



# Corporate Emissions Reduction Transparency reporting

City of Melbourne Submission to Clean Energy  
Regulator

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RET and Energy Section  
Clean Energy Regulator  
GPO Box 621  
Canberra ACT 2601

To the Clean Energy Regulator

## **RE: CORPORATE EMISSIONS REDUCTION TRANSPARENCY REPORT CONSULTATION PAPER**

### **Introduction**

This submission is provided on behalf of the management of the City of Melbourne and is based on endorsed Council policy, including Council's [Climate Change Mitigation Strategy to 2050](#)<sup>1</sup> and [Response to the Climate and Biodiversity Emergency 2020](#)<sup>2</sup>.

The City of Melbourne welcomes the opportunity to provide input into the Clean Energy Regulator's (CER) consultation for the Corporate Emissions Reduction Transparency (CERT) report. The City of Melbourne would like to commend the CER for introducing voluntary reporting of net zero targets and progress towards them. This is a positive step and one that enhances the function of NGERs to encourage action from respondents in addition to reporting.

### **Background**

The City of Melbourne's Response to the Climate and Biodiversity Emergency Declaration (2020), Climate Change Mitigation Strategy (2018), and [Emissions Reduction Plan for Our Operations \(2016\)](#)<sup>3</sup> outlines the organisation's priorities for achieving zero emissions for Council operations, and for the municipality.

Through these strategies Council has committed to implement a best practice approach to carbon management, measurement, and reporting, to ensure the City of Melbourne continues to lead by example and deliver effective climate action.

### **Emissions Reporting and Reduction**

The City of Melbourne reports total corporate energy use to the CER annually through the National Greenhouse and Energy Reporting (NGER) Scheme, as a result of meeting the corporate group threshold of consuming over 200 tera-joules of energy.

In addition to its mandatory reporting obligations to the CER, the City of Melbourne voluntarily reports under the Climate Active program. City of Melbourne is a certified carbon neutral organisation under National Carbon Offset Standard, and has been since 2012. Each year, the City of Melbourne calculates and publically reports the emissions impact of its operations and supply chain through a submission to the Climate Active program. All residual emissions are offset by investing in projects that reduce or absorb emissions.

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<sup>1</sup> <https://www.melbourne.vic.gov.au/sitecollectiondocuments/climate-change-mitigation-strategy-2050.pdf>

<sup>2</sup> <https://www.melbourne.vic.gov.au/about-council/committees-meetings/meeting-archive/MeetingAgendaItemAttachments/886/15806/FEB20%20FMC2%20AGENDA%20ITEM%206.5.pdf>

<sup>3</sup> <https://www.melbourne.vic.gov.au/SiteCollectionDocuments/emissions-reduction-plan-2016-21.pdf>

The City of Melbourne has had a comprehensive program to reduce emissions from its own operations. Council operational emissions have reduced by a total of 76 per cent from a 2011-12 baseline. Council has invested over \$17 million in building efficiency improvements, LED streetlight upgrades, building efficiency upgrades, and rooftop solar installations since 2015. From January 2019, council operations have been powered by 100 per cent renewable electricity through the [Melbourne Renewable Energy Project](#)<sup>4</sup> (MREP) Power Purchase Agreement (PPA).

## Response to consultation questions

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

The proposed reporting structure does not appear to align with the [Greenhouse Gas Protocol Scope 2 Guidance](#)<sup>5</sup> with respect to accounting for emissions from energy contracts, such as Power Purchase Agreements (PPAs). As an organisation with a renewable energy PPA, the City of Melbourne would be unable to accurately demonstrate its voluntary emissions reduction via the proposed CERT report.

A considerable number of NGER liable entities have signed [PPAs in recent years](#)<sup>6</sup> and it is likely that this trend will continue. To ensure the CERT meets the needs of this growing cohort of organisations, the framework should be designed to report market-based scope 2 emissions. Doing so would also ensure alignment with other voluntary disclosure mechanisms including the Carbon Disclosure Project (CDP) and the existing voluntary reporting mechanism managed by the Australian Government, Climate Active – both of which the City of Melbourne reports to annually.

In addition, the City of Melbourne notes there are opportunities to improve the REC Registry to support increased transparency. Where the transfer of Large-scale Generation Certificates (LGCs) under a PPA is surrendered by the Retailer on behalf of the customer (such as is the case for City of Melbourne and a number of Melbourne Renewable Energy Project Partners), it is not possible to substantiate LGC ownership through the public registry as there is no tag which shows these certificates were surrendered on behalf of the customer.

The disclosure option available under “current certificate tag” is only available through the retailer’s portal and as such a work around has had to be developed to substantiate LGC ownership for assurance and reporting purposes under Climate Active. City of Melbourne recommends that the REC Registry provide visibility of LGC ownership under these arrangements so claims can be substantiated.

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

The City of Melbourne strongly recommends that disclosures under CERT be mandatory for all NGER liable entities. This would ensure appropriate levels of transparency to the community and drive voluntary action through public disclosure.

The City of Melbourne considers that if CERT was voluntary it would be unlikely to produce a significant increase in public disclosures of emissions reduction or action. It is the City of Melbourne’s expectation that entities with public commitments to reduce emissions will already be reporting progress through existing frameworks; and that NGER liable entities currently making no active contribution to Australia’s emissions reduction efforts would be unlikely to participate in voluntary reporting.

Mandatory disclosure of emissions reduction targets and activities would provide greater transparency on which large emitters are taking steps to reduce their emissions in line with community expectations.

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<sup>4</sup> <https://www.melbourne.vic.gov.au/business/sustainable-business/mrep/Pages/melbourne-renewable-energy-project.aspx>

<sup>5</sup> [https://ghgprotocol.org/scope\\_2\\_guidance](https://ghgprotocol.org/scope_2_guidance)

<sup>6</sup> <https://businessrenewables.org.au/deal-tracker/>

### ***Does CERT appropriately manage double counting?***

While the proposal to manage double counting of scope 1 emissions appears appropriate, by not aligning to market based accounting principles, the proposed CERT allows for double counting of scope 2 emissions. This issue would be addressed by aligning the CERT to the GHG Protocol Scope 2 Guidance.

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

The City of Melbourne does not have any specific comments to make on this point.

### **Should the Renewable Power Percentage be included in CERT using the proposed methodology?**

To enable market based accounting of net scope 2 emissions, as required for best practice reporting under the Greenhouse Gas Protocol, the CER should publish a national residual mix factor as a supplement to the National Greenhouse Factors.

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

City of Melbourne believes that NGER reporters should be required to provide links to publically accessible webpages detailing their targets and commitments, as this would enable transparent and accurate disclosure of voluntary targets. Entities certified carbon neutral under Climate Active should be encouraged to link to their Climate Active Public Disclosure Statement.

To be able to demonstrate progress towards emissions reduction targets, the CERT should allow for NGER reporters to enter the baseline year against which their target has been set.

### ***Are there any other enhancements to CERT that could help build participation?***

Making the CERT mandatory for all NGER liable entities would ensure participation and drive voluntary action.

If the CERT reporting option was made voluntary, it should align with established frameworks such as CDP, GRI, and Climate Active so as to avoid duplication and reduce the reporting burden on organisations who already voluntarily report under established frameworks. This would decrease regulatory burden on liable entities and improve compliance with mandatory reporting.

## **Summary of Recommendations**

The City of Melbourne make the following recommendations for consideration in the Corporate Emissions Reduction Transparency report.

1. All changes should fully reflect international protocols, in particular, the GHG Protocol and Scope 2 Guidance. This would ensure alignment with all other voluntary disclosure mechanisms including Carbon Disclosure Project (CDP) which City of Melbourne Reports to annually.
2. To provide alignment with the GHG Protocol the CERT must include market based net scope 2 emissions to allow respondents to fully disclose progress towards the nominated emissions reduction goal. To not include this is misleading through omission.
3. The CER should publish a residual mix factor as a supplement to the current National Greenhouse Factors to allow for market based accounting of net scope 2 emissions.
4. To provide alignment with the GHG Protocol the Corporate Emissions Reduction Transparency report table should include all additional columns:
  - Total electricity consumed
  - LGCs retired under National Renewable Energy Target

- LGCs retired under State renewable energy target
- Residual electricity
- Scope 2 emissions (market based)

5. Participation in CERT should be mandatory for all NGER liable entities.

The City of Melbourne appreciate the opportunity to provide feedback on the proposed Corporate Emissions Reduction Transparency and is committed to supporting the CER in your efforts to enhance the function of NGERS.

Yours sincerely,

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