

Australian Government
Climate Active Program
Public Disclosure Statement




NAME OF CERTIFIED ENTITY: **AGL ENERGY LTD**

Projections for 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 12 October 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 essential services provider 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 11,208 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 3.8 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 gas only).

As an essential services provider, 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. Our purpose guides our decisions to ensure we focus on making progress, including developing flexible supply to support the transition to a new energy system.

AGL recognises that our customers want sustainable services. On 1 July 2020, AGL launched its opt-in carbon neutral product for electricity customers, and we have now extended this offering to gas customers. The carbon neutral product for gas offsets the overall greenhouse gas emissions associated with gas supply. This includes offsetting gas sourced from multiple suppliers, delivery to the point of consumption (or customer meter) and consumption of gas via combustion.

The opt-in carbon neutral gas product will be available via AGL and all of its subsidiaries that retail gas; Perth Energy.

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

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, and is also providing multiple essential services through fixed broadband and mobile. AGL launched a certified Carbon Neutral electricity product to our residential, small business, multi-site and large commercial and industrial (C&I) customers, as an optional opt-in offering from 1 July 2020. This product was also made available via AGL's subsidiaries PowerDirect and Perth Energy from 30 September.

From 25 November 2020, a Climate Active certified Carbon Neutral gas product is available to AGL residential and business customers (including large commercial and industrial), as an opt-in offering. This will be available to all AGL customers and AGL subsidiaries that offer gas such as Perth Energy.

The emissions reported here are based on calendar year 2019 (CY2019) data which is the base year. The certification year is CY2020.

Description of functional unit

The functional unit or reference unit is a Gigajoule (GJ) of gas usage, with emissions expressed in terms of kg of CO₂-e per GJ. A cradle to grave approach was taken for this lifecycle analysis of emissions for 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 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 gas amount purchased by AGL by state and customer sectors for CY2019. The opt-in rate was applied to the gas purchased by AGL by state in CY2019.

The scope 1 and 3 emissions associated with gas extraction and production, transmission and distribution, gas combustion and fugitive emissions from gas storage facilities were calculated by determining the amount of gas purchased by AGL 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

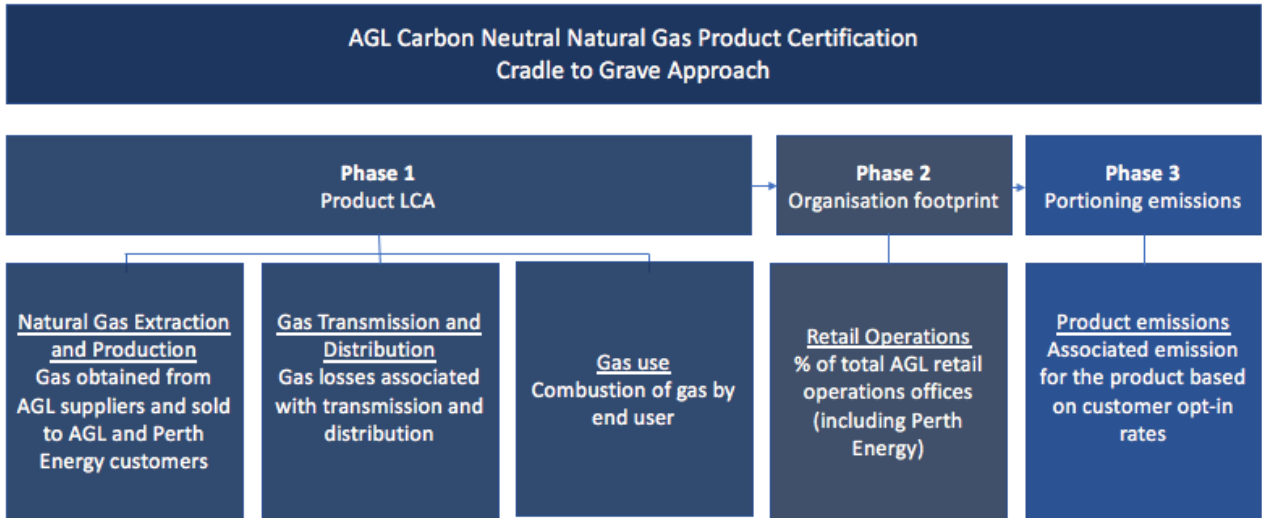
Scope 1, 2 and 3 emissions associated with the retail operations of AGL nationally were captured under an organisational GHG footprint. Data collected in this boundary includes: electricity use in the offices, employee commute, waste, water use, transport fuels, expenses and business flights. The retail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

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 (intended for 25 of November 2020) until the end of CY2020.

As this is the first year of the product certification, carbon offsets have been pre-purchased and retired 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

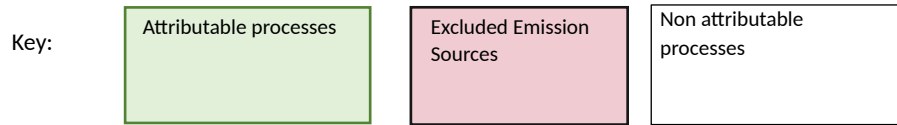
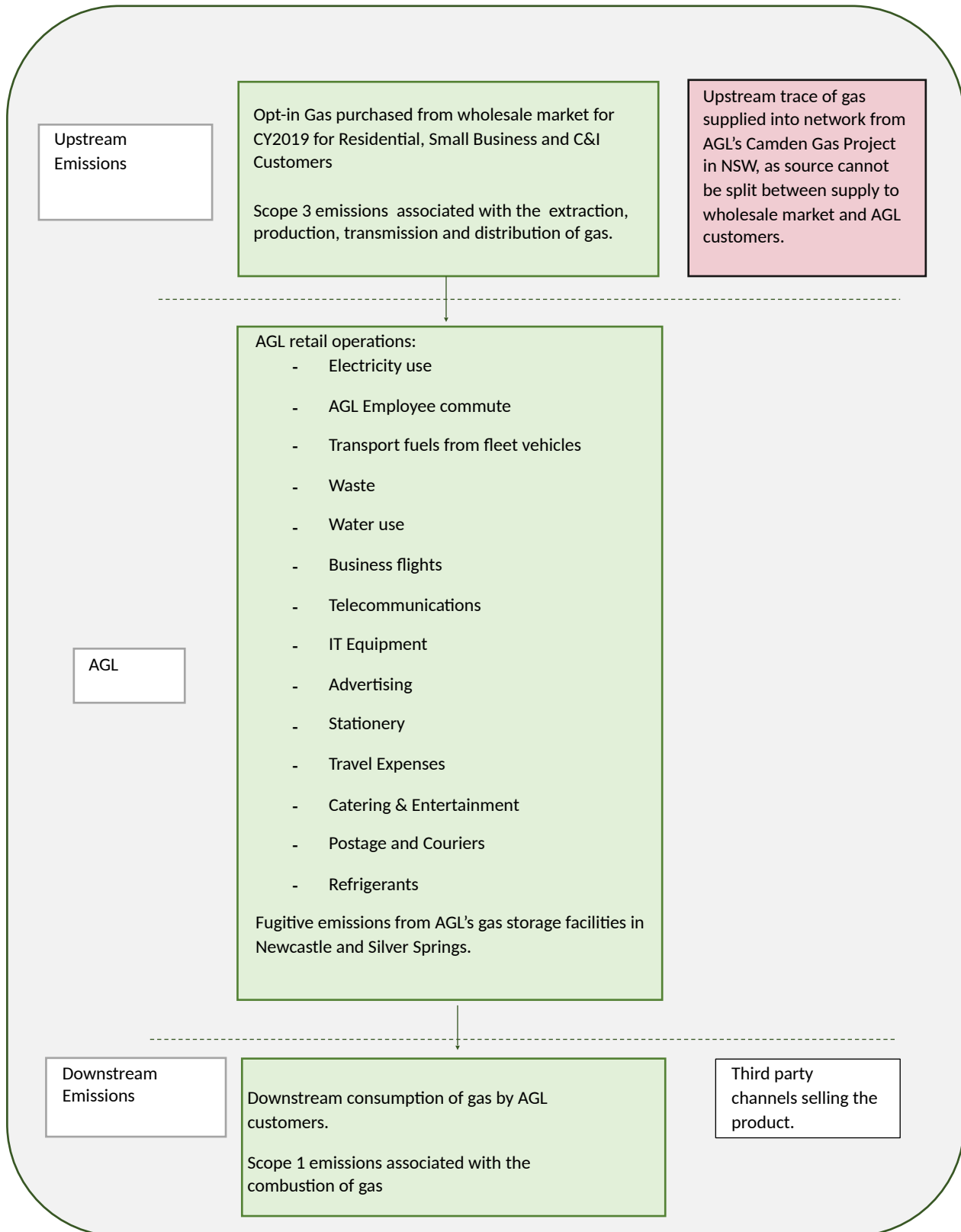


Gas Product Process Map



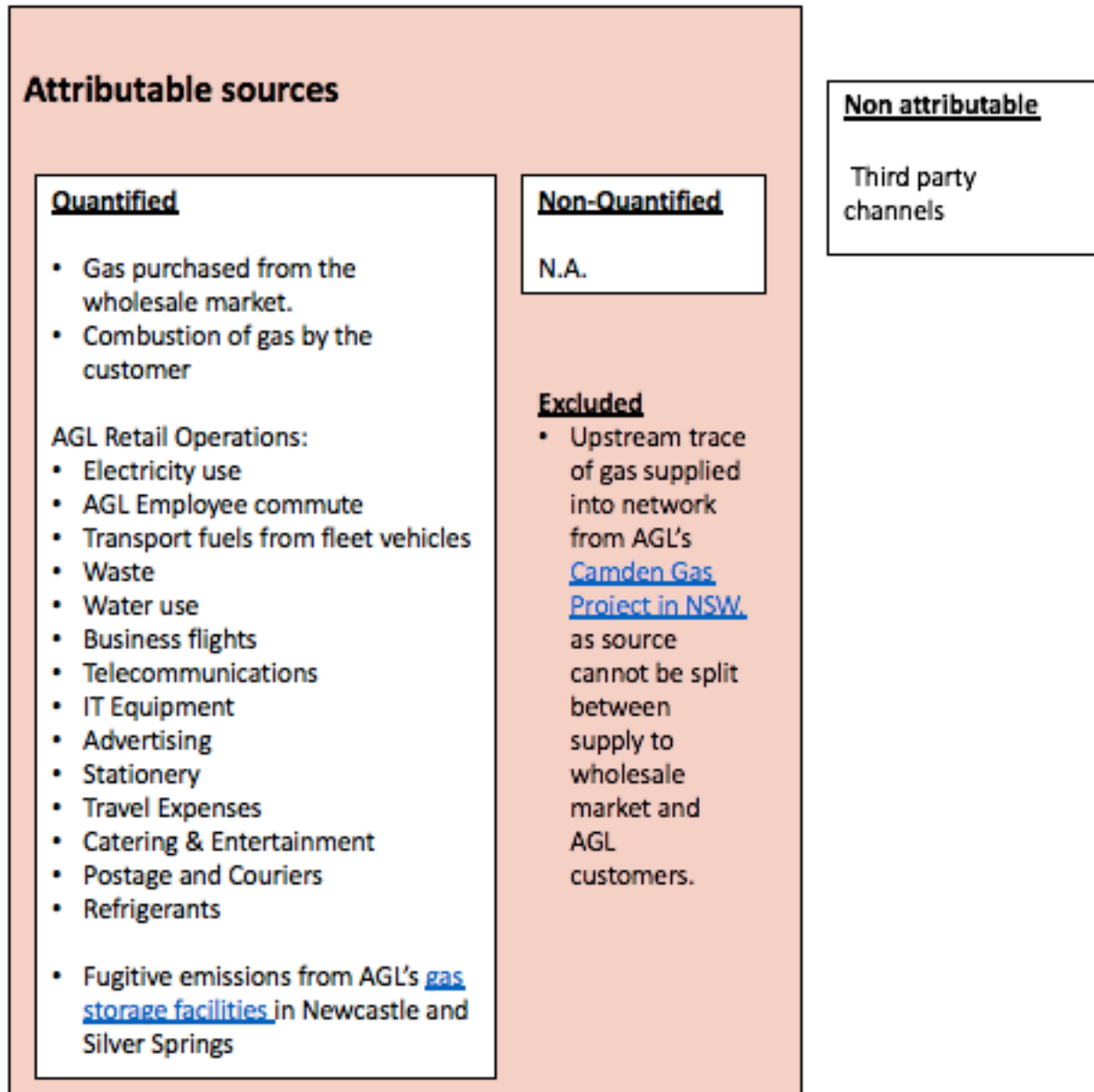
Scope	Emissions source
Scope 1	Combustion of gas on-site by customer*.
Scope 2	Electricity use in Retail Operations
Scope 3	Retail Operations, Natural Gas extraction, production and distribution

*assumption has been applied that all gas used by consumer is combusted



2. Emission Boundary

Diagram of the certification boundary



Attributable Non-quantified sources

- Not applicable

Excluded sources (within certification boundary)

- Upstream trace of gas supplied into network from AGL's Camden Gas Project in NSW, as source cannot be split between supply to wholesale market and AGL customers.

Non Attributable sources (outside certification boundary)

- Third party channels selling the product (AGL is servicing the client once signed on).

3. Emissions summary

Table 1. Emissions Summary (inventory)	
Emission source category	tonnes CO ₂ -e
Opt-in Gas	6,868.21
Storage facilities	14.34
Postage & Couriers	12.64
Advertising	5.36
Business Flights	3.41
Printing and stationery	2.44
Retail operation electricity	2.23
ICT services and equipment	1.47
Accommodation and facilities	0.36
Employee Commute	0.30
Food & catering	0.13
General waste	0.07
Water	0.01
Refrigerants	0.01
Total inventory Emissions (t CO₂-e)	6910.97
Net emissions per functional unit (t CO₂-e/GJ)	0.06024
Number of functional units projected as carbon neutral (GJ)	11630
Total net emissions (t CO₂-e)	701

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 June 2020, AGL refreshed its 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 prices 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 product on 1 July 2020 for all AGL electricity customers. By the end of FY21 a carbon neutral option will be available on all AGL products – including electricity, gas and telecommunications.

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 will be introducing 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.

4. Carbon offsets

For the opt in Carbon Neutral gas 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 2 Offsets Summary

1. Total offsets required for this report				701					
2. Offsets retired in previous reports and used in this report				NA					
3. Net offsets required for this report				701					
Project description	Eligible offset units type	Registry unit retired in	Date retired	Serial number (including hyperlink to registry transaction record)	Vintage	Quantity (tonnes CO2-e)	Quantity used for previous report	Quantity to be banked for future years	Quantity to be used this report
Carbon Conscious Carbon Capture Project 1	ACCU	ANREU	1 October 2020	3,791,540,724 - 3,791,540,973	2019-20	250	0	0	250
Burn Stoves Project in Kenya (GS5642)	GSVERs	GSF Registry	1 October 2020	GS1-1-KE-GS5642-16-2017-19155028481-28931	2017	451	0	0	451
Total offsets retired this report and used in this report									701
Total offsets retired this report and banked for future reports									*

* 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.

Offset purchasing strategy

Offsets have been pre-purchased and retired based on estimated customer opt-in rates for carbon neutral gas 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 may be purchased and retired upon completion of reporting on an annual calendar year basis, depending on actual customer opt-in figures.

Co-benefits

AGL has purchased offsets from projects in both Australia and Kenya. These projects are the Carbon Conscious Capture Project 1 in Western Australia and the Burn Stoves Project in Kenya.

The Carbon Conscious Carbon Capture Project is a reforestation project contained on 14 properties within the Central and Northern Agricultural Regions of Western Australia. From 2009 to 2010 over

6,000,000 native species mallee trees were planted on land previously cleared for dryland cropping and grazing. Registration as a Carbon Farming Initiative Project included commitment to maintain the project forest for a minimum of 100 years. The regions that contain the project areas are recognised as significantly over-cleared, and the reforestation is providing protective habitat for native flora and fauna; reducing wind and water erosion; in some cases reducing soil salinity; and some cases providing a useful environment for sheep and honey bees.

In rural Kenya, families usually cook with wood and charcoal-fuelled stoves. The Burn Stove Project manufactures and distributes an alternative stove that reduces fuel consumption as well as cooking time – minimising carbon emissions and reducing the pressures on local forests, as well as fuel cost borne by families. At the same time, the project employs over 200 people locally, helping drive economic opportunities for women in particular.

Table 3 Forward purchasing summary

1. Total offsets previously forward purchased for this reporting period	NA
2. Total offsets required for this reporting period	701
3. Net offset balance for this reporting period	701
4. Total offsets to be forward purchased for next reporting period	N.A.

5. Use of Trademark

Table 4 Use of Trademark

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

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 5

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>
Third party channels selling the product (AGL is servicing the client once signed on).	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 6

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>
N.A.	-	-	-	-