

Australian Government
Department of Climate Change, Energy, the Environment
and Water

Submission via the Department's Consultation Hub

3 February 2023

Re: Australia's Renewable Electricity Certification Consultation

Rio Tinto welcomes the opportunity to make a submission to the Department of Climate Change, Energy, the Environment and Water ("the Department") on Australia's Renewable Electricity Certification consultation paper (the "Consultation Paper").

Rio Tinto is highly supportive of Australia implementing a Guarantee of Origin Scheme for recognising and tracking all renewable electricity generation with transparent and consistent emissions accounting.

Rio Tinto is committed to contributing to Australia meeting its greenhouse gas emissions reduction targets and views renewable electricity generation and industrial process electrification as key initiatives to decarbonising our assets. Our business consumes large amounts of electricity in Australia. We are undertaking large renewables investments in the Pilbara region and are investigating large scale wind and solar projects as a pathway to repower our east coast aluminium assets. As both a generator and consumer of renewable electricity, this certification framework is important to our business.

Key Positions

We agree that a framework is needed which maintains generation of Large Scale Generation Certificates (LGC) and drivers for renewable investment under the Renewable Energy Target (RET). And provides certificate generation continuity post the RET sunset in 2030 whilst incorporating other renewables into the scheme. This would address the current limitations that apply to older renewable power providers in relation to eligibility to generate Large-Scale Generation Certificates (LGCs), and that expand the market mechanisms in Australia to demonstrate renewable power purchases.

There needs to be some coherent logic behind the electricity generators' ability to switch back and forth from generating LGCs to Renewable Energy Guarantees of Origin (REGOs). There should be restrictions to the frequency that this can occur and forward nomination of intended units of generation.

The proposed 12-month vintage proposed for REGOs is limiting and Rio Tinto would like to see similar principles that currently apply to LGCs such as vintage requirements and constraints applied to REGOs.

We agree with REGOs following the same flexibility as LGCs in relation to being able to be traded independently of the electricity that was generated with the certificates.

Rio Tinto advocates for a requirement for REGOs to include information about the State or Territory in Australia they were generated in, not just the grid. A single national residual mix factor (RMF) is not appropriate nor accurate for reporting of market-based Scope 2 emissions when REGOs/LGCs are not purchased by the end user. We strongly advocate for State and Territory RMFs being published by the Australian Government.

Our specific responses to the questions in the Consultation paper are set out in the Appendix of this Submission. Rio Tinto looks forward to engaging further with the Department on the content of the Consultation Paper. We would welcome the opportunity to discuss this submission with you further. In the interim, if you have any questions, please contact Zoe Godijn (Zoe.Godijn@riotinto.com).

Yours sincerely



Kellie Parker
Chief Executive, Australia
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Appendix: Further detail on specific matters from the Consultation Paper

Policy position proposal 2: The Department proposes to allow renewable electricity generation to create REGOs where that generation has not already created LGCs, STCs (unless the certificate creation period has passed) or other certificates.

Response: Rio Tinto is supportive of this proposal. However, we propose that there needs to be clear guidelines and limitations regarding the frequency and minimum duration of switching back and forth between LGCs and REGOs. One option could be a requirement for generators to nominate in advance which type of certificates they will be generating over the coming 12-month period.

Policy position proposal 11: The Department proposes to require REGOs to include the grid location of the power station or storage facility creating the certificates.

Response: Rio Tinto is supportive of this proposal. Additionally, we would like to see the State or Territory of origin as a mandatory requirement. This will help facilitate the calculation of state and territory based residual mix factors for market-based Scope 2 reporting.

Rio Tinto is supportive of all the remaining policy positions proposed in the Consultation Paper.