



EAGA

EASTERN ALLIANCE FOR  
GREENHOUSE ACTION

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9<sup>th</sup> February 2017

Dear Sir/Madam,

**Re: Draft National Carbon Offset Standards (NCOS) for Buildings and Precincts**

The Eastern Alliance for Greenhouse Action (EAGA) welcomes the opportunity to respond to the Department of Environment's consultation on the draft NCOS for Buildings and Precincts. EAGA is a formal Alliance of seven councils in Melbourne's East, including:

- City of Boroondara
- Knox City Council
- Maroondah City Council
- City of Monash
- City of Stonnington
- Whitehorse City Council
- Yarra Ranges Council

EAGA is committed to delivering mitigation and adaptation projects and advocating for initiatives that support sustainable, low carbon communities. EAGA's members have ambitious emission reduction targets, including two councils (Maroondah and Whitehorse) with carbon neutrality commitments. This is representative of the commitment across the Victorian local government sector, with 20 councils currently committed to becoming carbon neutral before 2025.

We congratulate the Federal Government on taking the initiative to expand the NCOS program to buildings and precincts, however we urge the Government to take this opportunity to address two key issues:

**1) Rectify the current ambiguities relating to voluntary purchases of GreenPower/LGCs as a carbon management strategy**

The development of an appropriate framework is required for reconciling claimed emission reductions from GreenPower or Large-scale Generation Certificates (LGC) with actual global emission reductions in addition to Australia's international commitments.

This is particularly important for councils seeking to become certified carbon neutral under NCOS. In its current format, the NCOS allows for the purchase of GreenPower (or surrender of LGCs) to be counted as a carbon reduction measure. For carbon accounting purposes, this represents a significant uncertainty as the Government has not yet committed to establishing a process for retiring an equivalent amount of international units. Rectifying this uncertainty is critical for any organisations making assertions regarding the environmental benefits of their GreenPower/LGC purchases.

Rather than removing GreenPower as a viable offsetting methodology from NCOS, it is preferable that the Government adopts a transparent and verifiable ongoing process to retire any international units that are freed up by GreenPower purchase so that the reduction measure (or offset) is additional to Australia's international obligations (or pay penalties).

Despite assurances from the Department of Environment that voluntary action will be taken in to account, there is only evidence that the (previous) Government has taken the critical step of retiring units once. Whether one action to cancel units sets a clear precedence is questionable. The Government's commitment to cancel certificates in the future should really lead to consideration of how much their value should be discounted, which becomes complicated for the Department to administer. Establishing a clear, consistent and timely mechanism for retiring international units is therefore critical for securing the ongoing integrity of the scheme.

To achieve this, appropriate support mechanisms are required to account for the difference in electricity emission factors across different states. Traditionally, one LGC represents 1 MWh of electricity from renewable sources. However, when GreenPower is used to 'offset' electricity purchased in Victoria, the result is a 1.09 tCO<sub>2</sub>-e reduction in the carbon footprint, whereas the same LGC applied to a site in Tasmania reduces the carbon footprint by only 0.12 tCO<sub>2</sub>-e under current rules. This disparity highlights the requirement for a more rigorous approach to reconciling GreenPower/LGC purchases against the retirement of international units.

Consequently, a state based approach is required for the conversion of MWh of denominated GreenPower to tonnes (CO<sub>2</sub>-e) of international units which will be removed. To do otherwise would create a discrepancy between the amount of abatement claimed by organisations and individuals when purchasing GreenPower/LGCs and the amount of actual additional abatement created.

The GreenPower scheme has a sophisticated double audit and reporting system, which is primarily paid for by the GreenPower providers. This system leads to a public document being produced annually, which includes the total national GreenPower sales, by state and by year. The government's liability for surrendering international units is therefore easily and transparently ascertained.

**2) Build on the precincts standard to establish an NCOS standard for carbon neutral municipalities**

In addition to the 20 councils with corporate carbon neutral commitments, there are an additional twelve councils with goals of carbon neutrality for their municipalities. It is important that robust and consistent approaches are made available and adopted by councils looking to measure and reduce

emissions within their communities. The establishment of an NCOS standard for community based emissions should be developed in alignment with the existing guidance provided by the *GHG Global Protocol for Community-Scale Greenhouse Gas Emission Inventories (GPC)*.<sup>1</sup> The process of reporting on these emissions should in-turn feed in to existing frameworks that compliment Australia's international reporting obligations under the Paris agreement, specifically the Covenant of Majors.<sup>2</sup> Alignment of these measurement and reporting frameworks will eliminate duplication and ensure that voluntary action is appropriately accounted for.

EAGA is happy and willing to work with the Government (and the NCOS program administrator) to ensure consistent approaches to carbon accounting for carbon neutrality, which represents the best value proposition for Australia and the global climate.

Should you have queries or questions relating to this letter, please contact Scott McKenry, EAGA Regional Coordinator on [scott.mckenry@maroonodah.vic.go.au](mailto:scott.mckenry@maroonodah.vic.go.au) or 03 9298 4250.

Kind regards,



Cr John Mortimore  
Executive Committee Chair  
Eastern Alliance for Greenhouse Action  
Councillor, Knox City Council



*This submission has been approved through EAGA's formal governance structure as described in the EAGA Memorandum of Understanding 2016-17. The submission may not have been formally considered by individual member councils.*

<sup>1</sup> <http://www.ghgprotocol.org/city-accounting>

<sup>2</sup> <http://www.covenantofmayors.eu/>