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Clean Energy Regulator
CER-RETandEnergySection@cleanenergyregulator.gov.au

Dear Clean Energy Regulator

Thank you for the opportunity to provide a submission into the proposed Clean Energy Regulator's Corporate Emissions Reduction Transparency (CERT) report. CSIRO is committed to reducing carbon emissions generated by its operations and therefore has an interest in mechanisms that support the reporting of progress made on organisational emissions abatement.

Please find attached several comments from CSIRO related to the proposed CERT reporting process. If you require clarification on CSIRO's submission, please contact Dr. Tony Hudson using the details below:

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Kind regards

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CSIRO submission to Clean Energy Regulator consultation on the proposed Corporate Emissions Reduction Transparency report

1. CSIRO Profile

CSIRO is Australia's leading multidisciplinary research organisation, with more than 5,000 talented people working out of centres in Australia and internationally. We play a vital role in enhancing collaboration within the Australian national innovation system, and as a trusted advisor to government, industry and the community.

CSIRO is an Australian Government Corporate Commonwealth Entity (CCE), with a Board and Chief Executive, constituted and operating under the provisions of the Science and Industry Research Act 1949, which sets out our functions and powers, as well as those of our Minister, Board and Chief Executive.

CSIRO has a geographically and physically diverse property portfolio, with over 50 sites across Australia and several internationally. The types of facilities across our portfolio are varied, including office, mixed-use laboratories, pilot bays, high microbiologically secure facilities, research vessels, etc. A number of our Australian-based facilities are designated as specialist National Research Facilities (NRFs), which CSIRO manages on behalf of the Australian Government to provide third party collaborators e.g. universities, with access to world-class Australian research and development facilities. These include the Australian Centre for Disease Preparedness (VIC), Australian Telescope National Facility (NSW and WA), Marine National Facility (TAS) and the Pawsey Supercomputing Centre (WA).

CSIRO staff are located on a mix of CSIRO-owned and managed sites, and a number of sites where CSIRO is a tenant. Equally, tenants reside on a number of CSIRO sites.

2. Use of NGERS "Operational Control" definition" to report voluntary emission reductions

CSIRO reports its energy use and associated carbon emissions into the National Greenhouse and Energy Reporting Scheme (NGERS) and in doing so has determined those CSIRO sites that fall within the NGERS definition of "operational control" and those that are under the operational control of others (e.g. universities), where CSIRO is a tenant. Hence, for the purposes of NGERS, the energy and emissions of some of CSIRO's significant carbon emitting sites are reported by others. Similarly, CSIRO reports on several facilities that have significant tenancies, as it is deemed CSIRO has operational control and management of these sites.

As a Federal Government agency, CSIRO is also required to report on its energy use and related carbon emissions into Government under the Energy Efficiency in Government Operations (EEGO) policy, with an annual report provided to our portfolio Minister. Unlike NGERS, under EEGO CSIRO reports the energy use and emissions of its activities on all Australian-based sites where CSIRO staff are located. The energy/emissions associated with tenants on CSIRO sites are removed from the organisation's reporting boundary for EEGO reports. Equally, the portion of CSIRO's energy use/emissions on sites where CSIRO is a tenant are included in the EEGO report.

CSIRO uses the EEGO methodology to report its electricity and gas consumption and associated carbon emissions in its public Annual Report. In addition, for the purposes of developing its internal carbon emission reduction strategies, CSIRO has calculated its carbon footprint and associated reduction targets based on the EEGO organisational boundary definition i.e. all Australian sites where CSIRO has a presence, with the removal of tenant energy/emission impacts.

Therefore, reporting voluntary emission reductions under the Corporate Emission Reduction Transparency (CERT) report based on the NGERS "operational control" definition will result in discrepancies between emission reductions reported by CSIRO under NGERS and those reported by CSIRO into our portfolio Minister and publicly through Annual Reports, etc, in which CSIRO has used the EEGO organisational boundary requirements for its carbon footprint calculations. Current calculations indicate that CSIRO's EEGO-calculated carbon emissions are approximately 3 kilotonnes ($ktCO_2e$) higher than CSIRO's emissions reported under NGERS. While 3 $ktCO_2e$ may not be considered a significant difference, it will become particularly relevant for any future public statements CSIRO may wish to make about its progress towards reducing it carbon emissions and the costs associated with reducing those emissions.

At present, CSIRO has not made decisions on re-alignment of its internal carbon footprint calculations and associated emission reduction strategies to the NGERS methodology, nor whether to voluntarily report into CERT on its emission reduction progress. However, it is highly probable that reporting CSIRO's voluntary carbon emission reductions under the CERT reporting process, as structured currently, will create ambiguity and confusion in the public arena about CSIRO's energy use and carbon emission reduction progress, plus add some additional administrative burden on CSIRO to ensure that its stakeholders clearly understand the reasons for the differences in the reported energy and emission data.

3. **Clear guidance required on location-based versus market-based calculation of Scope 2 emission reductions (e.g. surrender of large generation certificates)**
   The proposed CERT guidelines should provide clear commentary on the implications for organisations that have adopted a market-based approach to calculating their Scope 2 emissions in line with the *Greenhouse Gas Protocol Scope 2 Guidance*. This approach may result in differing Scope 2 emissions based on the residual mix factors used. Currently, it appears only emissions based on the reported *National Greenhouse & Energy Reporting Scheme's* Scope 2 location-based method has been considered. For the purposes of consistency and clarity, a position addressing both methodologies should be provided in the guidelines.

4. **Clear guidance on treatment of Compliance Large Generation Certificates (LGCs)**
   Noting that the Clean Energy Regulator has indicated it is working on the methodology for treatment of compliance LGCs, the proposed CERT guidelines must provide clear advice on the treatment of compliance LGCs in terms of carbon emission reductions calculations. CSIRO has a renewable power purchase agreement (PPA) that includes the purchase of LGCs for each megawatt hour of renewable electricity generated/consumed under the contract. Hence, CSIRO seeks to attribute the maximum carbon emissions avoided through the PPA to CSIRO and supports the allocation of compliance LGCs to the renewable energy consumer where the purchase of renewable electricity and compliance and voluntary LGCs are linked under the PPA contract, as proposed in the CERT guidelines.

5. **Treatment of Refrigerants**
   While refrigerant-related emissions are minor in CSIRO's carbon footprint, nevertheless they have been included in CSIRO's internal emission reduction strategies and footprint calculations, while not required to be reported under NGERS (under ANZSIC classification 691). Hence, the CERT guidelines should provide clear guidance on the treatment of refrigerants for the purposes of reporting emission reductions attributed to refrigerants under the CERT.

6. **Suggested additional columns in Table 1 Corporate Emissions Reduction Transparency report**
   Noting that there is a proposed column for the net value of residual Scope 1 emissions remaining after cancellation of ACCUs, VCUs and VERs in Table 1 (page 3 of the consultation paper), a similar column for the net value of residual Scope 2 emissions (i.e. after surrender of LGCs, etc) is suggested, probably located between the "RPP" and "Important Notes columns in Table 1. This additional column would be useful for easy recognition of the remaining Scope 1 and 2 emissions that a reporter has after cancellation and/or surrender of carbon offset products/LGCs, etc.