Thank you for the opportunity to comment, the CERT is an important step in providing guidance to NGERs reporting organisations as well as other organisations that voluntarily report energy and emissions and aim to have reporting aligned with common methods.

Adopting market based accounting enables the voluntary purchase of renewable electricity creating demand over and above the RET.

Alignment with global standards (recommendation)

The consultation document provides this information:

> Leading voluntary frameworks (such as the Global Reporting Initiative, TCFD and Sustainability Accounting Standards Board) recommend emissions reduction reporting by companies but currently do not specify a reporting framework.

GRI 305 Emissions 2016 provides the following information:

> The reporting requirements for GHG emissions in this Standard are based on the requirements of the 'GHG Protocol Corporate Accounting and Reporting Standard' ('GHG Protocol Corporate Standard') and the 'GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard' ('GHG Protocol Corporate Value Chain Standard'). These two standards are part of the GHG Protocol developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD).

As the GHG Protocol is in common use by GRI, TCFD, CDP and many other emissions related quantification and reporting programs and helps to define the "market based" accounting method for scope 2 emissions it would be useful for the CERT to demonstrate alignment or explain any deviations.

This action would also provide reporting organisations comfort that there is alignment with other voluntary disclosures.

Renewable energy percentage (clarification)

Caution is required in using Renewable Energy vs Renewable Electricity. For instance, there is a clash in the example provided:

XYZ (ACME subsidiary)	**XYZ is committed to 100% consumption of renewable electricity by 2030.** "XYZ is accelerating installation of solar generation on buildings where the rooftop is accessible and procuring renewable energy via green procurement options now available in the market."	**53%** towards goal of 100% renewable energy consumption by 2030

We supports the use of Renewable Electricity Percentage in the CERT.

Communicating progress (clarification)

The consultation document shows an example dashboard view including:

QRS (ACME subsidiary)	**QRS supply stores are working to reduce net scope 1 emissions by 55% on a disclosed 2017-18 baseline by 2025 (location-based).** "QRS has invested in increasing production efficiencies long term. Carbon units will be surrendered for unavoidable emissions."	**94%** towards goal of 55% reduction in Scope 1 emissions by 2025 (2017-18 baseline)

The bar chart in this view is poor communication, easy to misinterpret, when the target is not a 100% reduction. An alternative should be designed where the target is not a 100% reduction.

Eligible units (clarification)

Section 4 of the CERT Report Guidelines (page 7) provides definition of eligible units that includes ACCUs, CERs, VCUs, VERs, CERs and LGCs.

The use of LGCs is supported as a mechanism to demonstrate the purchase of renewable electricity only, excluding them being used as an offset against scope 1 emissions. It seems the Guidelines support this principle and 4.1.1 f) could be made more definite in this regard. Proposed alternative wording:

> f) LGCs may only be included in market-based Scope 2 emissions accounting (see Section 5.3). They must be surrendered in accordance with 5.3.11

LGCs surrendered (clarification)

The draft CERT Guideline at 5.3.10 e) states

- 'LGCs surrendered' is defined at 5.3.10

This is a circular reference and LGCs surrendered should be defined, especially so that there is clarity between LGCs surrendered in accordance with the RET and those voluntarily surrendered. The explanation at 5.3.11 is unclear because of the omission of LGCs surrendered for the RET.

Renewable electricity percentage (clarification)

The formula provided in section 6 includes "Below baseline renewables". A definition of this renewable electricity and how it has been allocated to consumers is required to ensure the source and allocation of this energy can be understood.

Reporting boundaries (recommendation)

The guideline at 7.2 provides the options for reporting boundaries: operational control or equity-based control. Financial control is an alternative that should be added as another option. (Further information can be found in the "The Greenhouse Gas Protocol – A corporate accounting and reporting standard" page 17.)

Residual mix factor (recommendation)

The guideline at 5.3.9 describes the Residual Mix Factor deferring to Climate Active guidance to determine the factor. The Climate Active RMF is a "best estimates" factor based on the RPP and the National Electricity Emission Factor. Until now, LGC retirement has been predominantly to meet RET requirements and therefore aligned with the RPP. In future, voluntary retirement will begin to dominate and will need to be factored into the RMF.

For clarity and to ensure confidence in scope 2 market based accounting it would be preferable to have the Clean Energy Regulator or for the Government department responsible for the Australian National Greenhouse Accounts provide the RMF from primary consumption and emissions data.

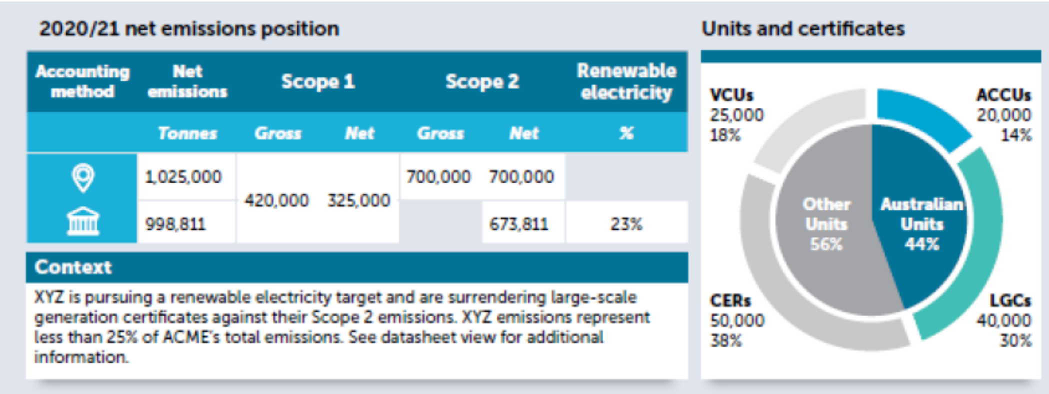
Having a reliable residual mix factor is not only important to organisations reporting through the CERT, it is a necessary and important factor for all Australian organisations reporting emissions in accordance with the GHG Protocol. The calculation of the RMF must be shown to be applicable to NEM consumers as well as non NEM consumers (WA and NT).

Providing a "single source of truth" for the RMF is aligned with the Government's strategy 3.1 "Enabling technology deployment across all economic sectors" from Australia's Long Term Emissions Reduction Plan, particularly supporting:

- Providing the high integrity accounting systems and trading infrastructure necessary to grown voluntary carbon markets

Disclosure of offsets (clarification)

The proposed dashboard view is confusing to read:



LGCs measured in MWh's are included in the doughnut chart with offset certificates measured in tonnes CO2e which can be confusing. It's unclear in this view if the renewable electricity % is inclusive of both RET and voluntary purchased/retired LGCs.

The GHG Protocol provides good guidance for this type of disclosure, especially related to the disclosure of offsets that are recommended to be shown outside the emissions inventory. It's a minor point but worth considering for clarity.

Jurisdictional Surrenders and CERT (recommendation)

Under Section 3.4 of the consultation paper (October 2021), it is proposed that *"[…]LGCs surrendered by state or territory governments to meet jurisdictional renewable energy targets will not be accepted*.".

We understand this is not aligned with the market-based approach and is a disadvantage to any consumer with facilities in the relevant jurisdiction. This will also be inconsistent with how other programs such as Climate Active, the Green Building Council of Australia, and NABERS as they implement market based carbon accounting. Under these programs, jurisdictional targets such as the ACT's 100% renewable electricity target (where LGCs are being surrendered on behalf of the consumers) will be recognised.

As per the calculation method established under Section 5.3.11 of the draft guidelines document, "*LGCs surrendered*" are defined as including any " '*Third party LGCs surrendered' […] on behalf of the participant*". This is how the ACT jurisdictional target works, by surrendering LGCs on behalf of consumers within the territory. The ACT has voluntarily surrendered 88% (2.2 million) of all LGCs voluntarily surrendered in June Quarter of 2021 as per the Quarterly Market Report.

The ACT Government has previously provided Annual Reporting to demonstrate the coverage of the renewables procurement program which, along with the use of registered LGCs, should help to alleviate concerns of double counting.

We believe that having an aligned approach between all schemes will result in greater clarity and efficiency for those seeking or needing several certifications. It also ensures all programs are driving the same outcomes and that any future jurisdictional procurement of renewable electricity can be accounted for similarly.

Treatment of on-site generation and exports (recommendation)

As per Section 10.2.10 of the draft guidelines, electricity consumed from on-site renewable generators will be able to be claimed towards their renewable electricity claims. NABERS agrees with the rules established to make this claim, but recommends these same rules applies for exported electricity. This is, a participant would be able to claim exports of renewable electricity generated on site, where there are no LGCs created or LGCs created from this generation are surrendered on behalf of the participant.

Again, this approach would align with the market-based accounting methodology and the electricity accounting rules established by Climate Active, ensuring that the principles of unique claims and avoidance of double counting are maintained.

Thanks again for the opportunity to provide feedback, should the CERT team wish to discuss any of the clarifications or recommendations please don't hesitate to be in touch.

Regards,

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