

Australian Government
Climate Active Program
Public Disclosure Statement



Progress for life




An Australian Government Initiative

NAME OF CERTIFIED ENTITY: AGL ENERGY LTD

PROJECTION PERIOD: 1 January 2020 – 31 December 2020

Declaration

To the best of my knowledge, the information provided in this Public Disclosure Statement is true and correct and meets the requirements of the Climate Active Carbon Neutral Standard.

Signature 	Date 28-Aug 2020
Name of Signatory: Jo Egan	
Position of Signatory: General Manager, Product & Portfolio Customer Markets	



Australian Government
**Department of Industry, Science,
Energy and Resources**

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1. Carbon neutral information

Description of organisation

AGL is a leading integrated energy business that has been operating for more than 180 years and has a proud heritage of innovation.¹ As at the date of this Public Disclosure Statement (PDS), we operate Australia's largest private electricity generation portfolio, with a total capacity of 11,365 MW, which accounts for approximately 20% of the total generation capacity within Australia's National Electricity Market. We are an active participant in gas and electricity wholesale and retail markets with approximately 3.7 million customer accounts, including residential, small and large business and wholesale customers in New South Wales, Victoria, Queensland and South Australia (for gas and electricity) and Western Australia (for AGL gas only).

As essential services providers, we understand it is AGL's responsibility to deliver products and services that align to our customers' values and expectations. We know the expectations of our customers and the community are changing, and we are committed to meet and exceed these expectations. Over the past year, AGL has introduced our new Purpose, Progress for Life. We are determined to make things better for our customers, our communities, the Australian economy and our planet. It's why we're focussed on developing flexible supply to support the transition to a new energy system.

AGL recognises that our customers want sustainable energy options. This is why we continue to develop affordable and sustainable product innovations and take steps to transform the broader energy system. Our newest step is enabling customers to offset carbon emissions related to their electricity consumption. For customers who opt-in to this product, this involves offsetting greenhouse gas emissions associated with the electricity sourced from the National Electricity Market and delivered to the point of consumption (or customer meter).

AGL Energy Limited includes subsidiaries; energy retailers PowerDirect and Perth Energy. PowerDirect operates in Adelaide, New South Wales, South East Queensland, and Victoria, and Perth Energy operates in Western Australia, with customers in across the state in Albany, Geraldton and Kalgoorlie.

Description of certification

AGL Energy Ltd is an Australian listed public company involved in both the generation and retailing of electricity and gas for residential and commercial use. AGL has launched a certified Carbon Neutral electricity product to our residential and small business customers, as an optional opt-in offering starting from 1st of July 2020. Carbon Neutral electricity is now also available to multi-site and large commercial and industrial (C&I) customers.

From 30 September 2020, Carbon Neutral electricity can also be purchased from AGL's subsidiaries, PowerDirect and Perth Energy. PowerDirect residential, small business and multi-site customers can opt in to Carbon Neutral electricity, as can Western Australian businesses via Perth Energy.

The emissions reported here are for CY2019 which is the base year. The certification year is CY2020.

¹ In this Product Disclosure Statement, references to "AGL" include references to AGL's relevant related bodies corporate, as applicable.

Description of functional unit

The functional unit is a kilowatt hour (kWh) of electricity usage, with emissions expressed in terms of kg of CO₂-e per kWh. As at the date of certification, AGL does not collect data to identify the individual sources of electricity supplied. Therefore, the cradle to gate (customer) approach taken for this lifecycle analysis is from the acquisition of electricity by AGL from the NEM and WEM to the point of delivery to the customers who opt in to AGL's certified carbon neutral offering.

The calculations of emissions associated with this certification has the following three phases:

Phase 1. Product footprint

AGL and Perth Energy provided the estimated opt-in rates for the Carbon Neutral product by customer segment and state, based on market research as well as the entire electricity amount purchased by AGL and Perth Energy from the NEM and WEM by state and customer sectors for CY2019. The opt-in rate was applied to the electricity purchased by AGL from the NEM and WEM by state in CY2019.

The scope 2 and 3 emissions associated with electricity generation, transmission and distribution were calculated by determining the amount of electricity purchased by AGL and Perth Energy from the NEM and WEM by state for CY2019 for supply to customers to which the opt-in rate for the Carbon Neutral product applied and using the location based emission factors.

Phase 2. Organisational footprint calculation

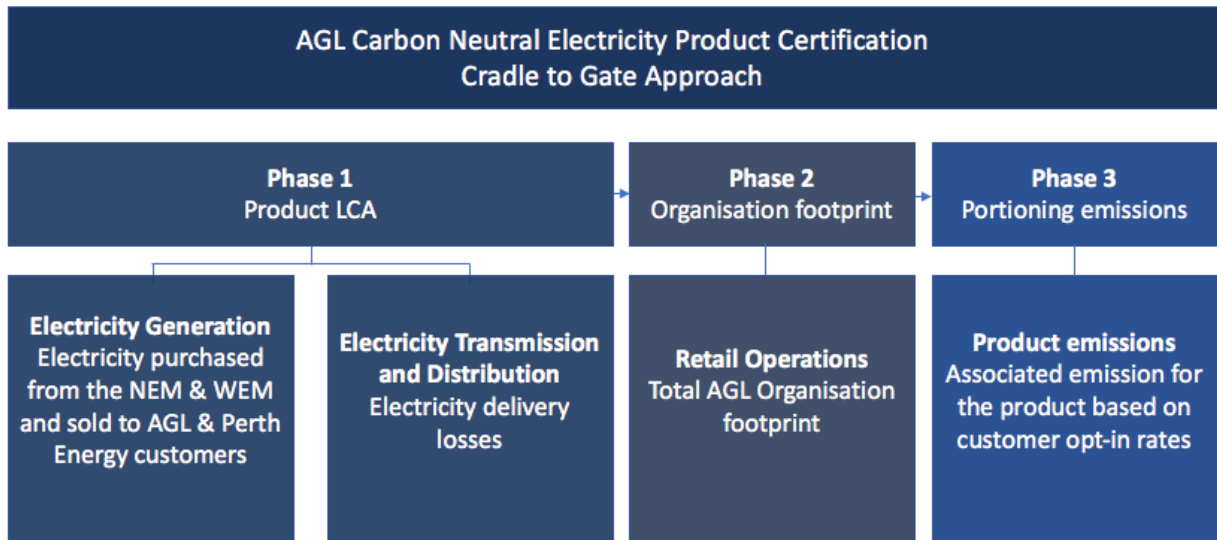
Scope 1, 2 and 3 emissions associated with the retail operations of AGL nationally were captured under an organisational GHG footprint. Data collected in this boundary includes: electricity use in the offices, employee commute, waste, water use, transport fuels, expenses and business flights. The retail operations emissions were considered relevant for the supply of the product. However, as the retail operations are not entirely attributable to the delivery of electricity, an opt-in ratio from the total AGL and Perth Energy customer base (across residential, SME and C&I market sectors) was applied to AGL's total organisational footprint (including Perth Energy).

Phase 3. Total Emissions

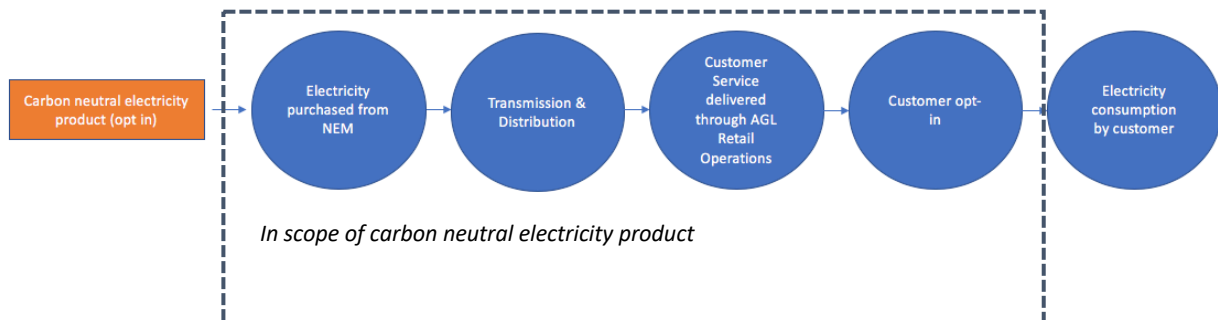
The total emissions associated with this product are comprised of the emissions from phase 1 and 2 above. These emissions are for CY2019, which is the Base Year. Given that the certification is sought for CY2020, the total offsets to be purchased for CY2020 were calculated as a proportion of yearly emissions based on the total numbers of days from product launch (1st of July 2020 for SME and Residential and 30th of September 2020 for Perth Energy and C&I) until the end of CY2020.

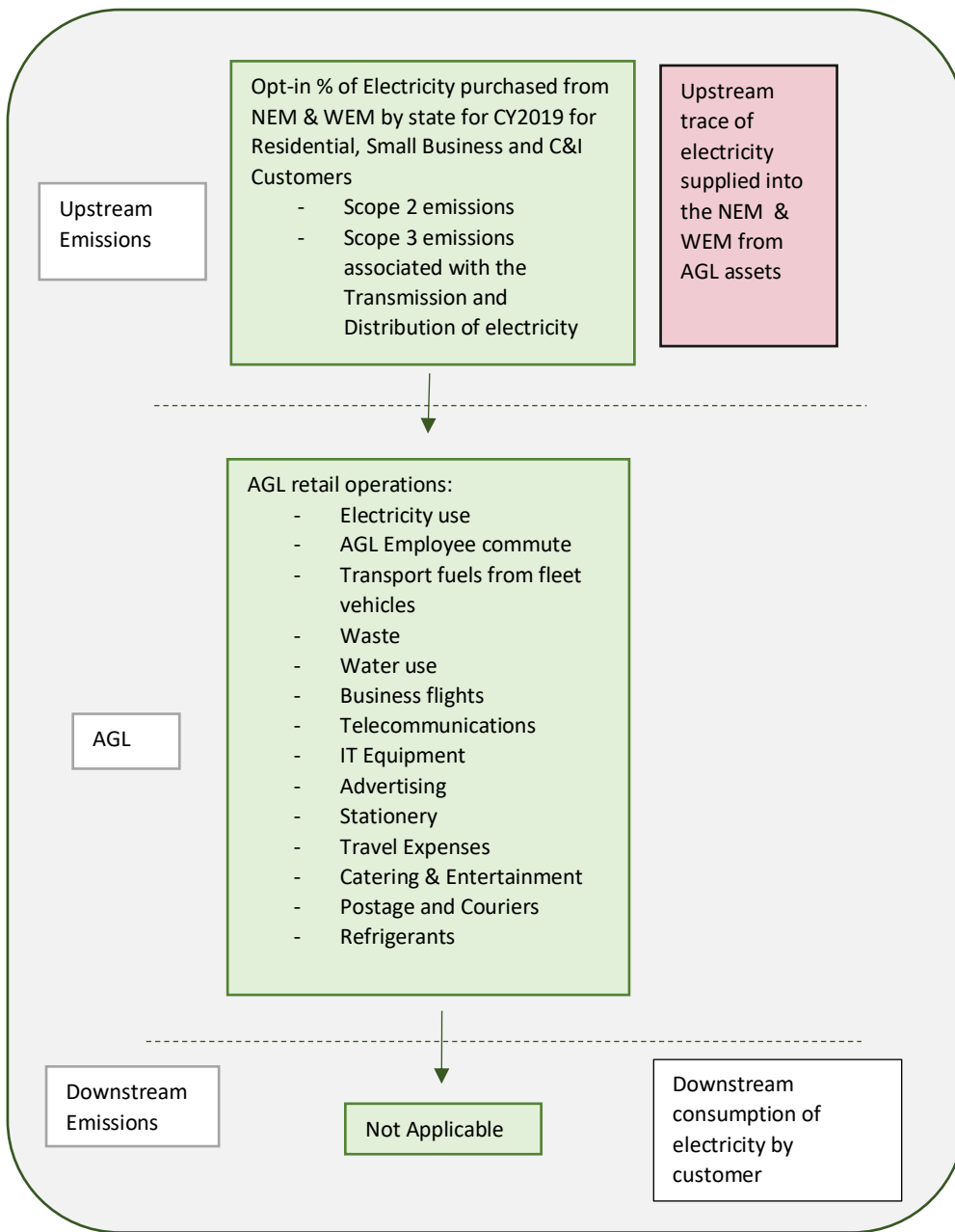
As this is the first year of the product certification, carbon offsets have been pre-purchased based on estimates. The true total number of offsets will be calculated and trued-up at the end of the certification year. If the true total emissions is greater than the estimates, additional carbon offsets will be purchased and retired to cover the total emissions associated with this product.

Product process diagram



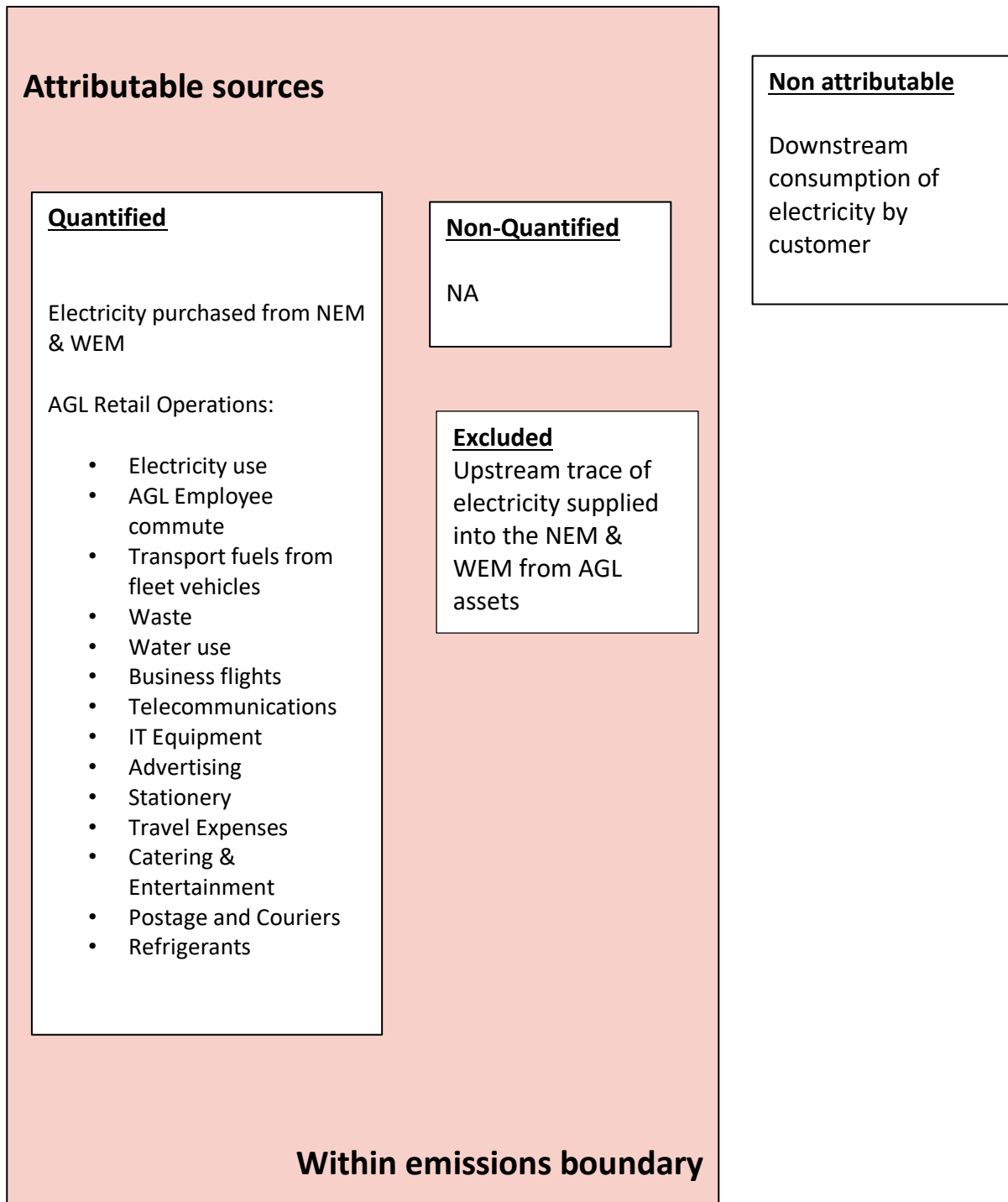
Electricity Product Process Map





2. Emission Boundary

Diagram of the certification boundary



Attributable Non-quantified sources

- Not applicable

Excluded sources (within certification boundary)

- No data is available for upstream trace of electricity supplied into the NEM & WEM from AGL assets

Non Attributable sources (outside certification boundary)

- Emissions generated by customer's consumption of electricity are excluded as AGL has used a "Cradle to Gate" approach for this certification where the "Gate" is the relevant connection point at which electricity is delivered and metered at the Customer's premises.

3. Emissions summary

Table 3. Emissions Summary (inventory)	
Emission source category	tonnes CO ₂ -e
Opt-in Electricity	59,415.36
Postage & Couriers	79.99
Advertising	33.94
Business Flights	21.81
Printing and stationery	15.41
Retail operation electricity	14.26
ICT services and equipment	9.31
Accommodation and facilities	2.28
Employee Commute	1.90
Food & catering	0.79
General waste	0.41
Water	0.09
Refrigerants	0.04
Total annual inventory emissions (projection for CY2020)	59,595.59
Number of Functional units in the total inventory emissions (kWh)	64,914,785 functional units
Net emissions per functional unit (t CO ₂ -e/kWh)	0.000918
Projection of functional units as carbon neutral (kWh) from 1/7/20 for SME and Residential and PE and C&I from 30/9/20	31,770,153 functional units
Total offsets to be purchased for CY2020 projections (t CO₂-e) based on 1/7/20 launch for SME and Residential and 30/9/20 launch for C&I and Perth Energy (PE)	29,165

Uplift factors

Not applicable

Carbon Neutral products

Not applicable

Emissions reduction strategy

AGL takes seriously our responsibility to provide sustainable, secure, reliable and affordable energy. We have a proud heritage as Australia's leading private investor in renewable energy and operate some of Australia's largest solar and wind farms. We are also the custodians of some of the largest and oldest coal-fired power plants in Australia. As the electricity system changes, we are focussed on developing flexible supply to support this transition.

In 2015, we released our Greenhouse Gas Policy to outline our approach to greenhouse gas emissions and climate change. In our policy, we commit to closing our coal-fired power stations by 2050, improving the greenhouse gas efficiency of our operations, continuing to support the energy transition with renewable, near-zero emission and firming technologies, and making available innovative and cost-effective solutions available for customers.

4. Carbon offsets

For the opt in Carbon Neutral electricity product, AGL has chosen to purchase and retire Australian Carbon Credit Units (ACCU) and Gold Standard Verified Emission Reduction (GS VERs) units, as per the table below.

Table 4 Offsets Summary

1. Total offsets required for this report					29,165				
2. Offsets retired in previous reports and used in this report					28,268				
3. Net offsets required for this report					897				
<i>Project description</i>	<i>Eligible offset units type</i>	<i>Registry unit retired in</i>	<i>Date retired</i>	<i>Serial number (including hyperlink to registry transaction record)</i>	<i>Vintage</i>	<i>Quantity (tonnes CO2-e)</i>	<i>Quantity used for previous report</i>	<i>Quantity to be banked for future years</i>	<i>Quantity to be used this report</i>
Burn Stoves Project in Kenya (GS5642)	GSVERs	GSF Registry	8 May 2020	GS1-1-KE-GS5642-16-2017-19155-9616-27883	2017	18,268	0	0	18,268
Westmere Regeneration Project, NSW	ACCU	ANREU	8 May 2020	3,796,097,364 - 3,796,107,363	2019-20	10,000	0	0	10,000
Burn Stoves Project in Kenya (GS5642)	GSVERs	GSF Registry	26 August 2020	GS1-1-KE-GS5642-16-2017-19155-27884-28480	2017	597	0	0	597
Carbon Conscious Carbon Capture Project 1	ACCU	ANREU	26 August 2020	3,791,538,224 - 3,791,538,523	2019-20	300	0	0	300
Total offsets retired this report and used in this report									29,165
Total offsets retired this report and banked for future reports									0

* The total number of offsets retired and banked for future reports will depend on the actual number of customers that opt-in to this product. As this was the first year, AGL was required to pre-purchase offsets for their product certification based on estimates. The true total number of offsets will be calculated and true-up at the end of this certification year (by April 2021).

Offset purchasing strategy

Offsets are pre-purchased and retired based on estimated customer opt-in rates for carbon neutral electricity across AGL's customer segments. At the end of the certification reporting period, customer opt-in figures will be actualised and any true-up of offsets will take place as required. Additional offsets are purchased and retired upon completion of reporting on an annual calendar year basis.

Co-benefits

AGL has purchased offsets from projects in both Australia and Kenya. These projects are the Westmere Regeneration Project in New South Wales and the Burn Stoves Project in Kenya.

The Westmere Regeneration Project uses the Human-Induced Regeneration (HIR) method to restore native vegetation cover across an area of 29,000 hectares north-west of Louth in New South Wales. By excluding stock and managing pests, trees and shrubs are able to grow, improving habitat for native species and restoring local ecosystem services. They also sequester carbon, creating an alternative revenue stream for rural landholders in the form of Australian Carbon Credit Units (ACCUs). The HIR method also creates a range of local environmental benefits. Excluding stock from the project area and controlling pest flora and fauna allows native species to proliferate as habitat regenerates, while the quality of land and water supply may also be improved as local ecosystem services are restored. As the project approaches tree cover, greater shade benefits not only local wildlife, but also livestock that can be reintroduced into forested areas.

Table 5 Forward purchasing summary

1. Total offsets previously forward purchased for this reporting period (from 01/07/2020 to 31/12/2020)	28,268
2. Total offsets required for this reporting period (including C&I and PE)	29,165
3. Net offset balance for this reporting period (from 30/9/20 to 31/12/20)	897
4. Total offsets to be forward purchased for next reporting period	0

5. Use of Trademark

Table 6 Use of Trademark

Description where trademark used	Logo type
Carbon Neutral landing page on AGL website	Certified product
Carbon Neutral landing page on Perth Energy website	Certified product