

Future Made in Australia (Guarantee of Origin) Bill 2024

The Future Made in Australia (Guarantee of Origin) Bill 2024 (**the Bill**) establishes the legislative framework for the Future Made in Australia Guarantee of Origin scheme. The scheme will be administered by the Clean Energy Regulator, and operate similarly to the Australian Carbon Credit Unit (**ACCU**) scheme, and the Nature Repair Market. Similarly, it relies on framework legislation, with much of the detail to be determined in legislative rules.

What does the Bill do?

The scheme has two main components: the certification of products through Product Guarantee of Origin (**PGO**) Certificates, and the certification of renewable electricity through Renewable Electricity Guarantee of Origin (**REGO**) Certificates.

REGO certificates are intended to eventually replace the certification framework under the Renewable Energy Target, and can be traded and retired. Conversely, PGO certificates cannot be traded, and instead will record and verify carbon intensity of a specific product – initially for the purpose of certifying hydrogen for eligibility for tax incentives.¹

Participants under the PGO certification scheme will be able to certify products, creating certificates which attest to emissions intensity of that product. Certification will be based on methodology determinations which set out the production pathway for that type of product – for example, whether a hydrogen product has been created using renewable or other sources. The Minister will create methodology determinations as legislative instruments.

Greenwashing risks

The introduction of a scheme to certify low emissions products is welcome, and EDO supports the policy. However, given the likely reliance on the PGO certification for producers to access public support, as well as the need to protect consumers, it is important that the scheme has strong protections against greenwashing.

EDO recommends:

- The scheme be amended so that fossil fuel related products (like ‘brown’ or ‘blue’ hydrogen produced using fossil fuels) cannot be certified. **Only ‘green’ hydrogen from renewable resources should be considered for certification**, and subsequently any public benefits.
- In the alternative, methodology determinations must **specify all greenhouse gas (GHG) sources for the production pathway** are accounted for, including where carbon capture and storage has been used. This must include best practice accounting and measurement methods. This is currently proposed to be included at the discretion of the Minister.

¹ Future Made in Australia (Guarantee of Origin) Bill 2024, Explanatory Memorandum.

- The emissions intensity captured on the PGO certificate **must include the full emissions of the product, regardless of any offsets of those emissions.** The emissions intensity for any given product should not be able to be lowered by the use of offsets, including ACCUs. There are ongoing concerns about the integrity, permanence and efficacy of Australian carbon credits, which has the potential to lead to greenwashing of products that have a much higher emissions intensity in reality.²
- In the form of legislative instruments, methodology determinations will set the production pathway for a given product. **Guiding principles should be included in the legislation** to ensure future Ministers make methodology determinations in transparent and effective ways, on the best available scientific evidence, and so that emissions accounting methods remain consistent.³ Similarly, carbon and biodiversity certificate schemes rely on sets of integrity standards to guide how methods are determined by the Minister of the day, which could be adopted here.⁴

These measures would assist in ensuring the integrity of the scheme, preventing consumers and government from providing support to ‘greenwashed’ polluting products.

For more information:

Frances Medlock

frances.medlock@edo.org.au

² See e.g., UNSW, ‘Failures beyond belief: Carbon offset projects fail to deliver results’ (11 October 2024).

³ See also proposed scheme principles in DCCEE, ‘Australia’s Guarantee of Origin Scheme Design: Policy Position Paper (December 2022), 10.

⁴ See, *Carbon Credits (Carbon Farming Initiative) Act 2011* (Cth) s 133; *Nature Repair Act 2023* (Cth) s 57.