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Clean Energy Regulator

By email to: CER-RETandEnergySection@cleanenergyregulator.gov.au

Dear Sir/Madam

## **NAB SUBMISSION TO CONSULTATION PAPER – CORPORATE EMISSIONS REDUCTION TRANSPARENCY REPORT**

National Australia Bank (NAB) welcomes the opportunity to provide a submission to the Clean Energy Regulator (CER) in response to the Consultation Paper – Corporate Emissions Reduction Transparency Report (CERT).

### **Background**

NAB has submitted National Greenhouse and Energy Reporting (NGER) reports to the CER since 2009, was the first Australian bank to be carbon neutral certified under Climate Active (then National Carbon Offset Scheme) and more recently has been active on the REC Registry in the creation and voluntary surrender of Large Generation Certificates.

NAB provides a comprehensive and integrated range of financial products and services to both retail and corporate customers. We provide, among other things, retail and business banking services, wealth management services, custodian and insurance services, and debt, risk management and other investment products for corporate and institutional customers.

NAB recognises that climate change is a significant risk and a major challenge for our economy and society. It's everyone's job to reduce carbon emissions. We are playing our part as a business and helping our customers reach their targets as well. We support enhancing transparency around emission reduction targets.

### **Overall Comment**

As a user of NGER data we welcome a central location to track companies' emissions profile and progress towards emission reduction commitments. However, as a responder to NGER Scheme we have concerns about inconsistencies between data sets and the challenge of reporting an Australian-only position which is in contrast to our public reporting, which covers our international Group.

## **Responses to Consultation Questions**

NAB's responses to the specific questions posed by CER in the consultation paper are outlined in **Appendix 1** (attached). Additionally, we have raised questions that arose when we attempted to create a draft CERT response as outlined in **Appendix 2**.

We support further alignment between CER, the Emissions and Energy Reporting System (EERS) platform and Climate Active.

Should you wish to organise a time to discuss this submission further, please contact Alison Read, Head of Enterprise Sustainability on 0407 524 762 or [alison.c.read@nab.com.au](mailto:alison.c.read@nab.com.au).

Sincerely,

**Sasha Courville**

Executive, Social Impact

National Australia Bank Limited

## APPENDIX 1

# NAB SUBMISSION TO CONSULTATION PAPER – CORPORATE EMISSIONS REDUCTION TRANSPARENCY REPORT PAPER

### *Responses to Consultation Paper Questions*

**Question 1: Is the proposed reporting structure suitable for demonstrating how a corporation is offsetting or reducing its scope 1 emissions and scope 2 electricity consumption?**

Yes, in principle.

In addition to the proposed Scope 1 and Scope 2 individual reporting, NAB would welcome a final net position for Scope 1 and Scope 2 combined. In the proposed example, there is a *Net Energy Consumed* column and a *Net scope 1* column, we suggest adding a *Net Scope 1 & Scope 2* reference.

It is difficult to see how the proposed reporting demonstrates reductions when it is a point in time report rather than showing multi-year trends.

**Question 2: Should corporations opt-in each year or should their participation be assumed to continue until they opt-out?**

NAB supports that participation is assumed to continue once a corporation has opted in.

**Question 3: Does CERT appropriately manage double counting?**

The proposed CERT framework appears capable of managing the potential for double counting provided all efforts by corporations to reduce or neutralise emissions are appropriately categorised/labelled as either Scope 1 or Scope 2.

All offset units/renewable energy certificates referenced in CERT reporting should be surrendered/cancelled to avoiding the potential for double counting.

**Question 4: Should surrenders of ACCUs from NGER facilities delivered under Emissions Reduction Fund contracts be included in the net emissions calculation?**

A corporation that creates offset units for supply/use by another party, is contributing to the emissions reduction effort overall, but as referred to above, the CERT needs to be transparent about how offsets are surrendered/cancelled in order to avoid double counting. Consider having two columns to allow for transparency around ACCUs surrendered, eg identifying in the CERT whether ACCUs were surrendered voluntarily or under compliance requirements such as a corporation's Safeguard mechanism liability.

The CERT framework ought to enable a participating corporation to claim the emission reduction value of offset units sold to and cancelled by the Government under an Emissions Reduction Fund contract.

**Question 5: Should the RPP be included in CERT using the proposed methodology?**

Yes.

As the consumer is paying the premium for this in their electricity bills, the large-scale generation certificate (LGC) benefit should sit with the consumer.

However, given inconsistency in the treatment of the RPP by international voluntary bodies, we suggest the CER engage with these organisations on behalf of all Australian companies to ensure a consistent approach to the RPP. For example, RE100 does not currently include the RPP in its renewable electricity consumption calculations.

**Question 6: How could NGER reporters' voluntary targets and progress against these targets best be reflected in CERT to align with the NGER framework?**

The NGER framework is for reporting and disseminating company information about greenhouse gas emissions (GHG), energy production and energy consumption. We are supportive of expanding that framework via the CERT to capture voluntary targets around GHG abatement. However, there is often nuance around change that cannot be captured in a tabulated response. Most CERT respondents would have an accompanying Sustainability Report which details trends and progress towards such commitments. As such, we are wary that the CERT will result in duplication of data available elsewhere. We support centralising this information in one location, but also appreciate the depth and breadth of activity that sits behind these numbers.

**Question 7: Are there any other enhancements to CERT that could help build participation?**

Automatic linkages to other systems, for example REC Registry and Climate Active, would deliver efficiencies to the corporations completing submissions under these different frameworks.

**Question 8: Are there other elements that should be considered in future phases of CERT?**

Climate Active is moving away from state-based emission factors as captured in EERS towards a market-based approach. At NAB, we are currently disclosing our emissions footprint under both methods. We suggest CER be aware of this in its planning of future phases and allow for reporting using both methods – consistent with other reporting frameworks and benchmarking surveys like CDP. Wherever, possible CERT should support consistent reporting of Australian-based emissions – rather than create confusion by adding slightly different numbers to public disclosures which may require some form of reconciliation commentary to assist stakeholders.

**Embedded Question: The agency is seeking feedback as to the most useful, consistent and transparent way to display this information.**

- While the proposed CERT reporting will track progress towards specific goals, there is often nuance around change that cannot be captured in a tabulated response. Most CERT respondents would have an accompanying Sustainability Report which details trends and progress towards such commitments. We suggest the CERT table direct users of the data to pre-published material. It is also difficult to annually comment on progress towards long term goals (for example, a 2030 or 2050 goal).
- The proposed table is a point-in-time reference, it does not appear to be showing year-on-year trend, we consider this would be helpful for comparison purposes.

### **Other areas of feedback**

- We have concerns regarding required variation to our NGER reported data and emissions data in other public reporting. For example, we currently include refrigerants in our Climate Active reporting, however, NGER does not require this in our Scope 1 position. We have created a draft CERT report in Appendix 2 based on public data in our Sustainability Report, Climate Active PDS and NGER submission. While we appreciate full guidelines have not yet been developed, the variance in public data is illustrated in our example. We are concerned that this could lead to confusion for public consumers of this data rather than the transparency the CERT is intending to provide. We look forward to further engagement and piloting of CERT reporting, plus further streamlining of requirements for Climate Active reporting to address these issues.
- We also have variance in our energy production and consumption. In terms of energy generation, our rooftop solar is excluded from NGER but is included in our Group international energy consumption data. For our vehicle fleet, the rounding of data from kilolitres to Gigajoules within NGER results in a very small variance which we need to explain to our auditors each year. Can the number of significant figures be adjusted in EERS to address this issue?
- Our carbon neutral position is currently based on a forward purchasing model where we acquire offsets ahead of our emissions year and then do a retrospective reconciliation. We require the CERT reporting to accommodate this approach.
- We view the consolidation of this data under the CERT as an opportunity for the CER to enhance existing Scope 3 reporting, for example under Climate Active, by bringing that reporting not just under the CERT, but utilising CER assets such as EERS to streamline this type of reporting into a 'one stop shop' that can be used by State regulators and environmental agencies and other stakeholders.
- The current format for a net Scope 2 position only allows LGCs for offsetting. While this is adequate for corporations that have moved to a renewable energy position, it excludes corporations that are not choosing this pathway or are transitioning to this position. For NAB, as a carbon neutral organisation, this would exclude voluntary offsets (CERs/VERs/VCUs) used against our Scope 2 position while we transition to our 100% renewable position. We support various market options being considered rather than one specific abatement pathway.

- NAB has made a commitment to support our customers' development of low-carbon transition plans. The focus for these transition plans is a net reduction in actual GHG emissions generated, not what is being offset. The current focus of the CERT looks to be more on what types of abatement are driving the emissions reduction. We encourage the CER to use the CERT to focus on corporations which are achieving actual GHG emissions reductions.

## APPENDIX 2

# NAB SUBMISSION TO CONSULTATION PAPER – CORPORATE EMISSIONS REDUCTION TRANSPARENCY REPORT PAPER

*Original table with NAB draft CERT response (based on 2020 reporting year)*

Organisation name	[New column] Voluntary emissions target	[New column] Voluntary renewable energy target	[New column] Climate Active participant	[New column] Progress towards emissions target (including all eligible units) (%)	[New column] Australian eligible units as a share of total eligible units used (%)	Total Scope 1 Emissions before surrenders (tCO <sub>2</sub> -e)	[New column] Total ACCUs <sup>†</sup> cancelled (tCO <sub>2</sub> -e)	[New column] Total CERs, VERs and VCUs cancelled (tCO <sub>2</sub> -e)	[New column] Net scope 1 emissions (total scope 1 minus total ACCUs, VCUs and VERs cancelled) (tCO <sub>2</sub> -e)	Total Scope 2 Emissions before surrenders (tCO <sub>2</sub> -e)	Net Energy Consumed (GJ)	[New column] Scope 2 Electricity Consumed (MWh)	[New column] LGCs voluntarily surrendered (MWh)	[New column] Renewable Energy as a percentage of total electricity consumed
Org 1	No	No	No		-	10,000	-	-	-	10,000	5,000	-	-	-
Org 2	Reduce operational emissions by x% by 2030	100% renewable electricity by 2030	No		80%	10,000	4,000	1,000	5,000	10,000	5,000	12,000	0	19%
Org 3	Maintain scope 1 emissions below year WXYZ	100% renewable electricity and energy by 2050	No		91%	10,000	4,000	1,000	5,000	10,000	5,000	12,000	6,000	69%
Org 4	Net zero by 2020	100% renewable electricity by 2020, 100% renewable energy by 2030	Yes		90%	10,000	8,000	2,000	0	10,000	5,000	12,000	9720	100%
NAB	Reduce Group S1 and S2 GHG by 51% BY 2025 (2015 baseline)	100% renewable electricity by 2025	Yes	41% 2020  This is an outright reduction – no eligible units used – Group wide position from Sust Data Pack.	7% of Group carbon neutral position was from Australian offsets (refer Climate Active PDS)	16,549 (Group Sust Report) 11,890 (NGER) 13,469 (Climate Active)	10,000	139,452	(123,903)	79,685 (Group Sust Report) 77,512 (NGER) 77,512 (Climate Active)	616,479 (Group Sust Rpt) 517,446 (NGER)	117,973 (Group Sust Rpt)  101,759 (Climate Active)	7421	26%  Climate Active PDS – includes RRP – Aust only  RE100 – 3%  Group wide