

Tim Kelly has contributed an article entitled *The Customer Choice Model of Allocating Scope 2 greenhouse gas emissions, renewable energy use and related costs to electricity users*

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Abstract

In Australia, North American States, the United Kingdom and other parts of the world, greenhouse gas emissions associated with the use of electricity (caused by the creation of electricity from various sources including fossil fuel burning) are currently allocated amongst all electricity customers in proportion of their use of electricity. Known as the Physical Accounting Methodology, emission factors are prepared for state or other defined grid boundaries that take into account electricity generation from all sources, including renewable energy and the total amount of electricity sent out into each grid. Customer Scope 2 greenhouse gas emissions are simply determined by the amount of energy consumed by each customer multiplied by the grid scope 2 emissions factor

In Australia, there is no other method that is accepted under the National Greenhouse and Energy Reporting Act(2007a), or its related documents such as the NGER Technical Guidelines (2008), or the NGA Factors Accounts (2009b).

As a consequence of the physical accounting approach, programs such as the GreenPower Accreditation Scheme and the voluntary surrender of Renewable Energy Certificates to the Australian Government are simply donation schemes. Current schemes are not true mechanisms for customers to buy or use renewable electricity, and do not reduce customer emissions. Additional problems come into play with mandatory renewable energy schemes and carbon costs that are being and will be increasingly be passed through to customers who are led to believe that they have purchased renewable energy free of emissions.

Tim Kelly and the Customer Choice Model

Written by Aaron Nielsen

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The Customer Choice Model of allocating scope 2 emissions, renewable energy and costs to users provides a better way which takes into account the level of customer contribution for renewable energy. The Customer Choice model provides foundation for the fair allocation pass through costs of a future emissions trading scheme or tax, and the current minimum Renewable Power Percentage required under the Renewable Energy (Electricity) Act (2000).

The Customer Choice Model has been developed as an accounting solution for three areas of allocation uncertainty (renewable energy, reduced emissions and related pass through costs) and can serve to integrate greenhouse legislation, renewable energy legislation and cost fairness. Householders and businesses customers would for the first time be able to truly buy renewable energy, and legally receive its attributes of 'use' and 'lower or avoided emissions', avoid carbon costs and make claims with legal confidence.