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Department of Climate Change and Energy Efficiency
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Dear Sir/Madam

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

The National Generators Forum (NGF) welcomes the opportunity to comment on the discussion paper. The NGF represents market facing generators in the National Electricity Market and the Western Australia market.

The NGF notes that the aim of the discussion paper is to seek feedback on the appropriate treatment of renewable energy purchases – notably GreenPower and voluntarily surrendered Renewable Energy Certificates (RECs) – under the National Greenhouse and Energy Reporting System (NGERS). The Australian Government may consider possible changes to the method for calculation of scope 2 emissions for renewable energy under NGERS following stakeholder feedback on this discussion paper.

The NGF notes that the discussion paper offers four options for the treatment of renewable energy purchases, namely:

Option 1: ‘no change’ – continue to calculate scope 2 emissions for electricity based on existing state-based emissions factors.

Option 2: as for Option 1, but, in addition, reporting corporations can report through the Online System for Comprehensive Activity Reporting (OSCAR) the amount of GreenPower purchased. Publication of reporting corporations’ scope 2 emissions would include two figures: the first based on existing state-based emissions factors while the second would be an ‘adjusted’ figure reflecting the corporation’s individual renewable energy purchases.

Option 3: adopting a ‘hybrid’ approach to adjust existing state-based emissions factors by ‘netting out’ voluntarily purchased renewable energy.

Option 4: adopt a ‘contract-based’ approach to calculating scope 2 emissions.

The four options are assessed against three key criteria: comparability, accuracy and completeness. In addition, each option has been assessed in relation to its administrative complexity and time series consistency.

The objective of the NGER Act is to introduce a single national reporting framework for the reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects, energy consumption and energy production of corporations to:

- (a) underpin the introduction of an emissions trading scheme in the future,
- (b) inform government policy formulation and the Australian public,
- (c) meet Australia's international reporting obligations,
- (d) assist Commonwealth, State and Territory government programs and activities,
- (e) avoid the duplication of similar reporting requirements in the States and Territories.

The Act also aims to reduce the compliance and administrative burden on industry.

With the above objective in mind, a key reporting and information requirement is to keep these functions as concise and administratively as simple as possible. On that basis, the NGF strongly supports the retention of the current method (option 1) for calculating scope 2 emissions for electricity based on existing state-based emissions factors. This method ticks all the assessment criteria of comparability, accuracy, completeness, administrative simplicity and time series consistency.

However, the NGF and NGF members are relaxed about option 2 involving the publication of reporting corporations' scope 2 emissions that would include two figures: the first based on existing state-based emissions factors while the second would be an 'adjusted' figure reflecting the corporation's individual renewable energy purchases. Such a voluntary approach to reporting renewable energy purchases may be of benefit to individual corporations in terms of 'branding' or 'product differentiation', whilst retaining consistency with the assessment criteria. Also, it would be administratively simple for OSCAR reporting as it involves only a minor addition to the OSCAR platform.

The NGF and NGF members do not support options 3 and 4 as they fail to meet the assessment criteria by introducing a number of inconsistencies, additional reporting and administrative burdens, reduced accuracy and potential loss of time series consistency.

Option 3 involves state-based emissions factors reflecting the netting out of GreenPower and the voluntary surrender of RECs. As pointed out, such an approach can lead to confusion for reporting corporations due to changes in emissions calculations and loss of comparability.

Further, accuracy could be compromised due to the multi-jurisdictional nature of GreenPower purchases as well as detracting from completeness of aggregate reporting. Finally, the option 3 approach would be more complex administratively and time series completeness could be compromised due to constant adjustment of state factors.

Option 4 is even more complex than option 3, even less transparent and even less consistent with the assessment criteria as it would fundamentally change the way in which scope 2 emissions are calculated.

Therefore, and in summary, the NGF and its members would strongly advise the retention of the status quo (option 1) or option 2 that includes the manageable inclusion and separate voluntary reporting of GreenPower purchases and the voluntary surrender of RECs.

For further information about the submission, please contact the NGF Policy Advisor, Harry Schaap by email (Harry.Schaap@tpg.com.au) as necessary.

Yours sincerely



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