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Department of Climate Change and Energy Efficiency
NationalGreenhouseAccounts@climatechange.gov.au

Dear National Greenhouse Accounts Team

RE: Consultation on the NGER (Measurement) Amendment Determination 2011 exposure draft.

Thank you for the opportunity to provide this submission on the exposure draft of the NGER (Measurement) Amendment Determination 2011.

The Determination is the critical technical document that underpins the measurement and estimation methodologies for greenhouse gas emissions calculations within the *National Greenhouse and Energy Reporting (NGER) Act*. What this means is that methodologies that are not consistent with the Determination or are in stark contradiction to the Determination should not be used by NGER reporting organisations. In terms of non NGER greenhouse accounting by people and organisations, the **NGER methodologies are also used as the common accounting standard for calculating scope 1 and 2 emissions**, whilst additional methodologies are added to cover life cycle scope 3 emissions. As such the NGER methodologies are used when displaying greenhouse gas emissions of all standard electricity bills in Australia for households, for NGER reporting organisations, and for non-NGER reporting organisations.

On the issue of voluntary GreenPower contributions and voluntary surrender of renewable energy certificates, there is no mention of any amendments in this Determination that would support the advice that Department of Climate Change and Energy Efficiency is now providing to NGER reporting organisations on their voluntary renewable energy contributions.

Chapter 7 of the current year NGER Determination shows the physical accounting approach whereby scope 2 emissions associated with electricity use are averaged across all generation sources (including avoided emissions from renewable energy generation) and allocated to all electricity customers in proportion of their use. The determination categorically states that there is “*no other method for this section*” (see Attachment 1, Extract from the NGER Amendment Determination 2010).

The Department of Climate Change and Energy Efficiency is however guiding stakeholders that contribute to renewable energy to ignore the legal NGER Determination and report “***an adjusted scope 2 emissions total, in addition to NGERs***” (NGER eNews Volume 18, February 2011). This advice is contrary to the NGER Determination, as it is not merely context, it is a mathematically adjusted value based on double counting the benefits of renewable energy.

Double counting and erodes the integrity of Australia’s National Greenhouse and Energy Reporting system and the credibility of the Department of Climate Change and Energy Efficiency.

BACKGROUND TO THE DOUBLE COUNTING OF GREENPOWER ‘REDUCED EMISSIONS’ AND ‘USE ASPECTS’

The problem of the double counting of GreenPower has been conveyed to Federal Government Agencies since 2006, when it was apparent that state emissions factors did not prevent renewable energy ‘low emissions’ and ‘use’ associated with GreenPower and Renewable Energy Certificates that were surrendered voluntarily, from being allocated to all customers. Once allocated to all, the aspects of renewable energy ‘use’ and ‘reduced emissions’ cannot then be allocated to a GreenPower contributor without double counting.

During consultation on the *NGER Technical Guidelines for the Estimation of Emissions and Energy at Facility Level* in late 2007/early 2008 a considerable number of respondents raised concerns about the treatment of voluntary renewable energy and double counting.

In July 2010, the Department of Climate Change and Energy Efficiency undertook further consultation on the [Treatment of renewable energy in the National Greenhouse and Energy Reporting System](#). Across the submissions there was an overwhelming majority of support for selecting an option that would stop the double counting of renewable energy and provide both recognition and integrity to customers that voluntarily contribute to renewable energy to claim ‘reduced emissions’ and ‘renewable energy use’. Even amongst NGER Reporting organisations there was a majority of submissions calling for reform supporting the Option 3 that would take voluntary renewables out of the state grid factor calculations and provide integrity to GreenPower.

DCCEE has all the data at its disposal to make the necessary adjustment to exclude voluntary renewable from the state grid emissions factor calculations in a cost effective manner.

After submissions closed in August 2010, the Department of Climate Change and Energy Efficiency took until February 2011 before it announced in the NGER E News that reporting organisations could simply claim adjusted scope 2 emissions. To this date, DCCEE has not provided on its website any reason as to why significant concerns of double counting have not been addressed.

Trusting that the DCCEE would properly address their concerns, many of those organisations that made submissions on the treatment of renewable energy in the NGER System in July and August last year, would not have made duplicate comments during the Review of the NGER (Measurement) Determination submission process between August and October 2010.

Given the way in which the Treatment of renewable energy in the NGER System submission process was undertaken and the total lack of accountability and transparency that DCCEE has shown in failing to provide proper feedback to stakeholders, there is a question as to whether this consultation process was genuine.

Having gone through such a significant consultation process on the treatment of Renewables under the NGER System there has been no change to the proposed NGER Determination. The DCCEE is providing advice to GreenPower contributors that is not consistent with its Charter responsibilities as the advice is not consistent with the NGER Determination.

THE DOUBLE COUNTING PROBLEM HAS NOT GONE AWAY

The Office of the Commonwealth Ombudsman declined to take action on concerns that I have raised based on their assessment that “*Whether GreenPower is making false and misleading statements is a factual question that needs to be resolved by the Federal Court*”. As it currently stands, this matter still needs to be resolved by the Federal Court because the proposed *NGER (Measurement) Amendment Determination 2011* exposure draft has not dealt with the underlying double counting issue. The NGER Determination categorically does not allow any method other than the Physical accounting approach, and DCCEE is providing advice that a contractual accounting approach can be used in addition to the physical accounting approach at the same time by NGER reporting organisations!

I fully agree with the Office of the Commonwealth Ombudsman that this matter needs to be resolved by the Federal Court of Australia because it is easily argued that GreenPower is fully double counted. In simple terms, Australian Consumer Law (ACL) requires that consumers being sold a product to use ‘renewables’ and ‘reduce’ their emissions must be told if these attributes have already been allocated to others.

If DCCEE is not prepared to propose changes to the NGER Determination that would properly allocate the reduced scope 2 emissions to renewable energy contributors then it would need to advise that GreenPower works only as a donation mechanism whereby those that pay extra for GreenPower understand that they are reducing the scope 2 emissions of all customers in proportion of their electricity use. In this sense contributing to GreenPower would provide a scope 3 or an indirect benefit.

Yours Sincerely

Tim Kelly

Private Citizen

100% GreenPower contributor

ATTACHMENT 1

Determinations as amended, taking into account amendments up to National Greenhouse and Energy Reporting (Measurement) Amendment Determination 2010 (No. 1)

NGER DETERMINATION EXTRACT

From Chapter 7, Scope 2 emissions

Section 7.2

The following method must be used for estimating scope 2 emissions released from electricity purchased from the main electricity grid in a State or Territory and consumed from the operation of a facility during a year:

where:

Y is the scope 2 emissions measured in CO₂-e tonnes.

Q , subject to subsection (2), is the quantity of electricity purchased from the electricity grid during the year and consumed from the operation of the facility measured in kilowatt hours.

EF is the scope 2 emission factor, in kilograms of CO₂-e emissions per kilowatt hour, for the State or Territory in which the consumption occurs as mentioned in Part 6 of Schedule 1.

Note There is no other method for this section.