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Clean Energy Regulator

Australian Government

Submitted via email: market-engagement@cer.gov.au

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Carbon Market Infrastructure

AGL Energy (AGL) welcomes the opportunity to make a submission in response to the Clean Energy Regulator's (CER) discussion paper entitled 'Enabling deep, liquid, transparent and accessible carbon markets in Australia' (Discussion Paper).

Proudly Australian since 1837, AGL delivers around 4.5 million gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia. AGL operates the largest electricity generation portfolio in Australia of any ASX-listed company, with a total operated generation capacity¹ of 7,982 MW as at 30 June 2024. Since 2006, AGL has invested billions of dollars in the construction and delivery of over 2 GW of renewable and firming capacity in the National Electricity Market.

As the global community responds to the risks of climate change, AGL recognises the large part that we must play in the transition to a low carbon economy. Our 2022 [Climate Transition Action Plan](#) outlines AGL's ambition for decarbonisation, including the following commitments:

- Targeting a full exit from coal-fired generation by the end of FY35 (up to a decade earlier than previously announced).
- Ambition to meet customer energy demand with around 12 GW of new firming and renewable assets by 2036.
- An initial target of 5 GW of new firming and renewable capacity by 2030.

We support Australia's ambition to achieve net zero by 2050 and believe that Australian carbon credit units (ACCU), together with other units that represent abatement or emissions reductions efforts², will remain an integral part in realising these ambitions.

AGL is broadly supportive of changes to improve transparency and promote integrity of carbon markets. We have previously advocated for changes to the ACCU Scheme to improve market transparency, including the publication of additional information and data, as well as improvements to the carbon registry and processes³.

We welcome the development of a new carbon registry and provide feedback in this submission on the registry features and functionality most important to supporting a transparent and accessible carbon market. While a spot exchange market for ACCUs may have some merit, it is unclear whether there is a strong case for its development and whether the benefits will outweigh the costs.

Carbon registry

AGL supports development of a modern fit-for-purpose carbon registry to facilitate more transparency of market information and data, foster interoperability and integration with other markets and systems, and streamline user access and operation.

¹ FY24 installed capacity is the AEMO registered capacity, also taking into account the three 25MW upgrades to the Bayswater Power Station Units 4, 2 and 3 in FY20, FY22 and FY23 respectively.

² For example, small-scale technology certificates (STCs), large-scale generation certificates (LGCs), energy savings certificates (ESCs), Victorian energy efficiency certificates (VEECs)

³ See [AGL's submission to the ACCU consultation paper](#) in October 2024



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Streamlining the provision of access and enabling the creation of read-only carbon registry accounts is critical. Our own experience reflects some administrative complexities with the administration of the ANREU registry, particularly regarding new and updated access arrangements, resulting in difficulties in transfers and surrenders and additional resources required to administer ACCU units.

External system connectivity via an Application Programming Interface (API) would be beneficial to facilitate timely access to data and information. A high-performing and comprehensive platform would enable participants of the carbon market to track data automatically without needing to rely upon the limited capabilities of online portals which require human interaction for retrieving data. It would also promote transparency by assisting third parties to scrutinise market data and projects more readily which would in turn improve the market's credibility and overall longevity.

AGL supports the publication of additional information and data around ACCUs, including ACCU holdings and market creations as well as co-benefits, delivering greater transparency in the market and providing an equitable level of scrutiny on all participants. We believe that co-benefits should be recognised, measured and quantified in a similar way to international voluntary carbon offsets, in line with Sustainable Development Goals (SDG) so that they are officially recognised and verifiable, and standardised where possible.

For more detailed responses to the Discussion Paper's questions on the registry, refer to **Appendix A**.

Carbon exchange

While we see some merit in the development of a carbon exchange to help improve transparency around ACCU spot prices and trading volumes, it is unclear whether the benefits will outweigh the costs.

We note that the proposed exchange model intends to implement a standardised 'generic' ACCU product to support liquidity and longevity. However, many market participants, particularly those seeking ACCUs for voluntary purposes, seek ACCUs with specific features and methodologies. For these participants, the over-the-counter (OTC) market is likely to be preferable, particularly if they have well-established Know Your Client (KYC) processes. Consequently, a large portion of the carbon market is unlikely to be captured through the exchange.

Should the proposed exchange model be progressed, and with liquidity in mind, a single generic class may be most appropriate. Should a bifurcated listing of carbon sequestration and emissions avoidance be chosen, clarity would need to be provided as to which ACCU methods fall under each category.

Exchange fees will be an important consideration in assessing the benefits of using the exchange over direct OTC trading. We therefore recommend that the CER provide some guidance around proposed fees for exchange use.

We look forward to continued collaboration and the opportunity to further engage on further changes to carbon market infrastructure in the coming months.

Should you have any questions in relation to this submission, please contact Casey Barkla-Jones at cbarkla@agl.com.au.

Yours sincerely,

AGL Energy



Appendix A

No.	Question	AGL Response
Consultation questions (registry)		
1	What registry features and functionality will be the most important to address the current challenges faced by carbon markets?	<p>Any features, functionality and data that can improve transparency of the carbon markets should be prioritised for implementation.</p> <p>Some key registry features and functionality include:</p> <ul style="list-style-type: none"> • Additional data and information around methodologies, co-benefits, account holdings and ACCU creation. • Improved search, transfer, surrender and reporting functionality. In particular, the project description of the certificates to be detailed in the certificate transfer process. • API feed to track data automatically without needing to rely upon the limited capabilities of online portals. • Creation of read-only carbon registry accounts, as well as sub-accounts for segregation/sorting of holdings for various purposes. • Streamlined registry access and improved process time of new user access to the registry. We have experienced lengthy process times of up to 6 months to add new users. • Key CER personnel available to assist with general and specific queries.
2	What registry features and functionality will be the most important to take advantage of the opportunities presented by the growth in carbon markets?	Refer to question 1 above
3	<p>Should information about the co-benefits associated with units and certificates, (for example First Nation community outcomes and environmental benefits) be made available in the registry? If so, should this include third-party verified and unverified information?</p> <p>a. What existing frameworks could be relied upon to verify co-benefits?</p>	<p>We believe that co-benefits should be recognised, measured, and quantified in a similar way to international voluntary carbon offsets, in line with SDGs so that they are officially recognised and verifiable, and standardised where possible.</p> <p>Recognising the difficulty and lack of standardisation in third party verification/certification of co-benefits, we suggest that should a carbon project developer declare that their project and ACCUs have co-benefits, they should be required to upload supporting evidence (e.g. a check box to declare co-benefits, with an additional field to link to supporting evidence).</p>
4	What types of digital platforms and marketplaces would be useful to have connected directly to the registry? What are the key benefits and risks of allowing this connectivity?	<p>AGL would like the ability to obtain an API feed for the whole of the carbon registry for ease of access to data and information. Additionally, we would like to see interoperability between the CER's systems, including the ACCU Scheme Project Register, carbon exchange (should one be developed) and any future platforms related to schemes such as the Nature Repair Market and Guarantee of Origin Scheme.</p>
5	Are the criteria to allow external systems to connect directly to the registry (as listed in the table above) appropriate? Are there any other considerations that should be taken into account?	<p>We agree with the criteria outlined in the Discussion Paper to allow external systems to connect directly to the registry. It is essential to ensure that anyone requesting access to the registry via API meets the technical requirements, including ensuring sufficient system security, and that they meet fit and proper person requirements.</p>
6	What registry data would external systems connecting directly to the registry need access to?	<p>AGL considers that all information available on the registry, with the exception of personal and commercially sensitive information, should be made readily available to the market. We note that some information may be held in locations such as the existing ACCU Scheme Project Register and therefore, links should be provided to enable easy access to users.</p>



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7	Are there any other areas, suggestions or concerns with the registry that should be noted?	<p>The Discussion Paper does not provide any information around registry fees. We would welcome information as to the fees that will apply for use of the registry.</p> <p>We urge the CER to consider current and future sustainability reporting requirements, such as those under the Australian Sustainability Reporting Standards (ASRS) around the type of credit (nature vs technological, reduction vs removal), to enable streamlining of disclosures.</p>
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