

Department of Climate Change, Energy, Environment, and Water  
National Greenhouse Accounts

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### **National Greenhouse and Energy Reporting Scheme 2025 Consultation**

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission to the Department of Climate Change, Energy, Environment, and Water's consultation on the *National Greenhouse and Energy Reporting Scheme 2025 Consultation* ('Consultation Paper').

The AEC is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

#### **Market-based reporting of emissions from consumption of biomethane and hydrogen**

- The AEC supports introducing market-based arrangements for reporting scope 1 emissions from the consumption of renewable gases. This is a necessary amendment to enable businesses to report their emissions reductions through use of renewable gases, which should incentivise uptake and help nascent jurisdictional renewable fuel schemes to grow.
- The AEC seeks clarification on the calculation of loss factors – e.g. for biomethane with a 1 per cent loss factor, does that mean the intention is for certificates to only be issued for 99 per cent of gas injected into a system, or a claimant can only report 99 per cent of certificates held?
- While the AEC supports the use of market-based arrangements, we note that the two main certificate schemes – the Clean Energy Regulator's Product Guarantee of Origin and GreenPower's Renewable Gas Guarantee of Origin – are both still being developed and refined. It would be prudent to consider the evolution of these certificate schemes and whether they may necessitate further changes to related NGER scheme methods in the future.
- With respect to GreenPower's trial programs, there are some reservations about it not being agnostic to the source of renewable energy used to offset upgrade of biogenically sourced gas to biomethane. This adds additional costs and limits flexibility in offtake agreements, as well as potentially missing an opportunity to establish gas-upgraders as valuable demand-side flexible load under a future time-matched Renewable Electricity Guarantee of Origin (REGO) certification scheme.

#### **Including hydrogen as a reportable fuel type**

- The AEC agrees with the intent of this amendment, noting it reflects the recent policy focus to enable a hydrogen industry to support decarbonisation.
- However, this reclassification may be complicated where hydrogen is used for non-combustion purposes, such as when used as a coolant medium where no N<sub>2</sub>O is produced. While this usage may not be material for all users, if the Department wants to track this consumption, retention of the energy commodity option may be helpful.

Otherwise, exemption of non-combusted hydrogen may be required in the Determination.

- As the Department is exploring the emission factor for N<sub>2</sub>O (as a greenhouse gas) we would also strongly encourage DCCEEW to explore the impacts of unburnt H<sub>2</sub> on the environment. H<sub>2</sub> has a [significant](#) greenhouse warming potential.
- If unburnt H<sub>2</sub> is not considered in the NGER scheme, but N<sub>2</sub>O is, then this may push organisations to prefer vents, over flares for H<sub>2</sub> disposal which may not be the preferred safety, nor environmental position.

### **Scope 2 emissions from consumption of electricity**

- The AEC notes that last year's consultation contemplated state and territory specific Residual Mix Factors.
- The Department decided against proceeding with the proposal: *The government will defer the proposed changes to the scope 2 market method so the issue can be considered further. The department will examine alternative approaches to disaggregation such as grid-based factors. The department will also consider future opportunities for refinement to scope 2 market-based methods in the context of alignment with the Renewable Energy Guarantee of Origin certification process under development.*
- The AEC has been considering the merits of jurisdictional RMFs as part of corporate reporting under the climate disclosure framework.
- While it would need to be designed carefully and with industry consultation to mitigate potential risks, optional jurisdictional RMFs could enable electricity generators to report their emissions more accurately and better avoid double counting.

### **Scope 2 emissions from consumption of electricity – National Greenhouse Accounts factors**

- The AEC also encourages the Department and Clean Energy Regulator to review whether the National Greenhouse Accounts factor can use data closer to the year of publication.
- The current time lag creates some issues with respect to the Australian Accounting Standards Board (AASB) sustainability reporting standards, which expects reporting entities to use accurate and up-to-date data.
- The AEC and its members would welcome the opportunity to talk to the Department and CER further about this to improve the robustness of industry emissions reporting.

### **Updated to the market-based method to incorporate REGO certificates**

- The AEC believes REGO certificates should be recognised and reportable in the NGER scheme as soon as the REGO scheme is operational.
- The reporting of REGO certificates should form part of the existing renewable energy certificate framework. This can be implemented by including REGOs as an “eligible Renewable Energy Certificate” under subsection 7.4(3) of the NGER Determination.
- If REGO certificates were excluded from NGER reporting, it will create confusion across emissions reporting and might disincentivise their use. This would defeat the purpose of establishing a certification scheme.
- Assuming REGOs are included from commencement, there are some transitional matters for the Clean Energy Regulator to consider:
  - The treatment of below baseline REGOs prior to 2030.
  - Whether LGCs will still be allowed to be surrendered after 31 December 2030 (e.g. if they were created before that date).
  - The impact of the Federal Government's Cheaper Home Batteries policy announcement on the design and duration of the SRES (e.g. will it operate beyond 2030?), and the creation of REGO certificates via battery storage.
  - To what extent REGO certificates impact Residual Mix Factor calculations.

The AEC looks forward to continuing to engage with the Department and Clean Energy Regulator as it progresses these reforms.

Any questions about this submission should be addressed to Rhys Thomas, by email [Rhys.Thomas@energycouncil.com.au](mailto:Rhys.Thomas@energycouncil.com.au) or mobile on 0450 150 794.

Yours sincerely,

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