

Carbon Accounting, Environmental Certificate Treatment and Public Disclosure

Canonical:

<https://northmoregordon.com/articles/carbon-accounting-environmental-certificate-treatment-and-public-disclosure/>

Details:

Published 15 October 2023; reviewed 6 October 2026. Environmental certificates can support very different claims. Before including one in a carbon account, identify what the instrument represents, who owns its attribute, whether it has been retired, and which reporting rule accepts it. A renewable electricity certificate, a carbon credit and an efficiency-scheme certificate are not interchangeable, even when each is connected to a project that reduces emissions.

Start with the claim, then test the instrument

Write down the exact sentence the business wants to publish. "We consumed renewable electricity," "our Scope 2 market-based emissions are lower," "we financed an emissions-reduction project," and "we have neutralised residual emissions" require different evidence. A certificate should be evaluated against that sentence and the applicable scheme before it is bought, created or sold. The registry transaction alone does not establish every public claim a company might make.

Define the reporting boundary and period first. Record the facilities, electricity consumption, direct emissions and relevant value-chain emissions in the inventory using the method required by the chosen framework. Keep physical reductions from projects separate from contractual instruments. An efficient motor may reduce metered electricity use regardless of an incentive certificate. A renewable generator may produce electricity regardless of who owns the associated renewable attribute. The accounting and the public description must represent both facts without giving two parties the same attribute claim.

Three certificate families, three different uses

Renewable electricity attributes. Large-scale generation certificates (LGCs), Renewable Electricity Guarantee of Origin certificates (REGOs), and eligible international energy attribute certificates track renewable electricity attributes. For market-based Scope 2 reporting, the instrument and the claim must meet the applicable quality criteria, including exclusive ownership, suitable generation and consumption periods, geographic market rules, and retirement or cancellation. One LGC or REGO generally represents one MWh of eligible generation, but a one-MWh unit is not by itself a one-tonne carbon offset. The Clean Energy Regulator's REGO scheme now operates alongside the Renewable Energy Target and is designed to continue after that target ends in 2030. The same generation cannot be used to create overlapping REGOs, LGCs and international renewable electricity certificates.

Carbon credits. An Australian carbon credit unit (ACCU) or eligible credit from another program is denominated in tonnes of carbon dioxide equivalent. Its project, method, vintage, registry status, ownership and permissible use matter. A purchased and retired credit may support a separate compensation or neutralisation claim under a program that accepts it. It does not automatically erase emissions from the company's Scope 1, 2 or 3 inventory or count as progress toward an SBTi emissions-reduction target. When the company sells a credit generated by one of its projects, it must not also claim ownership of that credit's mitigation outcome. The project's effect on its own inventory depends on the inventory boundary and measurement method; there is no universal instruction to "add

the credit tonnes back to Scope 1."

Efficiency and small-scale incentives. Victorian energy efficiency certificates (VEECs), New South Wales energy savings certificates (ESCs), and small-scale technology certificates (STCs) arise under different legislation and calculation methods. VEECs represent deemed greenhouse-gas abatement under Victoria's program; ESCs are energy savings under the NSW scheme; STCs are an upfront incentive under Australia's Small-scale Renewable Energy Scheme. They should not be described as interchangeable one-MWh renewable electricity attributes or used as generic carbon offsets. Selling an efficiency-scheme certificate does not, by itself, reverse a measured reduction in the customer's energy use. Equally, receiving a subsidy does not prove that a separate renewable-use or carbon-neutral claim is valid. Check the current scheme and reporting rules for each instrument rather than applying a single rule to all three.

When the business generates and sells certificates

A rooftop solar or other renewable project can produce electricity and transferable attributes. If the business transfers the attributes needed for its renewable electricity claim, the buyer holds those attributes. The generator can still accurately describe the physical system and electricity it produces, but must not claim exclusive renewable use of the same generation in a market-based account. Its purchased electricity and any residual-mix treatment should be calculated under the relevant Scope 2 rules, not by an unexplained "add-back" line.

For carbon credits, keep the facility's measured emissions and the separate credit transaction visible. The sale transfers the right to claim the credited mitigation outcome; it does not rewrite meter data or a company's inventory by a fixed tonne amount in every case. This distinction is especially important for projects that change energy use, fuel use or removals within the reporting boundary. Ask the carbon-accounting team and scheme administrator how the project activity, baseline and credit transfer interact with the chosen inventory and claim rules.

For incentive certificates such as VEECs, ESCs and STCs, record the project, the party entitled to create the certificates, the quantity, the transfer and the funding received. Northmore Gordon's original article recommends disclosing that support so readers can see how the upgrade was funded. The upgrade's operational savings should be substantiated with the relevant measurement method; certificate revenue should be shown separately from energy savings and from any voluntary emissions claim.

What a buyer needs to substantiate a claim

Begin with instrument eligibility for the intended program. Verify the issuing scheme, unique serial numbers, project, geography, technology and generation or crediting period. Trace title through transfers, check that the unit has not already been used, and retain retirement or cancellation evidence in the right name and reporting period. An offer to deliver future units is a procurement commitment, not proof that issued units have been retired.

For electricity, match certificate volume to the electricity consumption the business is reporting and apply the applicable market boundary and timing requirements. Then calculate and report both location-based and market-based Scope 2 values where the reporting standard requires both. For carbon credits, identify whether the claim is about contribution, compensation, neutralisation or a scheme-specific obligation. Describe the credit's use separately from gross inventory emissions. Do not present a carbon credit as a physical reduction at a facility the business did not operate.

For a public statement, preserve the final wording alongside the calculation. "100% renewable electricity" needs its consumption denominator, certificate coverage and period. "Carbon neutral" needs the standard used, emissions boundary, residual emissions, eligible retired units and any qualification. A statement about a project should distinguish installed capacity, estimated savings, measured savings and certificate funding. The more specific the claim, the easier it is to test and defend.

Frameworks and dates can change the answer

The GHG Protocol's Scope 2 Guidance sets quality criteria for contractual electricity instruments; it also distinguishes market-based from location-based accounting. SBTi does not count purchased carbon credits as reductions toward near- or long-term emissions targets. RE100 has its own technical criteria for renewable electricity claims. A certificate accepted by one program may not satisfy another, and eligibility can change by market, vintage or rule version.

Australian readers should also check the status of the program they name. The REGO scheme is operating alongside the Renewable Energy Target, which is scheduled to end on 31 December 2030. Climate Active announced in July 2026 that voluntary certification is proposed to end on 30 June 2027 after a transition; a business should not assume a new long-term certification pathway is unchanged. The 2023 article's description of CERT as a future proposal is historical: the Clean Energy Regulator now publishes Corporate Emissions Reduction Transparency reports. These dates and program states should be checked at the time a claim is approved.

A practical claim file

Keep one record for each material certificate-backed claim. It should contain the claim text, reporting boundary, inventory calculation, applicable standard and version, certificate identifiers, issue and retirement evidence, contracts, transfer history, location and vintage checks, and the approver's decision. Keep a separate register for certificates created and sold. Reconcile both registers to the public report so a project is neither omitted nor credited twice.

Finally, test the claim as a reader would: what was physically reduced, what was bought or sold, what was retired, and what remains emitted? If any answer depends on a certificate the business does not own or a rule it has not checked, narrow the statement until the evidence supports it. Northmore Gordon can help map project evidence, certificate transactions and disclosure wording before a report or marketing claim is released.

Further reading

Northmore Gordon certificates guide

Northmore Gordon carbon advisory

GHG Protocol Scope 2 Guidance

Clean Energy Regulator REGO guidance

SBTi FAQ on credits and targets

Can a company claim renewable electricity from rooftop solar if it sells the associated LGCs or REGOs?

It can describe the system and its physical output, but it should not claim exclusive ownership of the renewable attribute for generation covered by certificates transferred to a buyer. Check the GHG Protocol quality criteria and the relevant registry before making a market-based Scope 2 claim.

Does selling carbon credits automatically increase a company's Scope 1 inventory?

No. The sale transfers the right to claim the credited mitigation outcome, but the inventory still follows measured activity and the applicable accounting boundary. The project, baseline and credit transaction must be reconciled; there is no universal tonnes-for-tonnes Scope 1 add-back rule.

Can STCs, VEECs or ESCs be retired as generic carbon offsets?

No. They are instruments from distinct incentive or obligation schemes, not interchangeable carbon-offset units. The underlying energy upgrade may reduce operational emissions, but the

certificate must be assessed under its own rules and must not be relabelled as an ACCU or another offset.

Is a renewable electricity certificate the same as a carbon credit?

No. An electricity attribute certificate usually tracks a MWh of eligible generation and can support a qualifying electricity claim. A carbon credit represents a tonne of credited emissions reduction or removal. The quantity, registry rules and permissible claim differ.

What evidence is needed before a buyer claims certificate-backed renewable electricity?

Retain the certificate serial numbers, eligible generation details, ownership chain, market and period match, quantity reconciled to consumption, and cancellation or retirement evidence. Confirm the instrument meets the reporting program's quality criteria.

Do carbon credits count toward an SBTi emissions-reduction target?

Purchased carbon credits do not count as reductions toward near- or long-term science-based targets. Report any credit use separately from the inventory and target progress, following the applicable SBTi standard and the purpose of the claim.

What should be disclosed when a project receives VEEC, ESC or STC funding?

Identify the project, the certificate type and quantity, who created or received the units, and the funding role. Keep estimated and measured energy savings separate from the certificate proceeds and explain any related public claim.

How do LGCs and REGOs interact after 2025?

The REGO scheme operates alongside the Renewable Energy Target, which is scheduled to end in 2030. REGO is designed to continue afterward. The same generation cannot issue overlapping REGOs and LGCs, so generators should check registration and certificate-election rules for each period.

Can a certificate support every sustainability reporting framework?

No. GHG Protocol, SBTi, RE100 and Australian schemes have different purposes and eligibility criteria. Check the exact framework version, claim, market, vintage and retirement requirements instead of relying on the certificate's label alone.

What should a claim file preserve?

Keep the exact approved wording, calculation boundary, inventory data, standard and version, certificate identifiers, contracts, transfer and retirement records, eligibility checks and approver sign-off. Reconcile sold units and retired units separately.