

Submission to the 2022 Energy Savings Scheme rule change consultation paper

November 2022

The National GreenPower Accreditation Program (GreenPower) welcomes the opportunity to comment on the proposed rule change to the NSW Energy Savings Scheme (ESS).

GreenPower is supportive of expansion of the eligible fuel types available to fuel switching under the ESS. The proposed rule change provides incentives for energy consumers to adopt renewable gas products. Fuel switching incentives for consumers can complement renewable energy certification schemes and increase uptake of renewable fuel technologies.

There are opportunities for the ESS to leverage upcoming renewable gas certification schemes to reduce the administrative burden for participants and the regulator.

GreenPower will be launching its Renewable Gas Certification Pilot (the Pilot) in early 2023, which will provide independent verification of the attributes of renewable gas. The Pilot aims to help establish a voluntary market for renewable gases across Australia and will initially focus on biogas, biomethane and blended hydrogen. By creating Renewable Gas Certificates (RGCs), the Pilot will enable gas customers to offset their gas use with renewable gas production, directly supporting renewable gas projects. Additionally, the Commonwealth government is developing a Guarantee of Origin (GO) for pure hydrogen, which could be leveraged by the ESS to cover behind-the-meter hydrogen projects. Alignment of the ESS fuel switching methods with these two schemes would support the establishment of a nationally consistent framework for renewable fuel assessment.

The RGCs will be awarded to the gas producer, while the ESCs are awarded to the gas consumer. Behind-the-meter combined production and consumption projects could create RGCs for the produced renewable gas and use these RGCs as the evidence base for receiving ESCs under the fuel switching methods.

Biogas will be eligible under GreenPower's Renewable Gas Certification Pilot. Participating projects will receive Renewable Gas Certificates (RGCs) for the quantity of biogas produced, and the RGCs will represent the environmental benefit of the biogas having lower emissions than fossil gas. Where the gas production receives RGCs, the gas consumer can only claim to be using renewable gas if they also own and surrender the corresponding RGCs. In effect, any behind-the-meter project under GreenPower's pilot would be forced to surrender its own certificates to

receive fuel switching-related ESCs. This needs to be considered in the ESS fuel switching method to avoid double counting of environmental benefits and we would be happy to work with you on this and to see how we could make the process as streamlined as possible.

The proposed rule change suggests that consumers purchasing ESCs from other locations would not be eligible for ESCs. While this means most renewable gas consumers will likely not be able to access the fuel switching method, we recognise that this is consistent with the ESS overall purpose of focusing on behind-the-meter activities.

GreenPower's renewable gas certification will be run as a Pilot to close a market gap. The Pilot will be an interim measure to enable voluntary renewable gas markets while a permanent certification for biomethane, blended hydrogen and other renewable gases is not yet available. The Pilot aims for a seamless transition to a permanent national scheme, which is expected to be developed in the next 2 to 5 years. The ESS can therefore leverage the Pilot and subsequently transition to a permanent scheme when it becomes operational. Should no permanent scheme be developed, GreenPower will consider converting the Pilot into an ongoing scheme.

Responses to relevant questions from the consultation paper are included on the following pages.

A description of the pilot can be found at the following link: www.greenpower.gov.au/about-greenpower/renewable-gas-certification-pilot

About GreenPower

GreenPower enables business and household customers to offset their electricity use with renewable energy, which is added to the grid on their behalf. GreenPower is an independent, NSW Government managed accreditation program run through the National GreenPower Steering Group. However, the position presented in this submission is only representative of GreenPower.

Since 2005, GreenPower has made a significant contribution to the Australian renewable energy industry and has:

- › facilitated over \$900 million investment to the renewable energy sector
- › supported voluntary action to reduce Australia's grid emissions by at least 16 Mt CO₂-e
- › provided energy consumers with a robust, easy to access mechanism for investing in renewable energy and offsetting their electricity use with 100% Australian renewable energy.



GreenPower is now looking to expand to also certify renewable gas products as we have an important role in supporting voluntary markets and consumer choice. The Renewable Gas Certification Pilot currently underway has been informed through extensive targeted consultation and a public consultation on the design of the Pilot conducted in Feb-April 2022.

If you have any questions regarding this submission, please contact Brad Bailey at greenpower.admin@planning.nsw.gov.au

Kind regards,

A handwritten signature in black ink, appearing to read "M. Weirich", with a horizontal line extending to the right.

Manuel Weirich

Manager
National GreenPower Accreditation Program

Responses to consultation questions

› Question 5: Do you agree with the proposed fuels?

- › Yes. However, biomethane should be explicitly included and renewable hydrogen should be considered in future.

› Question 6: However, do you agree with the proposed fuel definitions?

- › It's unclear if biomethane comes under the biogas umbrella or it's been excluded. This should be clarified and biomethane should be included.

› Question 7: Do you agree with the proposed amendment to clause 5.4(f)?

- › Yes

› Question 9: Do you agree with the proposed amendment to clause 5.4(h)?

- › Agreed, flaring of gas and biogas should be excluded. Any other non-beneficial use, including venting of gas to the atmosphere, should also be excluded.

› Question 11: Do you agree with the inclusion of the proposed clause 5.4(m)?

- › See response to question 12. GreenPower's Renewable Gas Certification Pilot (RGCP) will provide a voluntary market mechanism to support biomethane and renewable hydrogen injected into gas networks.

› Question 12: Do you agree with the inclusion of the proposed clause 5.4(n)?

- › This clause specifically excludes GreenPower's Renewable Gas Certification Pilot, which will provide a voluntary market mechanism for matching of consumer gas use with renewable gas production that is injected into the gas grid on the consumer's behalf. The Pilot aims to support new renewable gas production and enable gas users that cannot electrify to offset their gas use with renewable gas production elsewhere.
- › Considering the intention for the ESS to focus on behind-the-meter consumer activities, this exclusion may be appropriate, however only a very small number of gas users will be able to implement behind-the-meter biogas activities. While renewable gas is not fully commercial it may be appropriate for the ESS to also support off-site activities.

› Question 13: Do you agree with the inclusion of the proposed clause 5.4(o)?

- › GreenPower is supportive of this clause to exclude native forest biomass. This is in line with the GreenPower Program Rules ([link](#)) on GreenPower Generator Eligibility Requirements (page 17):

- › *5.3 Specific Exclusions*

The following fuels/technologies are not acceptable for the purposes of the definition of a GreenPower Generator.

Utilisation of any materials (including wastes, primary or secondary) derived from forests other than sustainably harvested plantation forests. Plantation-derived wastes must not be sourced from plantations that clear, or have cleared after 1990, existing old growth or native forests.

- › The Renewable Gas Certification Pilot is expected to apply an equivalent exclusion of native forest biomass.

› Question 16: What other concepts need defining/elaborating on? Please provide supporting evidence to justify your response.

- › Energy crops should only be used where necessary for feedstock security. In our Pilot, GreenPower will restrict the proportion of energy crops used as biomass feedstock in individual projects. This aims to avoid negative social and environmental impacts, such as:

- › risk of land use competition with agricultural food production
- › using land or clearing land (deforestation) for energy crops causing long term biodiversity loss and/or soil degradation.

› Question 17: Do these definitions make the terms easier to understand and apply? If not, please provide supporting evidence to justify your response.

- › Yes

› Question 27: Does the proposed change clarify the requirement to calculate energy savings from all fuels? If not, please provide supporting evidence to justify your response.

- › Yes