

21 November 2024

**Clean Energy Regulator**

Submitted via email: [market-engagement@cer.gov.au](mailto:market-engagement@cer.gov.au).

Attention: Market Engagement – Carbon market infrastructure for holding and trading certificates and units.

**Stanwell submission on Enabling deep, liquid, transparent and accessible carbon markets in Australia**

Stanwell Corporation Limited (Stanwell) welcomes the opportunity to respond to the discussion paper prepared by the Clean Energy Regulator (CER) on *'Enabling deep, liquid, transparent and accessible carbon markets in Australia'* (Discussion Paper).

As a major provider of electricity to Queensland, the National Electricity Market (NEM) and large industry users throughout Australia, Stanwell is committed to providing reliable and affordable energy and supporting the changes in the energy market to achieve the State and Commonwealth Government emissions reduction targets.

This response contains the views of Stanwell only and should not be construed as being indicative or representative of the views or policy of the Queensland Government.

Stanwell's feedback is focused on four key areas, being (i) overarching matters related to the CERs objective of enabling a deep, liquid, transparent and accessible markets, (ii) The Registry, (iii) Application Programming Interfaces (API) access to the Registry, and lastly (iv) the prototype exchange-trading model.

**i. Overarching matters**

**The REC Registry**

The Discussion Paper states that Large-scale Generation Certificates (LGCs) and Small-scale Technology Certificates (STCs) will not be moved to the modernized registry (the Registry) being developed but will instead remain on the existing Renewable Energy Certificate (REC) Registry for the foreseeable future.

While Stanwell appreciates it would not be cost effective for the CER to accommodate LGCs and STCs in the new Registry design since the Renewable Energy Target (RET) scheme will cease at the end of 2030, the ability to trade and surrender LGCs beyond 2030 will be an essential function for participants as the market transitions from utilizing LGCs to Renewable Electricity Guarantee of Origin (REGO) certificates.

Therefore, we seek assurance from the CER that the REC registry will continue to be maintained and operational beyond 31 December 2030. Stanwell considers that it would be prudent for the CER to provide assurance to the market that the REC registry will remain live and fully operational for at least 5 years after the RET ends. While on this note, Stanwell also encourages the CER to consider making APIs available for LGCs and STCs for the purpose of

maintaining market transparency and stability in the renewable electricity certificates market, given that trade in LGCs may continue for many years to come.

Once the REGO Scheme is up and running and the potential impacts of REGOs entering the market are better understood, the CER could then consider the merits of either keeping the REC registry live for 10 years post RET Scheme or make plans to transfer all remaining LGCs and STCs to the new Registry before decommissioning the REC registry.

### **Product Guarantee of Origin Certificates**

While the Discussion Paper makes a brief mention of the Guarantee of Origin (GO) Scheme as one of the key drivers for modernization of the Registry, there is no further discussion about the Product Guarantee of Origin (PGO) certificate, and its place within the Registry being developed. Based on the draft *Future Made In Australia (Guarantee of Origin) Bill 2024* (GO Bill), we understand that the PGO is not proposed to be a tradable certificate. However, the PGO is an integral part of the GO Scheme and will need to be accommodated within a modern digital platform to enable PGO certificate creation, recording and tracking. During the consultation session on 12 November 2024, the CER confirmed that PGO would also be housed in the Registry. Therefore, since the PGO will be an entirely new certificate, Stanwell would appreciate advanced notice of when the CER intends to undertake detailed consultation and ‘onboarding’ processes for participants who plan to use the Registry for the purpose of creating PGOs.

### **ANREU**

The Discussion Paper has devoted a lot of attention to the exchange trading of ACCUs and the proposed work-arounds as a result of ACCUs being unable to be moved from the Australian National Registry of Emission Units (ANREU) account due to the existing Carbon Farming Initiative legislation. Stanwell was initially under the impression that ANREU would be shutdown once migration of ACCUs the Registry was completed. However, during the consultation session on 12 November 2024, the CER noted that the ANREU would remain open. Stanwell simply seeks to confirm that although ANREU will remain open, once the “migration” of ACCUs to the Registry is complete, a participant’s interaction with ACCUs going forward will take place via the Registry instead of the ANREU account.

### **Onboarding new products to the Registry**

The CER has indicated that carbon market units and certificates will be progressively onboarded to the Registry, starting with Safeguard Mechanism Credits (SMCs) first and then REGOs, biodiversity certificates and ACCUs. While this current level of consultation is adequate for stakeholders to provide feedback on high level matters about carbon markets in general, Stanwell notes that as the CER prepares to bring each new product online in the Registry, further stakeholder consultation will be vital to ensure that the right information is captured at the appropriate level of detail to ensure that each carbon market product is given the best chance to achieve the desired policy objectives specific to a particular scheme.

## **ii. The Registry**

Given the delays with legislating the GO Bill, a significant amount of work remains if REGOs are intended to be in place by 2025. A modernized Registry will be vital to bringing REGOs into the market. Therefore, Stanwell would encourage the CER to focus its consultation efforts with stakeholders on designing the “must have” registry which can be operational as soon as the GO Bill and relevant subordinate legislation is in place, rather than risking potential distraction with designing a “nice to have” exchange.

The Registry must ensure there is appropriate access control and provide the ability for certificates to be tagged with multiple criteria so that participants can easily identify, sort and

transact certificates based on specific attributes and/ or vintages. The Registry also needs to provide users with the ability to verify and accept certificates that have been purchased or surrendered to ensure customers are receiving what they have purchased.

As a minimum, the Registry must provide the same level of data as is currently available in the ANREU and REC registries. However, the Registry should ideally enable as many attributes and/or vintages to be visible as possible, otherwise non-visible attributes and/or vintages may be detrimental to trade and dilute the impacts of any policy intent behind the creation of an attribute and/or vintage in the first place.

We note that a significant proportion of the Discussion Paper has been dedicated to ICT security and connectivity between the Registry, participants and the exchange. However, one area which seems to have been overlooked is consideration of aligning ICT security and access requirements between the Registry and the Australian Energy Market Operator (AEMO).

The current LGCs and proposed REGO certificates are underpinned by electricity data from AEMO, and there is the potential for cost savings and efficiency gains to be realised for both the CER, AEMO and market participants given that each party will be seeking to access the same data for trading, compliance and auditing purposes. AEMO is about to embark on its Industry Data Exchange (IDX) project which is intended to provide a standard set of industry agreed -channels, protocols, patterns and capabilities for exchange of all market transactions and B2B data related to the energy industry. For the benefit of the carbon market, Stanwell believes that there are opportunities for alignment between CER and AEMO systems.

### **iii. Application Programming Interfaces (API) access to the Registry**

Stanwell fully supports the CER's decision to enable access to the Registry via APIs. Firstly, Stanwell believes that all carbon market participants who meet the relevant fit and proper person test for each certificate scheme should have full visibility of all attributes of the certificate, as well as the ability to push through transactional instructions via APIs (including certificate tagging, transfers and surrenders) as this would minimise the effort by participants to replicate this functionality outside of the Registry. From an operational perspective, the API access for participants should enable segregation of duties between teams and individuals within an organisation so that an organisation can assign either read only or both read and write access to the Registry via the API.

New certificates, including the REGO and biodiversity certificates, are expected to have complex attribute and vintage categories which will need to be made available. Where a certificate has been designed to include an attribute and/or vintage, those must be made visible to the market via an API, otherwise, the lack of visibility and price discovery is likely to impact trade. For timestamping, we would prefer the Registry commences with the default hourly time stamp and expand the options only when there is evidence of demand for time matching which cannot be met with the existing certificates which have either an hourly or no time stamp.

Subject to ICT security requirements being met, the APIs should provide all parties who wish to have access to this information with read only access to all attributes and/or vintages for all carbon market certificates. Enabling visibility and price discovery of tradable certificates would support trade and may stimulate competition through the creation of new products and services for the carbon market. The CER should not seek to control or restrict the demand and supply of carbon market certifications via the Registry API functionality.

#### iv. The prototype exchange-trading model

Stanwell is supportive of the CER exploring opportunities to make the carbon markets more accessible. Stanwell strongly requests the CER ensures that the registry-exchange interface is not designed in such a way that harms the ability to trade over the counter (OTC), as OTC trading is where trading demand and trends will emerge.

Stanwell does not have a particular view on how many classes of each carbon market certificate is made available other than to say that the obligation to buy the right type of certificate should remain with the buyer. The CER should not have to jump through hoops to ensure a buyer doesn't receive a certificate they have purchased, but do not want. It is our expectation that any exchange trading of carbon market certificates would be limited to the wholesale market only, and that starting with a small number of classes for each carbon market certificate type would be sensible.

The prototype exchange trading model presented in Appendix A of the Discussion Paper appears to be a workable solution to address the legislative limitations of ACCUs. Based on our current understanding of the prototype model however, Stanwell is not supportive of the proposal to reduce the incentive for 'cycling', whereby *"ACCUs that are removed from trading on the exchange can only be used for either surrendering for the purpose of compliance under the Safeguard Mechanism or for voluntary cancellation for offsetting emissions"*. This is because we expect that there may be other situations certificates would be removed from the exchange for example for the purpose of supporting an OTC trade.

From our review, we believe the prototype exchange-trading model described in Appendix A may not be an accurate reflection of what the CER was intending to present as the proposed model. Stanwell would like another opportunity to provide further feedback on the prototype exchange-trading model. Therefore, we would be grateful if the CER could provide a more detailed worked example for stakeholder consultation which clearly identifies who holds the role/s of the issuer/s, nominee appointed by the issuer, nominee appointed by the CER, the nominee entity and holders of the legal title to the ACCU and the Clearing House Electronic Sub-register System (CHES) Depository Interest (CDI).

Stanwell welcomes the opportunity to further discuss the matters outlined in this submission. Please refer any questions to Zi Ying Koh via [REDACTED] or [REDACTED]  
[REDACTED]

Yours sincerely



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