



## ENERGY CHARTER SUBMISSION

OCTOBER 2019

TEC is funded by ECA to work on the equitable decarbonisation of the NEM. Our interest is therefore primarily in sustainability initiatives (principles 3.3-3.5)—ie,

3.3. Develop business strategy and manage operations to respond to the shift to a cleaner energy system that is already underway.

3.4. Work with government, other energy businesses, the community and industry bodies to develop a planned transition to a cleaner energy system.

3.5. Facilitate new services and technologies that support sustainable energy solutions that meet the changing needs of the market.

TEC appreciates the hard work that has gone into developing the Charter; recognises that this is the first year of compliance reporting; accepts that companies may be constrained by the views of shareholders; and is happy to participate in reviewing the Charter and helping businesses to improve their future reporting on sustainability initiatives.

In the meantime, on reading the compliance reports, we observed a general lack of strategic focus around environmental sustainability. This is perhaps not surprising, given that the Charter itself interprets sustainability very broadly and does not recognise the fact that stationary energy is responsible for over 1/3 of Australia's carbon emissions.

We also observed a tendency to rely on ad hoc current projects to meet these three sub-principles. Signatories mostly appear to be more interested in 3.5, since it helps them to develop new business models, than 3.3 and 3.4, which require action and advocacy to decarbonise their operations and the system as a whole.

Rather than critique individual compliance reports, we recommend that all signatories should commit to the following measures to ensure a basic level of commitment to the equitable decarbonisation of the energy system:

1. A clear overarching commitment to supporting (rather than merely responding to) the transition to a low carbon energy system, as a response to the climate crisis (preferably with a related internal role with this specific responsibility).
2. A plan to reduce corporate (scope 1) emissions by an absolute minimum of 28% by 2030 on 2005 levels, in line with Australia's (inadequate) Paris agreement target—eg, by contracting for electricity needs via a renewable energy PPA and a plan to transition corporate fleets to EVs.
3. As a related measure, an annual corporate sustainability report. This process would normally begin with a comprehensive, independent energy audit of current operations. There are a number of internationally recognised standards available for corporate reporting on sustainability practices.
4. A recognition of the need to plan for a just transition for communities dependent on income from mining and generating electricity from fossil fuels.
5. A comprehensive medium-term strategy to respond to the equity as well as technical economic challenges of a high DER future system (as SAPN, for instance, has done).
6. A recognition of the need to build a more resilient energy system in the face of more frequent and intense severe weather events (eg around SAPS where appropriate, self-healing networks and support for community batteries and islandable microgrids). (This perhaps needs to be a separate sub-principle.)

That said, Meridian/Powershop's disclosure is an example of current best practice in relation to reporting on sustainability initiatives. As noted therein, Powershop has topped the TEC/Greenpeace Green Electricity Guide retailer rankings each of three times it has been undertaken since 2014, and other retailers would do well to learn from their example. Especially noteworthy is Powershop's identification of areas for

improvement in relation to principle 3.4 (although we would add the need to work with, or rather on, governments in respect of energy policy advocacy as another area for improvement).

Also worthy of note is Ausgrid's target of reducing corporate carbon emissions by 8% by 2024 and 17% by 2030. This is the first such commitment by a network business we are aware of, and is commendable in view of the fact that networks (unlike retailers) gain no competitive advantage by making such commitments. However, we would hope that these targets could be more ambitious in future iterations.

Please contact Mark Byrne, TEC's energy market advocate, for more information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jeff Angel', written in a cursive style.

Jeff Angel

Director