

Corporate Emissions Reduction Transparency report consultation
Clean Energy Regulator
By email: CER-CERT@cer.gov.au

29 October 2021

Re: Corporate Emissions Reduction Transparency report consultation

Dear Sir or Madam,

Engineers Australia is the peak body representing the engineering profession in Australia. We are the voice of over 100,000 individual members working in nearly every sector of the economy, with expertise across all disciplines and branches of engineering.

Engineers Australia welcomes the opportunity to participate in the consultation concerning the Corporate Emissions Reduction Transparency (CERT) report. Our outlook on climate change is guided by an engineering approach – paying full regard to the scientific evidence and the risks to communities and natural systems. This perspective compels us to recognise the profound threats to societies, economies, and the natural world presented by the changing climate. We advocate urgent and large-scale action to mitigate climate change, and to adapt and achieve resilience in the changing climate.

Engineers Australia supports the implementation of a CERT framework in principle. The scheme's design should aim to encourage organisations to opt-in and recognise a commitment to enhanced reporting transparency, particularly in the absence of any requirement to do so.

Increased and improved transparency in reporting on greenhouse gas emissions, including at both the facility and entity level, is an important step towards scaling up mitigation efforts. A readily accessible public disclosure framework may incentivise participating entities to set, meet and exceed emissions reduction commitments. It will also help motivate flows of capital at scale to climate-friendly investments, and deliver valuable information to customers and other stakeholders.

We submit that the voluntary framework should adopt as rigorous and uniform reporting requirements as possible to ensure real and verifiable emissions outcomes without reasonably discouraging participation by larger companies. In this regard, CERT needs to strike a balance between coherent, consistent and comparable data inputs while avoiding imposing prohibitive administrative burdens on participants. Existing data formats and sources may require extensive reworking for this purpose.

A rigorous framework is key to ensuring the information is useful to interested parties. In particular, we suggest that 'company assured' (that is, unverified by an independent third party) data points are unlikely to engender such confidence.

Stringent requirements will also enable the voluntary framework to evolve, over time, into a mandatory standard. A mandatory standard would support larger emitters scaling up their emissions reduction ambitions. It would also be consistent with Australia's commitment to reach net zero emissions by 2050 (though, given the limited scope of reportable actions, CERT could alone support the transformational adjustments required to realise this ambition). Engineers Australia notes strong support across many international jurisdictions for mandatory public reporting on

emissions at the entity level.¹

To minimise participation costs, it is important that the framework's reporting requirements are as consistent with existing mandatory reporting arrangements as possible. Such consistency will be particularly important as and when participation in the CERT framework shifts to mandatory.

We note that the consultation paper states that Australian Carbon Credit Units (ACCUs), Certified Emissions Reduction Units (CERs), and other international offset units as 'meet requirements of the CERT framework' will be accepted as offsets under the framework. The initiative has the potential to enhance the visibility of corporate climate strategies including offset purchasing, thereby helping increase demand for offsets in both voluntary and compliance markets.

As regards the issue of which offsets are accepted, Engineers Australia recognises the vital importance of unit integrity in offsets markets (engineers will often have an important role to play in assessing and verifying the bona fides of units). Requirements on the use of offset credits in the CERT framework should function to safeguard such integrity in relation to CERT data. However, it should do so without unreasonably restricting participating entities' efforts to meet emissions reduction commitments, nor imposing any de facto requirement for the use of domestic credits.

We further submit that the country of origin for CERs generated outside of Australia should be reportable.

Finally, Engineers Australia notes that whether CERT can deliver the data clarity the Clean Energy Regulator and others require will need to be tested by comparing outcomes to what is already being publicly reported in corporate annual and sustainability reports. Such a performance 'test' has not been articulated in the CERT design process.

Engineers Australia would welcome an opportunity to engage further on the design and operation of CERT as the initiative proceeds to pilot and delivery. Please contact Thomas Mortimer, Senior Policy Adviser – Climate Change, via tmortimer@engineersaustralia.org.au or 0422 361 462.

Sincerely,

Jonathan Russell
General Manager, Policy and Advocacy
Engineers Australia

¹ See Taskforce on Climate-Related Financial Disclosures (2021), '2021 Status Report'. Available at https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Status_Report.pdf. Accessed 26 October 2021.