

30 September 2024

Senator Karen Grogan
Chair, Environment and Communications Legislation Committee
Parliament of Australia
Lodged online via email to: ec.sen@aph.gov.au

Dear Senator,

Response to Commonwealth Parliament's Senate inquiry into *Future Made in Australia (Guarantee of Origin) Bill 2024 [Provisions] and related bills*

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the Commonwealth Parliament's Senate inquiry into the provisions of the *Future Made in Australia (Guarantee of Origin) Bill 2024*, *Future Made in Australia (Guarantee of Origin Charges) Bill 2024*, and *Future Made in Australia (Guarantee of Origin Consequential Amendments and Transitional Provisions) Bill 2024* which was referred on 12 September 2024.

CEIG represents domestic and global renewable energy developers and investors, with more than 16GW of installed renewable energy capacity across more than 76 power stations and a combined portfolio value of around \$38 billion. CEIG members' project pipeline is estimated to be more than 46GW across Australia. CEIG strongly advocates for an efficient transition to a clean energy future on behalf of the investors who will provide the low-cost capital required for this transition.

Key Points

- CEIG has participated in earlier departmental consultations and has been a **strong supporter of the GO and REGO schemes.**
- **The introduction of the GO and REGO schemes will offer long-term certainty for investors** by ensuring a framework for the creation of renewable energy certificates beyond 2030.
- CEIG recognises that the **specific details of the GO and REGO schemes will be defined in subordinate legislation**, which will be consulted on while the

primary Bill is in Parliament, and **we look forward to reviewing and providing feedback on these provisions.**

- CEIG understands that product GO certificates will not be tradable but suggests that **incorporating flexibility in the scheme's implementation could balance international recognition while fostering innovation and value creation for low-emissions products.**
- **CEIG is pleased to see the inclusion of emissions intensity data in PGO certificates at the time of creation and recommends incorporating this data into the creation of REGO certificates as well.**
- CEIG acknowledges the Bill's provisions for below-baseline certificates and the need for provenance in renewable generation but **emphasises the need for flexibility in REGO legislation to prevent disrupting investment signals and suggests using a neutral attribute like 'year built' instead of labelling different certificate classes.**
- **CEIG is supportive of placing limits on the participants that may surrender below-baseline certificates prior to 2030 and restricting their use.**
- CEIG notes that REGO certificates will timestamp electricity generation and dispatch based on a default one-hour period. **However, CEIG recommends allowing flexibility in time intervals for certificate creation and exploring regulatory designs that leverage existing time series data to simplify the process and lower administrative costs.**
- **CEIG supports the inclusion of electricity storage as eligible for producing REGOs** and is pleased to see the introduction of a calculation to account for round-trip losses.

GENERAL COMMENTS

CEIG appreciates the opportunity to provide input on the *Future Made in Australia Bill 2024* and related bills. We have actively participated in previous departmental consultations and have been a strong supporter of the Guarantee of Origin (GO) and Renewable Energy Guarantee of Origin (REGO) schemes^{1,2}.

CEIG understands that the Guarantee of Origin Bill 2024 is designed to support the Australian Government's Future Made in Australia plan by attracting investment and capitalising on the financial and industrial opportunities presented by the global shift to net zero. The Bill will establish an internationally aligned, voluntary certification program for low-emissions products and renewable electricity with an initial focus on certifying renewable electricity and hydrogen, with a phased approach to include low-carbon liquid fuels and green metals.

The introduction of the GO and REGO schemes will offer long-term certainty for investors by ensuring a framework for the creation of renewable energy certificates beyond 2030, administered on an ongoing basis by the Clean Energy Regulator (CER). This certainty is

¹ CEIG (Oct-23) [Response to Renewable Electricity Guarantee of Origin Scheme – Approach Paper](#)

² CEIG (Feb-23) [Response to Australia's Guarantee of Origin Scheme Consultation Papers](#)

essential to support investment decisions being made today.

We also acknowledge that the more specific details of the GO and REGO schemes will be outlined in the subordinate legislation, which will undergo consultation while the primary Bill is before Parliament. CEIG looks forward to reviewing and providing feedback on these detailed provisions.

GO SCHEME

CEIG supports, in principle, the broad range of attributes attached to the product GO (PGO) certificates, recognising their potential to encourage private sector innovation by enabling products to differentiate based on a variety of clean attributes beyond clean energy.

However, CEIG understands that PGO certificates will not be tradable. While we recognise this approach aims to maintain a direct link between production and consumption and align with international standards, it will be important that this design does not restrict the ability to capture the value of products based on different clean attributes.

Incorporating some flexibility in the scheme's implementation could help balance the need for international recognition while fostering innovation and value creation for low-emissions products. This would help prevent PGO certificates from becoming overly rigid and ensure they remain useful for both domestic and global stakeholders.

Emissions intensity data

CEIG is pleased to see the inclusion of emissions intensity data in PGO certificates at the time of creation and recommends incorporating this data into the creation of REGO certificates as well.

REGO SCHEME

Below baseline certificates

CEIG understands that the Bill includes provisions to identify renewable energy facilities with legacy baselines and applying these baselines to the respective power stations.

CEIG acknowledges the need to attach provenance to generation from renewable sources, including below-baseline generation. However, it is critical to ensure that the introduction of below-baseline certificates does not interfere with investment signals in the Australian market.

We recognise that below-baseline REGO certificates could impact investment signals for new renewable capacity and believe that flexibility should be built into the REGO legislation, allowing for the Government to sequence measures and respond to market dynamics to minimise risks.

While CEIG supports differentiating below-baseline REGO certificates until 2030, we

caution that labelling different certificate classes could fracture liquidity and create a false distinction between what was built before 1996/97 and after.

A potentially more practical approach would be to use a neutral REGO attribute, such as 'year built,' or directly reference the small number of below-baseline plants.

Surrender restrictions

CEIG is pleased to see that approach to surrender restrictions outlined in the September 2023 consultation, which CEIG supported, has been incorporated into the Bill.

CEIG is supportive of placing limits on the participants that may surrender below-baseline certificates prior to 2030 and restricting their use to emissions-intensive trade-exposed (EITE) activities and Product GOs, until at least 2030 to prevent market distortions.

Time stamping

CEIG understands that REGO certificates will be issued based on the amount of eligible electricity generated or dispatched by a facility within a designated time frame. The GO Bill will establish a default one-hour period, with each certificate timestamped according to the specific hour of generation or dispatch.

CEIG urges careful consideration of factors such as the likelihood of global adoption of timestamping, administrative complexity, trading impacts, and potential REGO price volatility to avoid introducing a mechanism that could disrupt the market.

While the Bill currently specifies one-hour intervals for certificate creation, CEIG notes that the rules could allow for flexibility by using alternative time intervals, such as daily, monthly, or yearly timestamps.

CEIG urges further investigation into a regulatory design that leverages existing time series data to streamline certificate creation, reduce administrative costs, and maximise practicality.

Eligibility of storage assets

CEIG supports the inclusion of electricity storage as eligible for producing REGOs and is pleased to see the introduction of a calculation to account for round-trip losses. This approach aligns with CEIG's position that storage REGOs should accurately reflect losses within storage systems.

Emissions intensity data

We welcome the inclusion of emissions intensity data in PGO certificates. However, as noted in CEIG's previous submission, we also recommend incorporating emissions intensity data into the initial design of the REGO scheme³. CEIG believes that timely integration of data on the emissions intensity of the generation displaced by each

³ CEIG (Oct-23) [Response to Renewable Electricity Guarantee of Origin Scheme – Approach Paper](#)

megawatt hour of renewable electricity could help drive demand for new renewable generation and storage.

To address the Government's concerns about data completeness, a "data availability issue" label could be applied to REGOs where emissions intensity data is not recorded, along with publicly available documentation outlining the reasons for this label.

CEIG thanks the Commonwealth Government for the opportunity to provide feedback on its Senate inquiry and looks forward to continued engagement on those issues. Our Head of Policy and Advocacy can be contacted at marilyne.crestias@ceig.org.au if you would like to further discuss any elements of this submission.

Yours sincerely,



Marilyne Crestias
Head of Policy and Advocacy
Clean Energy Investor Group Ltd
w: www.ceig.org.au