



PUBLIC DISCLOSURE STATEMENT

BUSINESS NAME: AGL ENERGY LTD

**PRODUCT CERTIFICATION
CY2020 (TRUE-UP)**

Australian Government
Climate Active
Public Disclosure Statement



NAME OF CERTIFIED ENTITY: AGL ENERGY LTD

REPORTING PERIOD: 1 January 2020 – 31 December 2020 (True-up)

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: 23/09/2021

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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Version number February 2021



1. CARBON NEUTRAL INFORMATION

Description of certification

This public disclosure statement supports the carbon neutral product certification for electricity sold by AGL Energy Limited. This includes the Life Cycle Assessment and quantification of Scope 1, 2 and 3 emissions boundaries.

The emissions reported here are for CY2020 which is the first year of certification.

AGL has launched a certified Carbon Neutral electricity product to our residential and small business customers, as an optional opt-in offering starting from 1 July 2020. Carbon Neutral electricity is also available to multi-site and large commercial and industrial (C&I) customers.

From 30 September 2020, Carbon Neutral electricity became available for purchase 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.

On 10 May 2021, AGL reached a significant milestone in its support of customers looking for carbon neutral options, with more than 50,000 services now on AGL's certified carbon neutral electricity and gas products, across Australia.

Scope

'Electricity product' includes all electricity sold by AGL, PowerDirect and Perth Energy to customers who have opted-in to carbon neutral.

Functional unit

Kilograms of carbon emissions (kgCO₂-e) per year will be used as a quantifiable reference to the associated greenhouse gas emissions of an electricity product.

Organisation description

About AGL Energy Limited

As at the date of this Public Disclosure Statement (PDS), **AGL Energy Limited** operates Australia's largest electricity generation portfolio, with an operated generation capacity of 11,080 MW (31 Dec 2020), which accounts for approximately 20% of the total generation capacity within Australia's National Electricity Market.

"Climate Active certification makes it easier for consumers to make a conscious decision to identify and choose electricity, gas and telecommunications products that are making a difference"

AGL Energy Limited delivers 4.5 million¹ gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia. We are also the country's largest publicly-listed operator of renewable energy.

As a company, AGL is evolving to become a leading multi-product energy retailer across energy, data and telecommunications.

AGL Energy Limited includes related corporate bodies such as:

- Data and Telecommunications providers, for which this certification relates includes **Southern Phone Company Limited**, which trades as **AGL Telecommunications** and as **Southern Phone Company** and sells telecommunications products under both brands.
 - **Southern Phone Company** is one of the largest providers of fixed line, mobile and Internet communications services in regional Australia. Formed in 2002 with a vision to provide regional communities with affordable telecommunications services, SPC now serves a national customer base, and provides more than 250 jobs across its head office in Moruya, New South Wales, and its Bendigo office in regional Victoria.
 - **AGL Telecommunications** launched its first telecommunications products, offering Internet services in November 2020, followed by mobile SIM plans in February 2021.
- New energy providers - **AGL Energy Services Pty Ltd** sells energy solutions to residential and business customers including solar, battery storage, stand-alone power systems, energy efficient lighting and Power Factor Correction. AGL Energy Services Pty Ltd operates in all Australian states and territories and offers an end-to-end design, project management and installation service for all energy solutions sold.
- Energy retailers – **AGL Sales Pty Limited; AGL South Australia Pty Limited; AGL Retail Energy Limited (“AGL energy retail entities”)**, **Powerdirect Pty Ltd, Perth Energy Pty Ltd**
 - **AGL energy retail entities** provides gas and electricity services to residential and business customers across New South Wales, Victoria, South Australia, Queensland and Western Australia. Offering a range of energy plans to suit varying preferences, customers can sign up to our products and services via our digital channels (AGL Website, AGL App, My Account) or by calling the AGL Contact Centre.
 - **Powerdirect Pty Ltd** provides electricity services in Adelaide, New South Wales, South East Queensland, and Victoria.
 - **Perth Energy** operates contestable gas and electricity customers connected to the Western Power and ATCO gas networks in Western Australia including regional areas such as Albany, Geraldton and Kalgoorlie.

On 9 March 2021, AGL [announced](#) it would acquire two of Australia's largest commercial solar

¹ Services to customers number is as at 31 December 2020 and includes Click Energy and 100% of approximately 300,000 services to customers of ActewAGL, in which AGL owns a 50% equity stake of the retail operations.

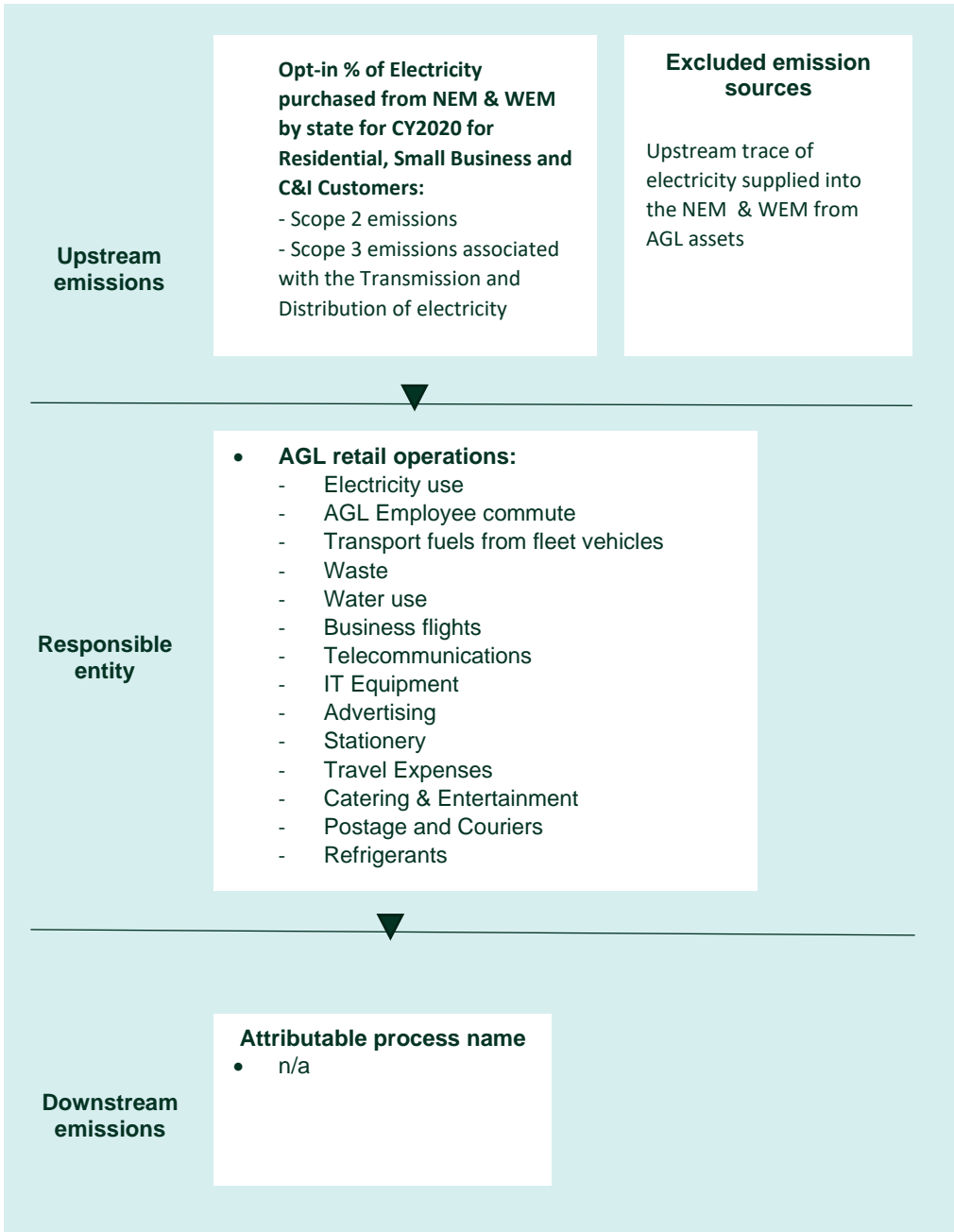
businesses, **Epho** and **Solgen Energy Group** (from Anchorage Capital Partners), both market leading commercial and industrial solar businesses.

On 30 March 2021, AGL Energy Limited also [announced](#) its plans to pursue a structural separation, by creating two new energy businesses focused on executing distinct strategies. One will be a leading multi-product energy retailer, and the other will focus on electricity generation, supporting the economy as the energy market evolves.

Further detail on the separation and acquisition progress will be announced throughout 2021.

Product/service process diagram

The following diagram is cradle to gate



2. EMISSION BOUNDARY

Diagram of the certification boundary



Attributable non-quantified sources

- Not applicable

Data management plan

- 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.

“Climate Active certification makes it easier for consumers to make a conscious decision to identify and choose electricity, gas and telecommunications products that are making a difference”

3. EMISSIONS SUMMARY

Emissions reduction strategy

AGL is serious about our responsibility to provide sustainable, secure, reliable, and affordable energy. We have a proud heritage as the country's largest publicly-listed operator of 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 focused on developing flexible supply to support this transition.

In June 2020, AGL released its updated [Climate Statement](#). This Statement recognises that AGL cannot predict how the energy and political landscape may change, but that the forces of customer demand, how communities act, and how technology evolves will be the determining factors in the pace of energy transition in Australia.

The [Climate Statement](#) includes AGL's target to achieve net zero emissions by 2050 and outlines the next steps in AGL's decarbonisation journey, including commitments to:

1. Offer customers the option of carbon neutral products across all AGL products;
2. Support the evolution of Australia's voluntary carbon markets;
3. Continue to invest in new sources of electricity supply;
4. Responsibly transition AGL's energy portfolio; and
5. Be transparent.

Consistent with the first commitment in the [Climate Statement](#), AGL launched a new Carbon Neutral electricity product on 1 July 2020 and a Carbon Neutral gas product on 25 November 2020. This program will be expanded to offer carbon neutral across all AGL products by the end of FY21.

The commitment to build new generation continues AGL's strong track record of investing in renewables and the firming and storage capacity that will support the continued development of renewables. This has recently included AGL acting as co-investor, offtaker and operator in the Coopers Gap and Silverton wind farms, developing and operating the Barker Inlet gas-fired power station, and pursuing a leadership position in the development and operation of both grid-scale and residential batteries.

Additionally, from FY21 AGL introduced carbon transition metrics as a third performance measure in AGL's Long Term Incentive Plan to provide a focus for AGL executives to progress the transition. AGL has taken a market leading position in this regard, being the first ASX50 organisation to link executive long-term variable pay to climate-related goals.

These initiatives are in addition to AGL's 2015 Greenhouse Gas Policy, which committed AGL to not extend the life of its coal-fired power plants. AGL's coal-fired power stations at Bayswater and Loy Yang A ensure energy reliability and security and provide AGL with the financial strength to progress the energy transition. AGL is committed to not extending the life of these coal fired power stations and closing them by no later than 2035 and 2048 respectively. As these assets age and reach the end of their technical life, AGL will continue to run them responsibly and safely to supply affordable and reliable electricity to its customers. AGL will also support our people and local communities through change and remain flexible to how customers,

community and technology shape the pace of the energy transition.

AGL is a leader in the transition to decarbonisation in Australia with four FY24 targets (as provided in the Annual Report 2020):

- 850 MW grid scale batteries installed and managed (up from 30MW)
- 34% of electricity capacity from renewables and clean storage (up from 22%)
- 20% of total revenue from green energy and carbon neutral products (up from 11.5%)
- 350 MW decentralised assets under orchestration (up from 72MW)

Functional units

Table 1

	Number of functional units
a) Number of functional units sold this period	34,587,949

Emissions summary (inventory)

Table 2

Emission source category	tonnes CO ₂ -e
Total Electricity Sold as Carbon Neutral	32,665
Organisation component	106
1. Total inventory emissions	32,772
a. Number of functional units represented by the inventory emissions	34,587,949
2. Emissions per functional unit (based on the number of functional units represented by the inventory) Total tCO ₂ -e divided by the number of functional units in 1a.	0.0009475
3. Carbon footprint (Emissions per functional unit (2)* number of functional units (a or b from table 2))	32,772
True up of total net emissions	
Projected emissions for reporting period	29,165 t CO ₂ -e
Actual emissions for reporting period	32,772 t CO ₂ -e
Difference	3,607 t CO ₂ -e

Uplift factors

n/a

Carbon neutral products

n/a

4. CARBON OFFSETS

Offsets strategy

Offset purchasing strategy: In arrears	
1. Total offsets previously forward purchased and banked for this report	29,165
2. Total emissions liability to offset for this report	32,772
3. Net offset balance for this reporting period	3,607
4. Total offsets to be forward purchased to offset the next reporting period	0
5. Total offsets required for this report	3,607

Co-benefits

Not all carbon offset units are created equal. There's a wide range of carbon offsets that differ in source, methodology, and price. AGL undertake a rigorous selection process when it comes to the carbon offsets we purchase. The eligible carbon offsets we buy meet the Carbon Neutral Standard integrity requirements set by Climate Active.

There are many different offset methodologies. Some include reforestation, renewable energy, or energy efficiency projects that generate eligible carbon offsets; projects that involve the destruction of certain industrial gases; and projects that involve the capture and destruction of methane from landfills and certain agricultural activities. Many of these projects also provide additional positive environmental and social benefits.

We know that balancing quality and affordability is important to our customers, so we only purchase eligible carbon offsets that meet the integrity requirements under the Climate Active Carbon Neutral Standard, which is backed by the Australian Government.

Carbon offsets we've pre-purchased

We believe that the projects we've chosen will make a real difference. Initially, our pre-purchase obligations have been secured with certificates for the following projects:

Westmere Regeneration Project, NSW

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.

BURN Stoves Project in Kenya

AGL has pre-purchased and retired Gold Standard Verified Emissions Reductions (GSVERs) from the BURN Stoves Project, developed by ClimateCare Limited, who have pioneered carbon finance for community development projects and delivered some of the largest carbon offsetting programs in the world.

The project directly addresses several certified Sustainable Development Goal (SDG) impacts: 1, No Poverty; 3, Good Health and Wellbeing; 8, Decent Work and Economic Growth; and 13, Climate Action.

The BURN Stoves Project provides communities with an efficient cookstove that benefits the environment, creates employment opportunities, promotes business and infrastructure development, and provides cleaner, more efficient cooking options.

The stoves are manufactured at a solar powered factory in Nairobi, which employs more than 100 people. It is important to note that 80% of Kenya's primary household energy still comes from solid fuel. The majority of this is burnt on smoky open fires and inefficient cookstoves, leading to indoor air pollution causing respiratory disease, and contributing to global climate change.

The stoves sold by the project use 45% less charcoal – meaning families can recover the initial outlay within two to three months of purchase and then save up to \$300 in fuel costs every year.

Carbon Conscious Capture Project 2 in Western Australia

AGL has pre-purchased and retired Australian Carbon Credit Units (ACCUs) from the Carbon Conscious Capture Project 2, developed by Carbon Conscious Investments Ltd (Carbon Conscious), a member of the Carbon Market Institute and a foundation signatory of the Australian Carbon Industry Code of Conduct.

Carbon Conscious' reforestation of 11,007 hectares of land in Western Australia, sequesters carbon from the atmosphere following the plantation of more than six million native trees on land previously cleared for dryland cropping and grazing.

This region is recognised as significantly over-cleared, and the reforestation is providing protective habitat for native flora and fauna, reducing wind and water erosion and in some cases reducing soil salinity, as well as providing a useful environment for sheep and honeybees.

Ceramic Water Purifiers Project in Cambodia

AGL has pre-purchased and retired Gold Standard Verified Emissions Reductions (GSVERs) from the Ceramic Water Purifiers Project, developed by Hydrologic Social Enterprise Company Ltd, a social enterprise which has a mission to ensure all families in rural Cambodia have access to safe, clean drinking water. The use of water purifiers eliminates the need for wood fuel, therefore reducing the depletion of Cambodia's forest resources, reducing greenhouse gas emissions and improving indoor air pollution.

With the assistance of carbon finance, this project can be economically sustainable and provides a significant improvement in public health and household welfare. This project will provide access to adequate levels of clean drinking water to an estimated 1.7 million people across 312,000 households over seven years. This project directly addresses several of the United Nations Millennium Development Goals (MDGs), including Goal 4 and 7, and especially to halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation. It also integrates the principles of sustainable development into country policies and programs and reverses the loss of environmental resources, reducing child mortality, improving maternal health, combating disease, and ensuring environmental sustainability.

Offsets summary

Proof of cancellation of offset units

Offsets cancelled for Climate Active Carbon Neutral Certification										
Project description	Type of offset units	Registry	Date retired	Serial number (and hyperlink to registry transaction record)	Vintage	Eligible Quantity (TCO ₂ -e)	Quantity used for previous reporting periods	Quantity banked for future reporting periods	Quantity used for this reporting period claim	Percentage of total (%)
Carbon Conscious Carbon Capture Project 2 (EOP100638)	ACCUs	ANREU	8 April 2021	<u>3,753,706,302 - 3,753,707,023</u> (Refer section 6)	2016/17	722	0	0	722	2.2%
Ceramic Water Purifiers Project in Cambodia (GS1020)	GSVERs	GSF Registry	8 April 2021	<u>GS1-1-KH-GS1020-16-2019-20065-30486-33370</u>	2019	2,885	0	0	2,885	8.8%
Burn Stoves Project in Kenya (GS5642)	GSVERs	GSF Registry	8 May 2020	<u>GS1-1-KE-GS5642-16-2017-19155-9616-27883</u>	2017	18,268	0	0	18,268	55.7%
Westmere Regeneration Project, NSW	ACCUs	ANREU	8 May 2020	<u>3,796,097,364 - 3,796,107,363</u>	2019-20	10,000	0	0	10,000	30.5%

Burn Stoves Project in Kenya (GS5642)	GSVERs	GSF Registry	26 August 2020	<u>GS1-1-KE-GS5642-16-2017-19155-27884-28480</u>	2017	597	0	0	597	1.8%
Carbon Conscious Carbon Capture Project 1	ACCUs	ANREU	26 August 2020	3,791,538,224 - 3,791,538,523	2019-20	300	0	0	300	0.9%
Total offsets retired this report and used in this report									32,772	
Total offsets retired this report and banked for future reports									0	

Type of offset units	Quantity (used for this reporting period claim)	Percentage of Total
Australian Carbon Credit Units (ACCUs)	11,022	34%
Verified Emissions Reductions (VERs)	21,750	66%

5. USE OF TRADE MARK

Table 7

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
Carbon Neutral communications	Certified product

6. ADDITIONAL INFORMATION

Carbon Conscious Carbon Capture Project 2 (EOP100638) – ACCU - Registry transaction record

Australian National Registry of Emissions Units
Logged in as: Chang Xie / Industry User

Transaction Details
Transaction details appear below:

Transaction ID	AU15957
Current Status	Completed (4)
Status Date	26/08/2020 15:15:49 (AEST) 26/08/2020 05:15:49 (GMT)
Transaction Type	Cancellation (4)
Transaction Initiator	Xie, Chang Zuo
Transaction Approver	Merrington, Jane
Comment	On behalf of Perth Energy (all market sectors) and AGL C&I for CY2020 Electricity Carbon Neutral Certification under Climate Active

Transferring Account	Acquiring Account
Account Number	AU-2680
Account Name	AGL Hydro Partnership
Account Holder	AGL HP1 Pty Limited
Account Number	AU-1068
Account Name	Australia Voluntary Cancellation Account
Account Holder	Commonwealth of Australia

Entry	Type	Transaction Type	Original CP	Current CP	EBE Project ID	NGER Facility ID	NGER Facility Name	Safeguard	Kyoto Project #	Vintage	Entry Date	Serial Range	Quantity
AU	KACCU	Voluntary ACCU Cancellation			EOP100638					2019-20		3,791,538,224 - 3,791,538,523	300

Status Date	Status Code
26/08/2020 15:15:49 (AEST)	Completed (4)
26/08/2020 05:15:49 (GMT)	Completed (4)
26/08/2020 15:15:49 (AEST)	Proposed (1)
26/08/2020 05:15:49 (GMT)	Proposed (1)
26/08/2020 15:15:49 (AEST)	Account Holder Approved (97)
26/08/2020 05:15:49 (GMT)	Account Holder Approved (97)
26/08/2020 15:36:44 (AEST)	Awaiting Account Holder Approval (95)
26/08/2020 02:36:44 (GMT)	Awaiting Account Holder Approval (95)

Transaction ID	AU17998
Current Status	Completed (4)
Status Date	08/04/2021 11:43:09 (AEST) 08/04/2021 01:43:09 (GMT)
Transaction Type	Cancellation (4)
Transaction Initiator	Xie, Chang Zuo
Transaction Approver	Merrington, Jane
Comment	On behalf of AGL and Perth Energy for CY2020 Electricity Carbon Neutral Certification under Climate Active

Transferring Account	
Account Number	AU-2680
Account Name	AGL Hydro Partnership
Account Holder	AGL HP1 Pty Limited

Acquiring Account	
Account Number	AU-1068
Account Name	Australia Voluntary Cancellation Account
Account Holder	Commonwealth of Australia

Transaction Blocks

Party	Type	Transaction Type	Original CP	Current CP	ERF Project ID	NGER Facility ID	NGER Facility Name	Safeguard	Kyoto Project #	Vintage	Expiry Date	Serial Range	Quantity
AU	KACCU	Voluntary ACCU Cancellation			EOP100638					2016-17		3,753,706,302 - 3,753,707,023	722

Transaction Status History

Status Date	Status Code
08/04/2021 11:43:09 (AEST) 08/04/2021 01:43:09 (GMT)	Completed (4)
08/04/2021 11:43:09 (AEST) 08/04/2021 01:43:09 (GMT)	Proposed (1)
08/04/2021 11:43:09 (AEST) 08/04/2021 01:43:09 (GMT)	Account Holder Approved (97)
08/04/2021 11:29:33 (AEST) 08/04/2021 01:29:33 (GMT)	Awaiting Account Holder Approval (95)

APPENDIX 1

Non-attributable emissions for products and services

To be deemed attributable an emission must meet two of the five relevance criteria. Non-attributable emissions are detailed below against each of the five criteria.

Table 8

Relevance test						
Non-attributable emission	<i>The emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions</i>	<i>The emissions from a particular source contribute to the organisation's greenhouse gas risk exposure.</i>	<i>Key stakeholders deem the emissions from a particular source are relevant.</i>	<i>The responsible entity has the potential to influence the reduction of emissions from a particular source.</i>	<i>The emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.</i>	
<i>Downstream consumption of electricity by customer</i>	No	No	No	No	No	

APPENDIX 2

Non-quantified emissions for products/services

Please advise which of the reasons applies to each of your non-quantified emissions. You may add rows if required.

Table 9

Non-quantification test				
Relevant-non-quantified emission sources	<i>Immaterial <1% for individual items and no more than 5% collectively</i>	<i>Quantification is not cost effective relative to the size of the emission but uplift applied.</i>	<i>Data unavailable but uplift applied. A data management plan must be put in place to provide data within 5 years.</i>	<i>Initial emissions non-quantified but repairs and replacements quantified</i>

NA

