

2 February 2023

Department of Climate Change, Energy, the Environment and Water
Consultation Hub

Sent via email to guaranteeoforigin@industry.gov.au

ENA Submission to Australia's Guarantee of Origin Scheme, Policy Position Paper

Thank you for the opportunity to make a submission on Australia's Guarantee of Origin Scheme.

Energy Networks Australia (ENA) is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

ENA is generally supportive of Australia's Guarantee of Origin Scheme as presented in the Policy Position Paper. ENA agrees that there is a need for a transparent, consistent and practical approach for measuring emissions across commodity supply chains. However, ENA considers that energy sources should be treated consistently across the economy and we note that renewable electricity GOs are being formulated on a well-to-gate basis. For example, a Renewable Electricity Certificate is based on where the renewable electricity is produced and does not consider the additional line losses from transporting that electricity to the end user. Similarly, product GOs should be afforded the same boundary - i.e. well-to-gate rather than well-to-user - as proposed in the Policy Position Paper. Consistent policy will ensure a technology-neutral approach to reducing emissions and not introduce unnecessary barriers for new renewable gases. It would also be administratively simpler for both the industry and the broader economy as it will be challenging to determine the associated emissions in gas distribution and pipelines from transporting hydrogen. ENA proposes that consideration should be given to including the ability to opt into a well-to-user certification process. This would assist in dealing with countries that require this emissions standards.

ENA considers that further clarification is required on the product GOs provenance approach (Policy Position Proposal 7). While ENA supports the need to keep the scheme simple, more detail is required before full support could be provided to the provenance proposal. For example, the proposal includes the requirement for a reasonable physical link to be established, but no specific information is provided as to how this would be done or how it could be monitored. The Paper also notes that there is "flexibility to recognise that molecules may be interchangeable in certain situations." It is also unclear if the proposed provenance approach requires a direct connection or not. For example, do the molecules of hydrogen need to flow to the customer or can they just be injected into infrastructure that is physically connected? Or is this provision meant to create separate markets for Australia's east and west coast gas grids? Furthermore, it appears that this provenance approach is inconsistent with the approach for renewable electricity and may create additional barriers in the deployment of renewable gas. Clarification is required to enable the proposed provenance approach to be assessed and to fully understand the practicalities of the approach. Additionally, ENA would support that certificates are tradeable, similar to certificates for renewable electricity.

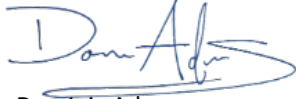
ENA proposes that the provenance approach, if required, is developed in such a way as to not create additional burdens and complexities to an emerging hydrogen market.

ENA also recommends that consideration is given to develop certification schemes to other renewable fuels, such as biomethane. Both hydrogen and biomethane will be needed to decarbonise the economy and will need appropriate and interchangeable certification schemes (on an energy basis). It is our understanding that the current focus of the government is to provide certification for hydrogen but additional schemes are required to create a market for biomethane. Permitting a broader range of renewable gases within GO would be the ideal solution.

ENA agrees that establishing a trusted, internationally-aligned framework for measuring emissions across commodity supply chains to establish and support claims for renewable and clean products is extremely important going forward.

ENA is looking forward to engaging with the Government on the draft legislation and methodologies.

If you would like to discuss the contents of this submission, please contact Terese Weber at tweber@energynetworks.com.au



Dominic Adams

General Manager, Networks