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The Department of Climate Change, Energy, the Environment and Water



Submitted online

Tranche 2 Exposure Drafts: Guarantee of Origin scheme

The Australian Financial Markets Association (AFMA) is responding to the Department of Climate Change, Energy, the Environment and Water's (DCCEEW) Tranche 2 Exposure Drafts and concept paper on the Guarantee of Origin (GO scheme).

AFMA is the leading financial markets industry association promoting efficiency, integrity and professionalism in Australia's financial markets, including the capital, credit, derivatives, foreign exchange, energy, carbon, and other specialist markets. Our membership base is comprised of over 130 of Australia's leading financial market participants, including many of the key participants in Australia's energy and environmental product markets. Many AFMA members will be key scheme participants.

Key Points

- **The registration process and maintenance should be as efficient as possible**
 - **A high functioning certificate register is key to the success of the scheme**
 - **A coherent timetable for implementing the scheme would be beneficial to the market**
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1. REGO Certificate Content

AFMA generally supports the proposed REGO certificate content requirements and agrees that it provides the necessary information for the market. However, for simplicity AFMA considers that the rules should mandate that a single time zone to be used for time stamping of all certificates. We consider that prescribing a single time zone will avoid confusion when dealing in REGOs, which will promote the development of the market. We suggest that the rules should prescribe Eastern Standard Time to ensure consistency with the National Electricity Market.

2. Registration

As AFMA expressed in its March submission to the draft rules,¹ we see material benefit to the efficiency and function of the scheme in focusing the registration rules at an organisational rather than individual level. This would avoid the challenges users have experienced with the ANREU register where long delays in account setup have impeded firms' ability to transact ACCUs.

We propose that the Clean Energy Regulator (CER) should be responsible for establishing new accounts for legal entities, but that user access should be managed by the account holding firm. We believe this is the most efficient approach and is more appropriate for an API enabled registry where, given the nature of the technology, transactions will come through a single shared corporate

¹ [https://afma.com.au/policy/submissions/2025/r15-25-dcceew-future-made-in-australia-\(guarantee.pdf?ext=.pdf](https://afma.com.au/policy/submissions/2025/r15-25-dcceew-future-made-in-australia-(guarantee.pdf?ext=.pdf)

account rather than individual named users/ registered persons. This approach would also reduce scheme costs for both users and the CER.

3. Register build

AFMA encourages DCCEEW to engage closely on the progress, and functionality of the CER's register build. AFMA and market participants consider the register as an integral element of the scheme rather than a mere IT/ information storage project. If the register does not function efficiently or service the full needs of the market, it will impact scheme participation. In AFMA's November 2024 submission, we made a number of recommendations on the functionality of this new register that we consider will also be relevant for other certificates.² We again encourage DCCEEW to confirm with the CER that these recommendations have been adopted as we believe they will be important for this scheme.

4. End of the RET

It is important to consider that after 2031, the existing 1997 baseline will not have relevance with the upcoming expiration of the current Renewable Energy Target (RET). Therefore, we encourage minimal divergences in the rules for below-baseline certificates and do not support a two-class approach. The baseline is intended to delineate additionality. If REGOs are not considered additional post 2031, again, the justification for maintaining two classes becomes unclear. If this classification is intended as a transitional measure during the overlap of the RET and REGO, this should be explicitly clarified in the rules.

AFMA sees no material benefit in certificate vintage for below-baseline REGOs not being retired more than 18 months and all other REGOs being able to retire up to 24 months. We believe that requirements should be the same across all REGOs. In most cases, 18 months is too short to retire and could lead to a disincentive to participate in the REGO scheme. The 24-month period would align the REGO certificates with every financial year or calendar year and would allow participants to better plan their below-baseline certificates. Furthermore, given that a large number of electricity generators are also significant users, AFMA again sees no benefit in not permitting self-consumption at an entity-level.

Additionally, as the department are aware, under the current RET framework, Large-Generation Certificates (LGCs) do not technically retire, although their usability beyond 2031 remains unclear. AFMA therefore believes that greater clarity on the conclusion of the RET, would be valuable to the market as it would help define the role of already created but unused LGCs after scheme end.

5. Communications to market

With a swiftly approaching scheme start date but a number of key scheme rules still under consultation or in draft form, AFMA encourages DCCEEW to publish a comprehensive timetable of all outstanding matters. AFMA believes that participants would appreciate clear articulation of what DCCEEW expects to finalise and when.

Most Australian environmental products are traded under the template AFMA Environmental Products Spot Contract and Addendum,³ therefore, AFMA will need to update these documents to

² <https://www.afma.com.au/policy/submissions/2024/r63-24-enabling-carbon-markets.pdf?ext=.pdf>

³ https://afma.com.au/standards/environmental_products_information

include REGOs. However, we cannot complete this work until the scheme rules are finalised. Given the importance of this documentation to the market we encourage DCCEEW to finalise the scheme rules in a timely manner to allow AFMA to ensure documentation is in place to facilitate trading of REGOs.

6. Cost recovery

As a markets body, AFMA believes that markets naturally determine the most efficient fuel which helps an industry mature and lower costs. On this basis, AFMA was not supportive of the phased cost recovery approach for hydrogen. The consultation paper notes that the Government will determine eligibility of exemptions for additional products and production pathways as they are added to the scheme. AFMA requests that the Government consult with industry on any additional exemptions and cautions the risks of scheme intervention.

AFMA Recommendations

- i. There should be specified single time zone for timestamping of REGOs
- ii. Registration rules should apply at an organisational, not individual level to the degree possible
- iii. Minimise restrictions for below-baseline certificates in the rules
- iv. Provide greater clarity on the treatment of the end of the RET
- v. Publish a timetable of when DCCEEW expects to finalise or consult on remaining elements of the scheme
- vi. Finalise the rules in time to allow the development of template REGO trading documentation
- vii. Consult with industry ahead of any additional cost recovery changes

AFMA would welcome the opportunity to discuss this submission further and would be pleased to provide further information or clarity as required. Please contact me at myoung@afma.com.au or 02 9776 7917.

Yours sincerely,



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