

10 November 2022

Energy Policy WA
Level 1, 66 St Georges Terrace
Perth WA 6000

By e-mail: EPWA-info@dmirs.wa.gov.au

Renewable Hydrogen Target – Consultation Paper

Dear Sir/Madam

Introduction

Hesperia welcomes this opportunity to provide feedback on the *'Renewable Hydrogen Target for electricity generation in the South West Interconnected System – Consultation Paper'*. It is encouraging to see that WA is working to support the growth of the renewable energy and renewable hydrogen sectors, as part of its commitment to achieve net zero emissions by 2050. We are keen to provide our perspective on the Renewable Hydrogen Target, primarily centred around how it interacts with existing policies and targets.

About Hesperia

Hesperia was formed through the merger of Linc Property and Fini Group and has a staff of over 70 dedicated development professionals making it one of the largest commercial and residential development teams in Perth. The team has a proven track record of financing and delivering large, complex projects in short time frames. Hesperia has extensive experience in all facets of property development including planning and approvals, architecture and design, project management, leasing, deal structuring and finance. This experience ranges across the Residential, Office, Commercial, Industrial, Hotel and Tourism, Food and Beverage, and Retail property sectors.

Sustainability at Hesperia

Hesperia recognises the importance of environmental sustainability for our community, and we are committed to leading the way through the delivery of best practice and exceptional sustainability outcomes across all our projects. Hesperia is the state's first property developer to achieve B Corporation certification, which means that we meet the highest verified levels of social and environmental performance, public transparency and accountability to balance profit and purpose.

Hesperia is certified as a Carbon Neutral Organisation by Climate Active and is the first West Australian based property developer to obtain this certification. We deliver carbon neutrality in each of our projects by minimising the carbon footprint of each project and offsetting remaining emissions through the purchase of carbon credits.

To further its commitment to sustainability, Hesperia has established a renewable energy business unit that aims to supply 100% renewable energy to all of Hesperia's developments. We aim to generate as much renewable energy within the development as possible, with the balance of energy requirements purchased from off-site renewable sources (including, but not limited to GreenPower).

In supplying 100% renewable energy to customers, Hesperia's renewable energy business unit will be a generator and purchaser of large-scale generation certificates (LGCs) under the Federal Government Renewable Energy Target.

We have provided our feedback on a specific question posed by Energy Policy WA as an attachment to this letter. If you have any questions or wish to discuss this further, please contact Linh Le – Commercial Manager, Renewable Energy (linh@hesperia.com.au).

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Ben Lisle', with a long horizontal flourish extending to the right.

Ben Lisle
Managing Director

Attachment 1: Stakeholder Feedback

Question 8: Liable Entities

Is the proposed approach of certification, deemed liability and certificate transfer an efficient and effective way to deliver on the intent of the Renewable Hydrogen Target for electricity generation? Are there alternative approaches which could better deliver on the objectives?

Response from Hesperia Property Pty Ltd

The proposed approach to liable entities will capture all electricity retailers and large energy users in the SWIS, requiring that they purchase Renewable Hydrogen Certificates (RHCs). This has the potential to crossover with the Federal Government Renewable Energy Target (RET) and the obligations on liable entities to procure large-scale generation certificates (LGCs).

Under the proposed approach, LGCs that a liable entity procures do not appear to have any influence on its obligation to procure RHCs. Therefore, if a liable entity has voluntarily decided to be “100% renewable” by having all its electricity sold or consumed backed by LGCs, it would still be liable to procure the RHCs equal to the targeted percentage.

EPWA should be agnostic as to how a liable entity chooses to decarbonise its electricity supply, whether it be from electricity generated directly from renewables, or from hydrogen produced through renewables. Whilst we recognise that the objectives of the RHT are not limited to decarbonisation, the RHT should not impose additional costs on those achieving levels of renewable energy content in their electricity supply exceeding the minimum prescribed under the RET.

An alternative approach is to specify that the liable entity must acquire RHCs equivalent to the targeted percentage of electricity sales or consumption that is NOT backed by LGCs. Therefore, entities that have voluntarily surrendered more LGCs than the required surrender amount under the RET will receive the benefit of reducing their obligation under the Renewable Hydrogen Target (RHT). For example, an entity that has surrendered LGCs to match¹ all of its electricity sales or consumption would have no further obligation to purchase RHCs.

Finally, EPWA should work with Climate Active to ensure that any obligation regarding the RHT is considered in Climate Active’s proposed *100% Renewable Energy Standard for Organisations*, and be made consistent with the mechanism for being certified for “100% renewable energy”.

¹ By ‘match’ we mean 1 LGC surrendered for every 1 MWh of ‘relevant acquisitions’, as defined in the *Renewable Energy (Electricity) Act 2000*.