

Submission on the *Gas Transitions Plan Issues Paper*

Name	
Organisation (if applicable)	Certified Energy (NZECS)
Contact details	

Release of information

Please let us know if you would like any part of your submission to be kept confidential.

I would like to be contacted before the release or use of my submission in the summary of submissions that will be published by MBIE after the consultation.

I would like my submission (or identified parts of my submission) to be kept confidential, and **have stated below** my reasons and grounds under the Official Information Act that I believe apply, for consideration by MBIE.



Thank you for the opportunity to provide a submission in response to the consultation paper 'Gas Transition Plan Issues Paper'.

This response begins with our priority messages, provides a brief overview of Certified Energy and the New Zealand Energy Certification System (NZECS), and closes with some further comments on relevant consultation questions listed in Chapter 2 'Transitioning our gas sector' and Chapter 3 'Key issues and opportunities'.

1. Priority messages in response to the consultation

Certified Energy has built the NZECS specifically to support the decarbonisation of our national energy systems.

We acknowledge the ambition of the government to accelerate this decarbonisation, and strongly encourage the government to utilise the NZECS to assist in this acceleration. Certified Energy is actively seeking support in ensuring system rules and processes align with the direction of governmental intent.

Further key messages:

1. It is apparent to us that user demand for renewable gas is strong. In our role as provider of certification for renewable electricity purchase, we engage with many large corporate buyers, many of whom are expressing to us their interest in renewable gas. Based on this, we support the potential of consumers to aid the establishment of renewable gas production through preferential purchasing at premium prices.
2. For this potential demand to be realised, consumers must be able to realise the environmental benefits of renewable gas use. The best mechanism for this is through the use of market-based instruments and market-based accounting, facilitated through the transfer of renewable gas certificates.
3. Certified Energy have created an initial certification framework, within the NZECS. This framework provides for the verification of biogas, biomethane and hydrogen gas as renewable and low-carbon, and the issuance and transfer of renewable gas certificates that would underpin a renewable gas transaction.
4. The existing NZECS renewable gas certification framework includes production verification methods and certificate attribution (system) rules. To further develop this framework, a programme of work will get underway in 2023 in conjunction with gas industry participants.
5. This programme of work will seek to engage with MBIE, MfE and the GIC as primary stakeholders, to ensure that this market-led certification framework is aligned with national standards and integrated with existing industry processes.

6. It is recommended that the government participate in this programme of work, in order to guide the development of the NZECS and ensure alignment. Doing so will maximise the value of renewable gas products to the consumer market, ultimately increasing the rate of development of New Zealand's renewable gas production potential.
7. The planned programme of work will, in conjunction with industry stakeholders, produce a number of areas of further action, including but not limited to:
 - confirming appropriate methods to use for verification of production - for example LCA parameters, input emissions factors,
 - facilitating a conversation around allowable behaviours e.g. international trading of certificates,
 - integrating market-based methods with existing industry data and process, and
 - providing guidance around appropriate accounting and reporting practices.

2. Background: Certified Energy and the New Zealand Energy Certificate System (NZECS)

Certified Energy runs the New Zealand Energy Certification System (NZECS) which has been active since 2018. Our purpose is to guide and support the voluntary market to direct its efforts toward efficient and rapid decarbonisation of our energy systems. We seek to do this through:

- a) measuring, tracking and verifying the impact of voluntary consumption, generation and purchasing behaviours in energy markets in New Zealand; and
- b) enabling organisations to understand and demonstrate the impacts of their behaviours.

The role of Certified Energy is to ensure that renewable energy information is captured and recorded accurately and to manage the accurate allocation of production attribute ownership between producers and users.

The NZECS is set up to provide both renewable electricity and renewable gas certification, and is currently developing tracking and certification functions for further sectors in need of decarbonisation, including sustainable aviation fuel (SAF) and freight.

The system has further scope to include non-carbon factors of impact (e.g. productive land-use, cultural considerations) that address environmental sustainability and energy equity considerations.

3. Addressing consultation questions for Chapter 2: Transitioning our gas sector and Chapter 3: Key issues and opportunities

On a scale of one to five, how important do you think biogas is for reducing emissions from fossil gas? Why did you give it this rating? If so, how?

Five out of five. Biogas / biomethane is likely to be a direct replacement for fossil gas use for many end users. It is preferable that displaced fossil gas use is not subsequently used elsewhere, and so this displacement should result in a permanent reduction in emissions.

Do you see biogas being used as a substitute for fossil gas?

Yes.

What else can be done to accelerate the replacement of fossil gas with low-emissions alternative gases?

Provide general support for the work being done by Certified Energy in conjunction with industry participants on the further development of a platform for renewable gas certification.

Renewable gas certification enables renewable gas to be recognised, rewarded and priced appropriately, which will ultimately incentivise its production and trade. Certification not only provides a potential channel for additional value to renewable gas suppliers, it also:

- Provides price signals for suppliers to incentivise investment.
- Allows consumers to make better informed choices around purchasing renewable or fossil fuel sourced gases.
- Provides immutable proof of ownership of the renewable attributes of renewable gas, avoiding the potential for double counting of renewable attributes.
- Through the creation of a gas residual supply factor, ensures that only those parties that purchase renewable gas can claim that benefit.
- Provides production requirements and/or standards to ensure facilities are established and operating to meet green standards so consumers can trust what they are purchasing.
- Aids the domestic trade of renewable gases by providing a mechanism for gas retailers to meet their renewable gas targets.
- Aids the international trade of renewable gases and recognition of the additional value they afford on international markets.

On a scale of one to five how important is renewable gas trading to supporting the uptake of renewable gases?

Five out of five.

Why have you given it this rating?

Based on in-depth consultation and engagement with the market, it is clear that without a smooth and effective market trading function producers and consumers will struggle to progress commercial arrangements.

Subsequently, without strong market demand and sufficient price signals, the market will struggle to properly incentivise renewable gas production in this country.

Certified Energy supports the key points as outlined in the 'Renewable Gas Trading' section in the consultation paper.

What role do you see for the government in supporting such a scheme?

The programme of work to develop this gas certification framework will seek to engage with MBIE, MfE and the GIC, to ensure that this market-based platform is aligned with national standards and integrated with existing industry processes.

It is recommended that the government participate in this programme of work, in order to guide the development of the NZECS, and help to ensure that these systems adhere to international standards.

We note that an international assessment and review of existing standards was conducted as part of Certified Energy's initial gas certification framework.