fossil gas anyway. Therefore, it is not clear that injecting biomethane achieves any additional abatement. However, where it does, say in the case of LPG replacement, then why would this not be eligible for the scheme?

- Use of this renewable hydrogen is fundamentally linked to ongoing emissions from fossil gas: A key point is that certifying H₂ blended with fossil gas is fundamentally incompatible with our view of GreenPower. Due to technical consideration, you can only add a small percentage (3% by energy) of hydrogen in this way. Once a mixed gas network approaches this limit then any new production would not be additional as it would be effectively constraining other producers from participation and again, will have no environmental consequence.
- It may be that biomethane from a new source of biogas that replaces fossil gas would be a post 2020 renewable energy source. It should certainly be sourced from a sustainable, environmentally sound form of biomass that can be shown to have very low impacts. Its potential for use should be clearly separate from dependence on ongoing use of fossil gas, so blending of renewable hydrogen into existing gas supplies should not be eligible.
- Distribution of forms of biogas introduce the potential for leakage of methane into the atmosphere. There is little real-world data on the scale of emissions behind the meter, but overseas studies suggest this may be significant. Such emissions should be factored into overall emission estimates based on the 20-year Global Warming Potential. The existence of such fugitive emissions adds a dimension to a GreenGas product that goes beyond the present GreenPower model, as it may be impossible to avoid this ongoing climate impact if the gas option is used. The principle should be that ongoing use of the GreenGas product should be zero emission. This matches the Green Power product.
- The pilot proposes the certificates be denominated in units of energy (Gj). The VCMA is concerned that this will again lead to issues with conversion and confused environmental claims requiring complex branding solutions like those currently experienced by GreenPower (electricity). This is especially so where international reporting standards are overlaid over local practices. E.g., *100% GreenPower vs 100% Renewable vs Carbon Neutral Electricity*.
- Given that reductions in GHG is the ultimate goal, simplifying schemes with the common metric of **tCO₂-e** is to be preferred. To this end expanding ACCU methodologies to include the proposed gas projects would be simpler and less confusing. We note that this would mean existing projects would probably not comply but neither do we believe they should.

- It is understood that developing new ACCU methodologies to cover the desired project types may take time, one solution could be to utilise an existing methodology for gas e.g., the Verified Carbon Standard, in the interim. As was the case with Australian avoided deforestation projects, by using VCUs, its registry and existing markets/pricing, projects were able to commence. After ACCU methodologies were approved, these projects were registered as ERF/CFI projects.
- The development of this pilot by GreenPower program will require resources potentially better spent on improving the current GreenPower electricity product.

Summary

The VCMA believes that the principal of transparent *consequentialism* should be fundamental in the design of any government accredited environmental renewable energy/offset program which is offered to the public. Consumer payments to this pilot or its antecedent program, if not applied efficiently will be at the expense of other activities which may provide a better environmental outcome.

More work is needed to ensure GreenGas would be additional abatement, and that its use would not lead to ongoing emissions related to fugitive emissions or dependence on ongoing use of fossil gas as the dominant part of a part of a blend of fossil gas and 3% H₂.

Any negative accusations as to a scheme's validity will be amplified in the current political and media environment and may result in damaging other schemes including the existing GreenPower brand.

The creation of yet another scheme which differs from existing or proposed methodologies and metrics will add to the confusion for consumers. The pilot should use an existing methodology, certification system and registry and be based on units of tCO₂-e.

The proposed pilot including the substantial work already done should not be a financial impost on existing GreenPower electricity users and providers, but instead be borne by the pilot scheme's proponents.

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