



# **PUBLIC DISCLOSURE STATEMENT**

**AGL ENERGY PTY LTD**

**PRODUCT CERTIFICATION  
POWER FACTOR CORRECTION UNITS  
CY2021**

Australian Government  
**Climate Active**  
**Public Disclosure Statement**



NAME OF CERTIFIED ENTITY: AGL Energy Services Pty Limited

REPORTING PERIOD: Projection for 1 January 2021 – 31 December 2021

**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** 26/05/21

**Name of Signatory**

Ryan Warburton

**Position of Signatory**

General Manager - Commercial and Industrial Customers



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

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# 1. CARBON NEUTRAL INFORMATION

## Description of certification

This public disclosure statement supports the carbon neutral product certification for the supply and installation of **power factor correction (PFC)** units provided by **AGL Energy Services Pty Ltd**. This includes the Life Cycle Assessment of the PFC unit and quantification of Scope 1, 2 and 3 emissions associated with the retail operations component.

The first year of certification is CY2021 using actual data from CY2020 as a base year. The base year of CY2020 is used as a comparable and a reasonable 'base' for the forecasted first year (CY2021).

In June 2021, AGL Energy Services Pty Ltd launched a certified Carbon Neutral power factor correction product available to all small business and commercial and industrial (C&I) customers of AGL.

### Scope

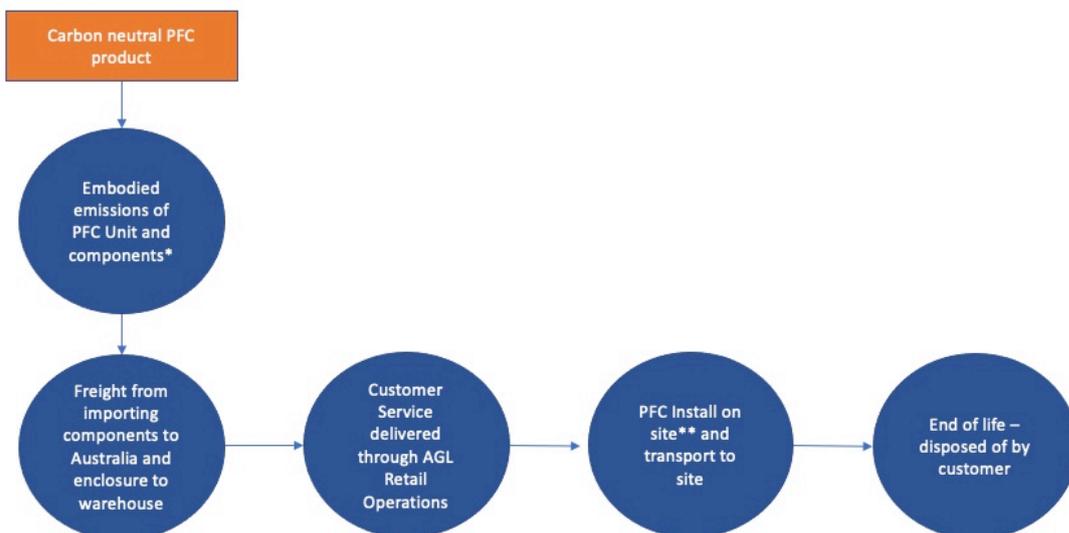
'power factor correction product' includes all embodied emissions of its components and the services associated with the supply and installation of power factor correction units sold by AGL Energy Services Pty Ltd under either the AGL or ElectroServ brands.

### Functional unit

'kg CO2e per kVAR' will be used as a quantifiable reference to the associated greenhouse gas emissions of the power factor correction product.

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

### PFC Process Map



\* Includes enclosure (manufactured from sheet metal in Australia), capacitors, reactors, fans, cabling, controller, circuit breakers and busbar.

\*\* Two site visits required – one for delivery/install and one for power shutdown.

## Organisation description

**AGL Energy Services Pty Ltd** is a subsidiary group of **AGL Energy Limited**, a leading integrated essential service provider, with a proud 184-year history of innovation and a passionate belief in progress – human and technological.

### 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.

**AGL Energy Limited** delivers 4.5 million<sup>1</sup> 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:

- New energy providers - **AGL Energy Services Pty Ltd** for which this certification relates, 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 Pty Ltd** operates contestable gas and electricity customers connected to the Western Power and ATCO gas networks in Western Australia including regional areas such

<sup>1</sup> 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.

as Albany, Geraldton and Kalgoorlie.

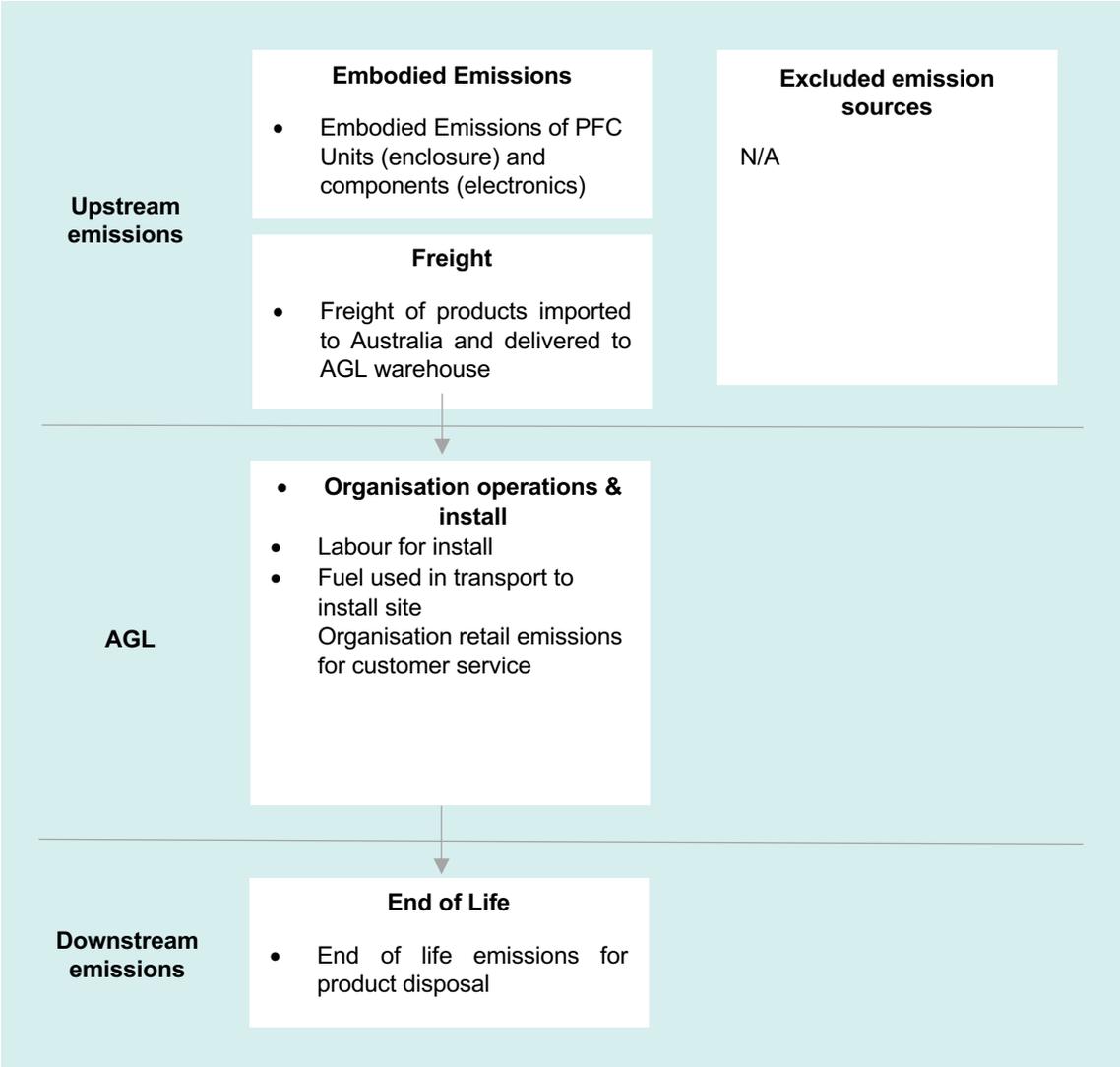
- Data and Telecommunications providers – **Southern Phone Company Limited**. Telecommunications service provider Southern Phone Company Limited, which trades as **AGL Telecommunications** and as **Southern Phone**, sells telecommunications products under both the AGL Telecommunications and Southern Phone brands.
  - **Southern Phone** 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, Southern Phone now serves a national customer base, 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.

On 30 March 2021, AGL Energy Limited [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.

On 9 March 2021, AGL also [announced](#) it would acquire two of Australia's largest commercial solar businesses, **Epho** and **Solgen Energy Group** (from Anchorage Capital Partners), both market leading commercial and industrial solar businesses. Further detail on the separation and acquisition progress will be announced throughout 2021.

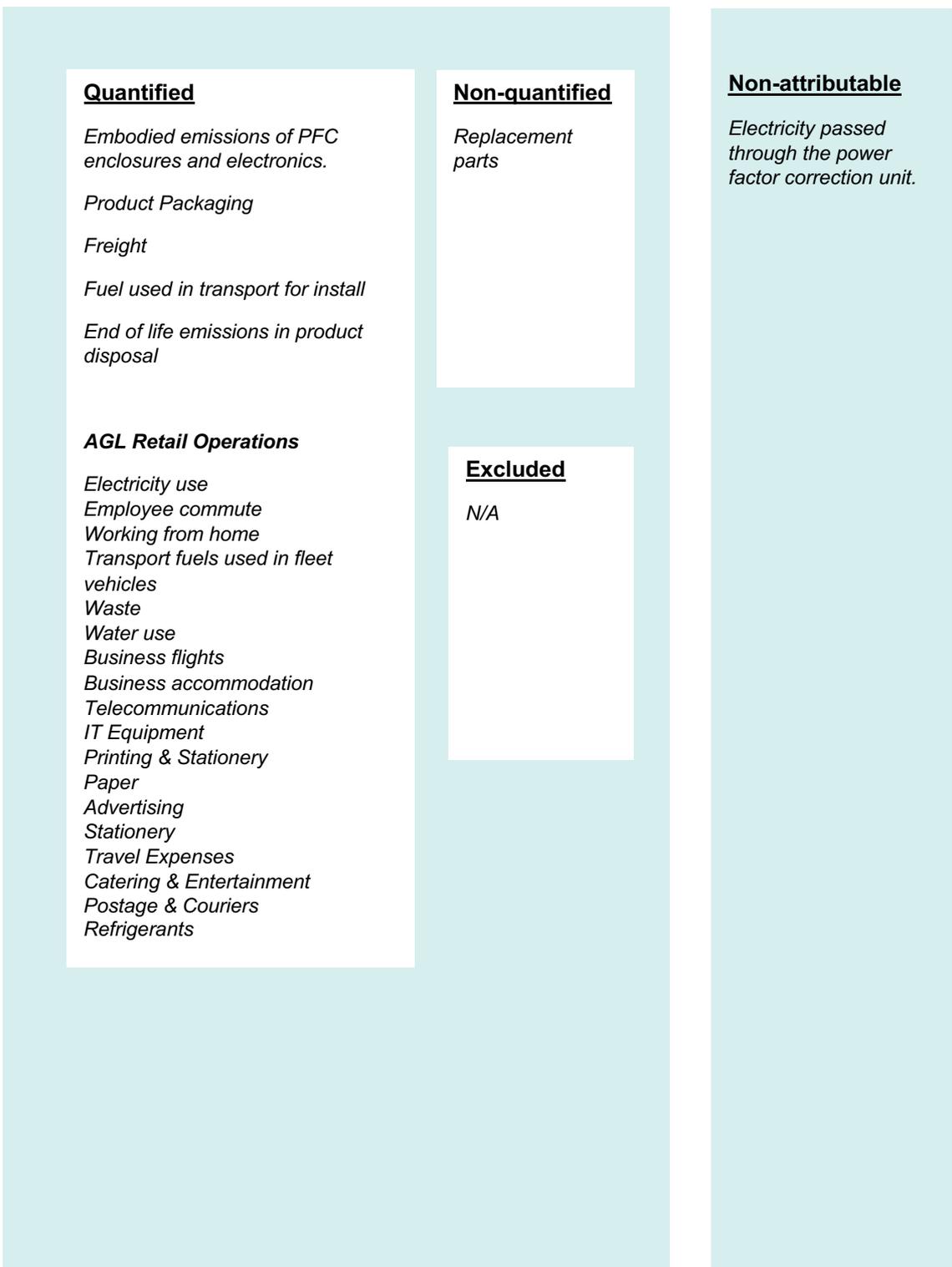
### Product/service process diagram

The following diagram is cradle to grave. Cradle to grave is a technique to assess the environmental impacts associated with all stages of a product's life, including upstream emissions, organizational emissions and downstream emissions.



## 2. EMISSION BOUNDARY

### Diagram of the certification boundary



**Attributable non-quantified sources**

- A detailed breakdown of replacement components sold was unavailable and therefore a 2.5% uplift was applied based on a percentage of total sales revenue for PFC products.

**Data management plan**

N/A

**Excluded sources (within certification boundary)**

N/A

**Non attributable sources (outside certification boundary)**

- Electricity passed through the power factor correction unit.

*“Climate Active certification makes it easier for consumers to make a conscious decision to identify and choose electricity, gas, energy efficient solutions 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. Both products are available for all customer groups, from residential through to large commercial and industrial customers. This program will be expanded across all services AGL offers (including broadband and phone services) 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, AGL has introduced carbon transition metrics as a third performance measure in AGL's FY21 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:

- 850 MW grid scale batteries installed and managed by FY24
- 34% of electricity capacity from renewables and clean storage by FY24
- 20% of total revenue from green energy and carbon neutral products by FY24
- 350 MW decentralised assets under orchestration by FY24

In line with AGL's commitments to reduce its emissions, AGL's leased facility that assembles PFC units is planning to install a solar and battery system that will reduce the embodied emissions in the PFC product it sells to customers.

## Functional units

**Table 1**

	Number of functional units
a) Number of functional units sold this period	35,256
b) Number of functional units to be forward offset demonstrating commitment to carbon neutrality (true-up to be conducted at the end of the reporting period)	17,773*

\*the number of functional unit offset shown at point b) reflects the period the product is in market from launch date till the end of the reporting period.

## Emissions summary (inventory)

**Table 2**

Emission source category	tonnes CO <sub>2</sub> -e
PFC Install (embodied emissions, transport, install, EOL, replacement parts)	1340.51
Organisational Emissions related to PFC install	158.6
1. Total inventory emissions	1499.11
2. Emissions per functional unit (based on the number of functional units represented by the inventory) Total kg CO <sub>2</sub> -e divided by the number of functional units in table 1.	42.52
3. Carbon footprint (Emissions per functional unit (2)* number of functional units (a or b from table 2))	755.7

## Uplift factors

2.5% for PFC Replacement Parts included in the PFC Install line from Table 2.

## Carbon neutral products

The services provided by Pangolin Associates in preparing this inventory are carbon neutral.

# 4. CARBON OFFSETS

## Offset purchasing strategy forward purchasing

AGL are forward purchasing offsets for CY2021 based on projected emissions and a true-up will occur at the end of the reporting period. If required, additional offsets will be purchased at the end of CY2021.

**Table 3**

Forward purchasing summary	
1. Total offsets previously forward purchased for this reporting period	0
2. Total offsets required for this reporting period	756
3. Net offset balance for this reporting period	756
4. Total offsets to be forward purchased for next reporting period	0

## Offsets summary

Table 4

<b>1. Total offsets required for this report</b>				756					
<b>2. Offsets retired in previous reports and used in this report</b>				0					
<b>3. Net offsets required for this report</b>				756					
Project description	Type of offset units	Registry	Date retired	Serial number (and hyperlink to registry transaction record)	Vintage	Quantity (tonnes CO2-e)	Quantity used in previous report	Quantity banked for future years	Quantity used in this report
Carbon Conscious Carbon Capture Project 2 (EOP100638)	ACCUs	ANREU	8 April 2021	<a href="#">3,753,705,299 - 3,753,705,450</a> Refer section 6	2016/17	152	0	0	152
Ceramic Water Purifiers Project in Cambodia (GS1020)	GSVERs	GSF Registry	8 April 2021	<a href="#">GS1-1-KH-GS1020-16-2019-20065-2718-3321</a>	2019	604	0	0	604
<i>Total offsets retired this report and used in this report</i>								756	
<i>Total offsets retired this report and banked for future reports</i>								0	

## 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:

#### **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 honey bees.

#### **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.

## 5. USE OF TRADE MARK

**Table 5**

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

## 6. ADDITIONAL INFORMATION

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

Transaction ID	AU17995												
Current Status	Completed (4)												
Status Date	08/04/2021 11:40:34 (AEST) 08/04/2021 01:40:34 (GMT)												
Transaction Type	Cancellation (4)												
Transaction Initiator	Xie, Cheng Zuo												
Transaction Approver	Merrington, Jane												
Comment	On behalf of AGL for CY2021 Power Factor Correction Carbon Neutral Certification under Climate Active												
<b>Transferring Account</b>					<b>Acquiring Account</b>								
Account Number	AU-2680				Account Number	AU-1068							
Account Name	AGL Hydro Partnership				Account Name	Australia Voluntary Cancellation Account							
Account Holder	AGL HP1 Pty Limited				Account Holder	Commonwealth of Australia							
<b>Transaction Blocks</b>													
Party	Type	Transaction Type	Original CP	Current CP	EBF Project ID	NGER Facility ID	NGER Facility Name	Safeguard	Kyoto Project #	Vintage	Expiry Date	Serial Range	Quantity
AU	KACCU	Voluntary ACCU Cancellation			<a href="#">EOP100638</a>					2016-17		3,753,705,299 - 3,753,705,450	152
<b>Transaction Status History</b>													
Status Date	Status Code												
08/04/2021 11:40:34 (AEST)	Completed (4)												
08/04/2021 01:40:34 (GMT)													
08/04/2021 11:40:34 (AEST)	Proposed (1)												
08/04/2021 01:40:34 (GMT)													
08/04/2021 11:40:34 (AEST)	Account Holder Approved (97)												
08/04/2021 01:40:34 (GMT)													
08/04/2021 11:22:47 (AEST)	Awaiting Account Holder Approval (95)												
08/04/2021 01:22:47 (GMT)													

# 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 6**

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>Electricity passed through the power factor correction unit.</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 7**

<b>Non-quantification test</b>				
Relevant-non-quantified emission sources	<i>Immaterial &lt;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>
Replacement Parts	No	No	Yes	No