



15 September 2023

Submission: ACCC Environmental and sustainability claims - Draft guidance for business

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure, connecting natural and renewable gas production to demand centres in cities and other locations across Australia. Offering a wide range of services to gas users, retailers and producers, APGA members ensure the safe and reliable delivery of 28 per cent of the end-use energy consumed in Australia and are at the forefront of Australia's renewable gas industry, helping achieve net-zero as quickly and affordably as possible.

APGA welcomes the opportunity to contribute to the Australian Competition and Consumer Commission (ACCC) consultation on the draft guidance for businesses in making environmental and sustainability claims.

APGA supports a net zero emission future for Australia by 2050¹. Renewable gases represent a real, technically viable approach to lowest-cost energy decarbonisation in Australia. As set out in Gas Vision 2050², APGA sees renewable gases such as hydrogen and biomethane playing a critical role in decarbonising gas use for both wholesale and retail customers. APGA is the largest industry contributor to the Future Fuels CRC³, which has over 80 research projects dedicated to leveraging the value of Australia's gas infrastructure to deliver decarbonised energy to homes, businesses, and industry throughout Australia.

The draft guidance will provide necessary clarity to businesses and other organisations in making fair claims about their sustainability, including on emissions claims. As an organisation committed to a net zero future including in gas, it is important that claims about emissions reduction can be verified, and that real emissions reduction efforts can be recognised.

APGA offers the following general recommendations for emissions claims and greenwashing relating to the different forms of renewable energy in Part 1 of its submission:

- Emissions claims about all forms of renewable energy should be held to the same high standard, rather than different standards for each form of renewable energy.
- Equal scrutiny should also apply to misleading claims of greenwashing under Australian Consumer Law (ACL).

¹ APGA, *Climate Statement*, available at: <https://www.apga.org.au/apga-climate-statement>

² APGA, 2020, *Gas Vision 2050*, https://www.apga.org.au/sites/default/files/uploaded-content/website-content/gasinnovation_04.pdf

³ Future Fuels CRC: <https://www.futurefuelscrc.com/>

APGA consider this second point just as important as the first. Intentionally misleading energy customers to believe that one form of renewable energy is greenwashing has the same negative impact on energy customers seeking genuine decarbonisation solutions as greenwashing itself. This is often seen in material in opposition to decarbonisation though renewable gas uptake in Australia.

Renewable gases such as biomethane and green hydrogen are identified within the National Greenhouse and Energy Reporting (Measurement) Determination 2008 as producing zero carbon dioxide emissions (the latter when produced from renewable electricity). However, decarbonisation through conversion from natural gas to these renewable gases is often referred to as greenwashing or regarded as propagation of natural gas use. These are false claims which risk misleading energy customers into believing that renewable electricity producers are the only genuine renewable energy option available to purchase.

The renewable energy transition will be challenging enough as it is without misleading claims of decarbonisation or greenwashing. Both forms of false claim seek to unfairly mislead customers in favour of choosing one product over another. APGA hopes that customers will be able to make more informed choices through the provision of these guidelines relative to legitimate claims of the renewable electricity and renewable gas industries going forward.

Responses to specific consultation questions can be found in Part 2 of this submission.

To discuss any of the above feedback further, please contact me on +61 422 057 856 or jmccollum@apga.org.au.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'JM', is positioned above the typed name.

JORDAN MCCOLLUM
National Policy Manager
Australian Pipelines and Gas Association

Part 1: General recommendations

Consider all forms of renewable energy on equal grounds

Care must be taken to maintain an equal emissions claim playing field as new forms of renewable energy enter the market. Each form of renewable energy has its nuances, but there are general principles which can be held equal when considering emissions claims between all forms of renewable energy to avoid customers being misled about relative emissions intensity.

Generally speaking, energy customers are currently considered accountable for their Scope 1 and Scope 2 emissions of energy use – that is, emissions from combustion of a fuel or use of grid electricity. Customers aren't currently held accountable for their Scope 3 emissions, ie the emissions of energy producers, or the lifecycle emissions of energy production.

Regardless of whether a customer should or should not be held accountable for its Scope 3 emissions or the lifecycle emissions of energy production, all forms of renewable energy should be considered on the same basis. It would not be appropriate to consider the legitimacy of renewable electricity emission claims on Scope 1 & Scope 2 emissions alone while considering the lifecycle emissions of renewable gases or renewable liquid fuels.

This principle of equality can be applied to other considerations as well. For example, some who wish to discredit the emissions reduction potential of renewable gases introduce the fugitive emissions of gas transportation infrastructure into the emissions which a customer should be made accountable for upon combustion. However, the Scope 2 emissions of the electricity transmission network is not considered in renewable electricity emissions claims.

Understanding the bar which is to be set for all forms of renewable energy emissions claims is crucial to ensuring legitimate emissions claims do not fall afoul of the ACL and legitimate claims of greenwashing may be addressed.

Case study: Lifecycle emissions of renewable electricity and renewable gas

A 2023 report by Boston Consulting Group considered the lifecycle emissions of renewable electricity and renewable gas in Australia (Figure 1). The lifecycle emissions of renewable electricity came out between 6 to 147 kgCO₂e per kWh alongside a biomethane range of 28 – 110 kgCO₂e per kWh and a green hydrogen range of 12 – 84 kgCO₂e per kWh. All would be considered to have zero Scope 1 and Scope 2 CO₂ emissions⁴.

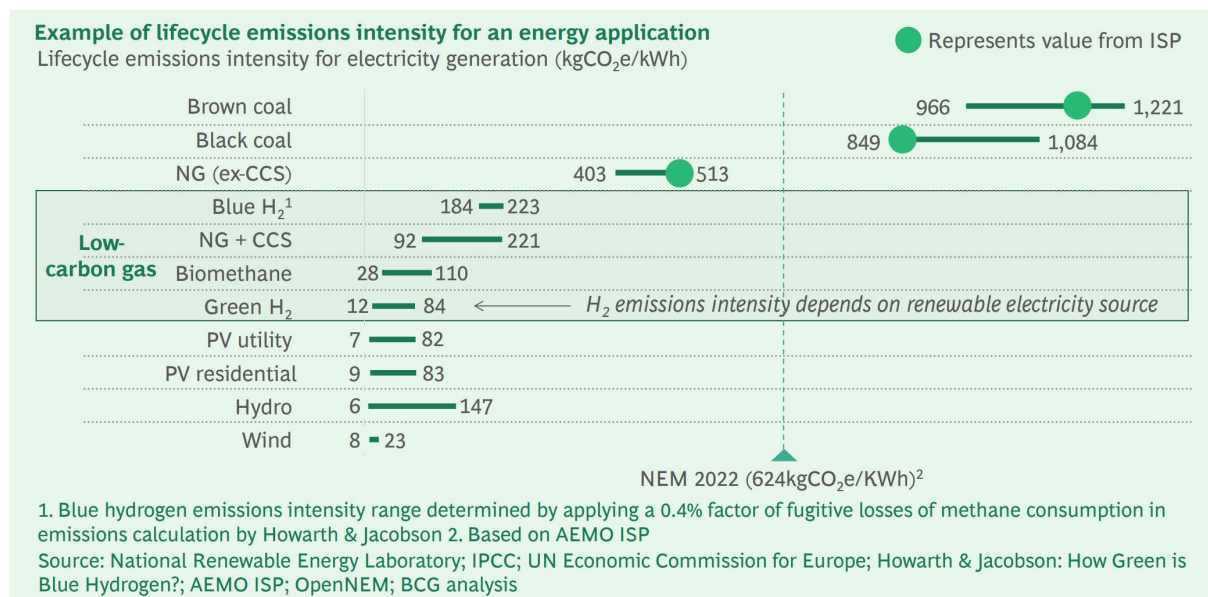
If renewable electricity emissions claims were considered against the lifecycle emissions of generation while hydrogen or biomethane emissions claims were considered against Scope 1 & 2 emissions alone, then biomethane and hydrogen could claim carbon neutrality while renewable electricity could not. This would clearly not be fair to the renewable electricity

⁴ Technically speaking, biomethane has non-CO₂ greenhouse gas emissions of just below 0.5kgCO₂e per kWh due to un-combusted methane emissions according to National Greenhouse National Greenhouse and Energy Reporting (Measurement) Determination 2008 making it greater than 99.5% less carbon intensive than natural gas. Hydrogen is anticipated to produce lower non-CO₂ greenhouse gas emissions than this.

industry. Nor would it be fair to the renewable gas industry if hydrogen and biomethane emissions claims were considered against their lifecycle emissions of production while renewable electricity was considered against its Scope 1 & 2 emissions.

It is critical that emissions claims for all forms of renewable energy are considered against an equivalent standard for such claims. This requires the ACCC to take a position on whether renewable energy emissions claims should be considered against lifecycle emissions or Scope 1 & 2 emissions alone. Consistency, however, will be the critical element in enabling all energy customers to be well informed about their renewable energy choices.

Figure 1: Combusting low-carbon gases results in similar lifecycle emissions as using renewable electricity



Source: BCG, 2023, *The role of gas infrastructure in Australia's energy transition*

Scrutiny of greenwashing claims

Questionable claims of emissions reduction are followed close in prevalence by questionable claims of greenwashing by others. There is no penalty today for a producer (or advocate) of one form of renewable energy to make baseless claims about a competing form of renewable energy engaging in greenwashing. The genuine concern of greenwashing is becoming weaponised within the renewable energy market to discredit legitimate competitive renewable energy options, misleading customers into believing that they have limited choices – choices predominantly controlled by the incumbent renewable electricity market.

In order for legitimate renewable energy technologies to compete with renewable electricity in the marketplace, illegitimate claims of greenwashing by competitors must attract the same level of scrutiny and penalty as greenwashing itself.

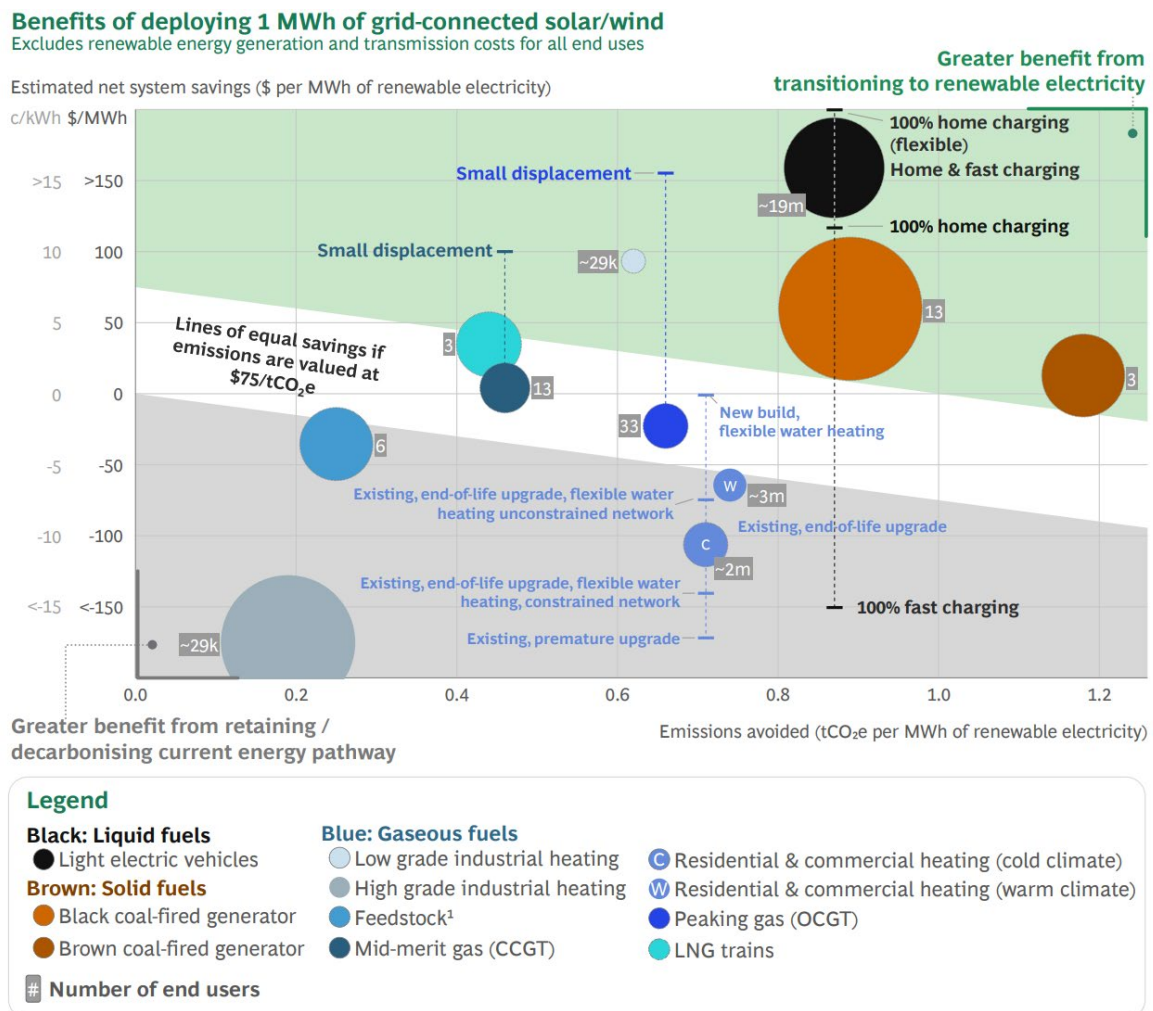
Greenwashing and illegitimate claims of greenwashing have the same negative impacts on customer choice. Both false claims about emissions and false claims about greenwashing serve to mislead customers in the marketplace to purchase one product over another on an

illegitimate basis. The difference however is that while the impact of greenwashing results in customers having higher emissions, the impact of illegitimate claims of greenwashing is a risk that customers pay higher prices for an equivalent renewable energy product in an inefficiently constrained market.

This is the challenge faced by renewable gas producers today. As can be seen in Figure 2 and Figure 3 below, renewable gases represent a cost competitive or cheaper decarbonisation option for the majority of current gas users. Figure 3 shows that hydrogen and biomethane are cost competitive options even for decarbonising gas use in the home. However, both technologies receive constant illegitimate accusations of greenwashing.

Protections against illegitimate claims of greenwashing are a crucial part of ensuring that all Australians access their least cost decarbonisation pathway. APGA recommends that illegitimate claims under this guidance expand from illegitimate emissions claims to including illegitimate claims that market competitors are greenwashing as well.

Figure 2: Grid-connected renewable electricity vs decarbonisation of current energy pathways



Note: Bubble size represents total annual volume of renewable electricity required to meet demand

1. Analysis based on methane gas substituted with green hydrogen produced from grid-connected electricity

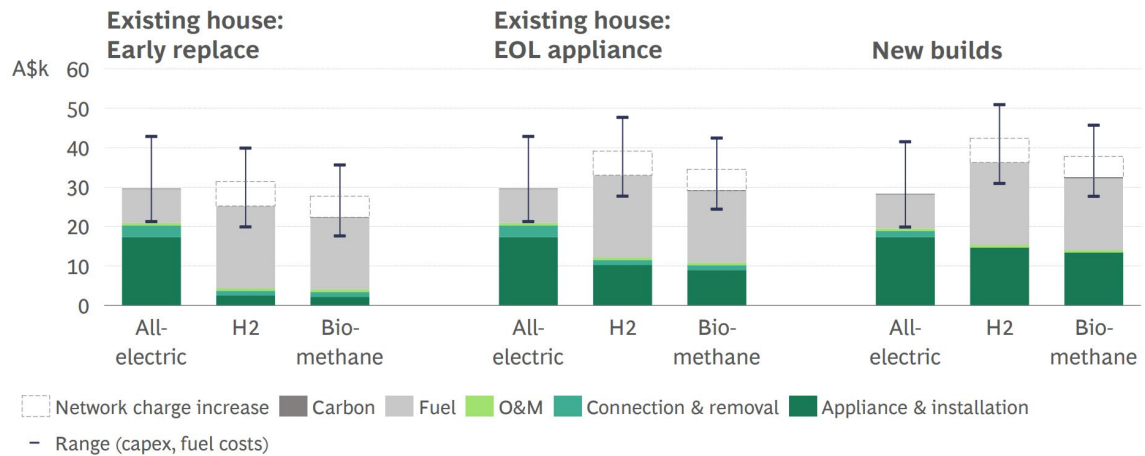
Source: AEMO ISP (2022); OpenNEM; CSIRO; ABS; AIP; Frontier Economics (2022); Advisian, CEFC (2021); BCG analysis

Source: BCG, 2023, *The role of gas infrastructure in Australia's energy transition*

Figure 3: Cost comparison for electricity, green hydrogen and biomethane for residential users in 2040, at different points of appliance replacement

Cold state (VIC)

COP = 3.25 (space), 3.80 (water) | 56GJ per year



Note: Inclusive of space heating, water heating and cooking. Costs reflect NPV over 10Y period using real discount rate of 3%. All-electric homes are grid-connected and no subsidies are considered. Network charge increase (dotted box) reflects 50% distribution-connected customers, per GSOO OSC scenario in 2040 for biomethane and hydrogen.

Source: Frontier Economics (2022); ATA and Reneweconomy (2018); Advisian, CEFC (2021), IEA and Deloitte; BCG Analysis

Source: BCG, 2023, *The role of gas infrastructure in Australia's energy transition*

Note: the overlap of Range bars indicated cost competitiveness.

Part 2: Answers to consultation questions

1. What are you most unsure about when making environmental or sustainability claims?

APGA is keen to understand how the ACCC plans to consider claims surrounding new entrants to the energy market – renewable gases. APGA would also like to understand how the ACCC intends to address unfounded claims of greenwashing, particularly in reference to renewable gases.

The term ‘renewable gases’ by definition makes a claim about the emissions involved in production and consumption of the gas. For the purpose of these claims, the term ‘renewable gases’ includes green hydrogen, and biomethane. Importantly, renewable gases are distinct from alternatives such as blue/grey hydrogen, and natural gas methane, which are not net-zero emissions.

Through the *Bioenergy Roadmap*⁵ and the National Hydrogen Strategy⁶, the Federal Government has provided the necessary definitions to determine the net zero emissions status of renewable gases. In spite of this evidence base, there have been claims that renewable gases are ‘greenwashing’ rather than a genuine decarbonisation pathway.⁷

5. Are there environmental or sustainability claims in your industry that are concerning?

7. Is there anything else you would like to have more guidance about?

The guidelines provide clarity around the most common claims that businesses and organisations may make surrounding environmental and sustainability. However, APGA considers that additional guidance might need to be provided around emissions reduction claims, given the frequency of claims made, complexity of the issues, and lack of consumer knowledge.

APGA generally agrees with the approach that has been taken by the ACCC in defining guidelines and standards for businesses. Particularly in reference to claims regarding renewable energy, APGA believes it is important that a distinction is made between direct and indirect use of renewable energy. There is a material difference between directly using or generating renewable energy, and using energy that has been ‘offset’ through contracting arrangements or purchasing of certificates.

When businesses or other entities claim to use a proportion of renewably-generated electricity, what they generally mean is that a portion of their energy use is ‘offset’ through the purchase (and retirement) of renewable energy certificates – it does not mean they generate renewable electricity. This is due to the nature of the electricity market – electricity must be used the moment it is made, and it is not possible to trace electrons from source to user, and so the contribution of renewable energy to the entire grid must be considered and accounted for through credits or certificates.

⁵ ARENA, 2021, *Australia’s Bioenergy Roadmap*, <https://arena.gov.au/assets/2021/11/australia-bioenergy-roadmap-report.pdf>

⁶ DCCEEW, 2019, *Australia’s National Hydrogen Strategy*, <https://www.dcceew.gov.au/sites/default/files/documents/australias-national-hydrogen-strategy.pdf>

⁷ Such as <https://www.climatecouncil.org.au/resources/biogas-green-gas-renewable-gas/>

Case study: emissions claims from the ACT Government

Electricity is supplied to the ACT from the National Energy Market, via connections through NSW. According to the Clean Energy Regulator, its emissions from electricity are accordingly the same as NSW, with a Scope 2 electricity emission factors of 0.73 kg CO₂-e/kWh.⁸

Despite this, since 2020, the ACT Government has claimed electricity in the Territory is supplied from 100% renewable sources. The ACT Government achieves this through contracting (through purchase of certificates) electricity from solar and wind farms, covering 77 per cent of the Territory's electricity consumption. The remainder is funded by the ACT Government's mandatory contribution to the national Renewable Energy Target.

To be clear, this approach is reasonable and the main purpose of renewable energy certificates – to allow users of energy to access renewable energy, which is especially relevant in a national electricity market. But the way the ACT Government makes public claims about its renewable energy use does not quite match this reality.

While the ACT Government does in some cases advise that the Territory's supply is achieved through contracting, it has generally not made clear in its communications what this means. The ACT Government states as fact that the Territory runs off a "100% renewable electricity supply" (see other examples in Figure 1).

Figure 1: An example of renewable energy claims from the ACT Government

The image is a screenshot of a webpage from the ACT Government. It features a light-colored background with a vertical sidebar on the left containing the year '2020' and several paragraphs of text. The main content area includes a headline '100% renewable electricity' in a dark box, followed by more text and a bulleted list of solar farms. At the bottom right, there is a purple graphic with the ACT Government logo and the text 'CANBERRA 100% RENEWABLE' and 'LEADING INNOVATION WITH 100% RENEWABLE ENERGY BY 2020'. The overall layout is clean and professional, typical of a government website.

2020

The ACT secured a nation-leading 100% renewable electricity supply.

This was a huge achievement for the ACT and a significant step toward our net zero emissions target.

Since 2020, 100% of electricity in the ACT has come from renewable sources. The ACT will maintain this from now on.

We aim to complete a transition away from the other major source of energy in the ACT – gas, by 2045.

100% renewable electricity

We source our electricity from renewable generators, such as solar and wind. These don't produce any greenhouse gas emissions.


Large-scale generators in the local area include:

- Mugga Lane Solar Park
- Williamsdale Solar Farm
- Royalla Solar Farm.

Canberra is a leading Asia Pacific centre for renewable energy and niche cleantech solutions.

We're Asia Pacific's most progressive territory in moving towards a low-carbon economy. The ACT is powered by 100% renewable electricity, generated by wind and photovoltaic power.

Residents, students, businesses and visitors enjoy a fully renewable-powered city. When you do business in Canberra, you're contributing to a future that's genuinely sustainable.

 **ACT**
Government

CANBERRA 100% RENEWABLE

LEADING INNOVATION WITH 100% RENEWABLE ENERGY BY 2020

⁸ Clean Energy Regulator, 2023, *Emissions and Energy Reporting System release 2022-23*, <https://www.cleanenergyregulator.gov.au/OSR/EERS/eers-current-release>

APGA considers that these claims may not meet the necessarily high bar set in the ACCC's guideline of "being transparent about emissions reductions activities versus reliance on purchased offsets". That there are renewable electricity generation facilities in the vicinity of the ACT through which the ACT Government contracts some of its energy (such as the Royalla Solar Farm) could imply to consumers that all their electricity comes from those facilities – when this is not the case.