

RECs - Northmore Gordon

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RECs

Renewable Energy Certificates are contractual instruments representing renewable electricity attributes that can be procured and retired to support renewable-electricity claims and market-based accounting. They are tradeable instruments generated from renewable energy production that require proper assessment methodology. RECs document ownership rights and energy benefits associated with renewable electricity generation, allowing these attributes to be purchased separately from the physical electricity itself. Different certificate types-including I-RECs, GOs, LGCs, STCs, and others-operate under different schemes and jurisdictions, each with distinct eligibility, creation, and use rules.

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What are Renewable Energy Certificates (RECs) and what do they represent?

Renewable Energy Certificates are contractual instruments representing renewable electricity attributes that can be procured and retired to support renewable-electricity claims and market-based accounting. They are tradeable instruments generated from renewable energy production that require proper assessment methodology. RECs document ownership rights and energy benefits associated with renewable electricity generation, allowing these attributes to be purchased separately from the physical electricity itself. Different certificate types - including I-RECs, GOs, LGCs, STCs, and others - operate under different schemes and jurisdictions, each with distinct eligibility, creation, and use rules.

How do LGCs and STCs differ, and why shouldn't they be treated as interchangeable?

Large-scale Generation Certificates (LGCs) and Small-scale Technology Certificates (STCs) are both renewable energy instruments under Australia's Renewable Energy Target scheme, but they have different eligibility, creation, and use rules and should never be treated as interchangeable incentives. LGCs are created from large-scale renewable energy systems, while STCs cover small-scale renewable technologies including solar PV and eligible battery systems. The two pathways have distinct capacity thresholds, output requirements, and changes-to-existing-system conditions. Using the wrong certificate type for a project can result in ineligibility or improper claims. Confirm the correct pathway before undertaking detailed feasibility or investment analysis.

What is the relationship between REGOs and other renewable certificate schemes?

Renewable Electricity Guarantee of Origin (REGO) certificates record renewable electricity attributes and operate as a separate scheme from Australia's Renewable Energy Target. A facility may participate in both REGO and the Large-scale Renewable Energy Target (LRET), but cannot create REGOs and LGCs for the same electricity generation. This restriction also applies to I-RECs: the same generation cannot support multiple competing certificate claims. REGOs continue beyond the Renewable Energy Target's end date in 2030. Careful documentation of entity rights to environmental attributes is required before scheme participation to prevent double-counting or conflicting claims.

What is moREnewable100 and how does it assist with renewable certificate procurement?

moREnewable100 is our service for procuring renewable energy certificates without changing existing electricity supply contracts. It provides multi-site coverage, procurement flexibility, RE100-aligned sourcing, and technology and due-diligence support. The service allows organisations to retain their current electricity retailer while acquiring renewable electricity attributes to support market-based Scope 2 accounting or renewable-electricity claims. Before engaging, organisations should document their intended claim, consumption period, electricity volumes, site locations, and applicable reporting framework. We emphasise that renewable-electricity attributes, carbon offsets, and physical energy reductions serve different accounting purposes and should not be assumed to be interchangeable.

What evidence and ownership requirements apply to renewable electricity claims supported by certificates?

Renewable electricity claims require specific evidence including the applicable reporting framework, contractual instruments (the actual certificates), ownership documentation, and retirement or cancellation evidence. Generation, consumption, and the period represented by an instrument must be handled consistently and matched to the claim being made. Ownership evidence establishes legal ownership of renewable electricity attributes, while retirement treatment records how the certificate is removed from circulation after supporting a claim. The GHG Protocol Scope 2 Guidance provides quality criteria for contractual instruments used in market-based accounting. We recommend preparing a procurement evidence checklist covering site boundaries, instrument type, ownership, registry transfer, and proposed public statements before finalising certificate purchases.

How do I-RECs differ from other renewable certificate types and what restrictions apply?

International Renewable Energy Certificates (I-RECs) are environmental attribute instruments that cannot be created for the same electricity generation as REGOs and LGCs. This restriction prevents double-counting of renewable attributes from a single generation source across different certificate schemes. I-RECs enable organisations to claim renewable electricity attributes from projects in jurisdictions outside Australia's primary certificate schemes. Like other certificates, I-RECs require proper documentation of ownership, transfer through relevant registries, and retirement evidence to support claims. The choice between I-RECs and other renewable pathways depends on the project location, intended market claim, applicable reporting framework, and whether the generation can be allocated exclusively to one scheme.

What are the key stages for assessing renewable certificate eligibility for a project?

Our delivery approach identifies several critical stages: Assess identifies opportunities and gaps; Build the Case determines technical and commercial viability; Capture Value identifies certificate value and other funding; Deliver implements the project with measurement and verification; Procure selects and purchases certificates; and Perform sustains outcomes. For certificates specifically, early stage assessment should confirm the technology, rated capacity, output profile, commissioning date, controlling entity, and rights to environmental attributes before committing to a pathway. The applicable scheme, intended claim, and evidence requirements must be established before detailed feasibility or financial analysis. Certificate eligibility depends on activity type, jurisdiction, timing, and prior arrangements - technology alone does not establish eligibility.

What common mistakes should be avoided when selecting and using renewable certificates?

Common pitfalls include selecting instruments solely on price before acceptance criteria are clear; assuming retrospective eligibility for installed projects without checking scheme timing rules; describing renewable-electricity purchases as eliminating all Scope 1, 2, and 3 emissions when they only affect Scope 2 market-based accounting; and combining separate support streams (grants, certificates, finance) without checking compatibility restrictions. Additional mistakes involve copying certificate values from historical case studies to new projects without checking current scheme versions and requirements; using a single certificate total to support multiple different claims; and failing to keep forecast quantities separate from verified issuance records. We recommend documenting the exact wording, supporting calculation, period, assumptions, and approver for each claim.

How should certificate revenue be treated in energy project investment cases?

Certificate quantity, eligibility, verification cost, and sale price are separate variables that must be tracked individually in investment case analyses. A base case should be prepared without unconfirmed certificate proceeds, with a separate incentive scenario showing the certificate contribution. Certificate price and quantity should be treated as different uncertainties - an optimistic price does not resolve uncertainty about scheme eligibility or measured outcomes. For Victorian Energy Upgrades projects, certificate price must be shown separately from other revenue assumptions. Before relying on certificate contributions, confirm the governing activity and document version, main eligibility assumptions, calculation basis, evidence responsibilities, and whether quoted amounts represent gross value or actual customer proceeds after charges. We advise avoiding promises based on historical case studies, which are tied to specific projects and periods.

What role does Northmore Gordon play in renewable certificate assessment and procurement?

We provide comprehensive environmental certificate services including project registration, certificate creation and trading, and engineering and commercial assessment. The company describes support for instrument selection that involves conducting due diligence, developing procurement and retirement strategies, and providing technology assessment. For specific schemes, our knowledge library covers renewable pathways (STCs, LGCs, REGOs), eligibility guidance, measurement and verification requirements, and project timing considerations. We also offer moREnewable100 for multi-site renewable electricity procurement with RE100 alignment, plus platforms including moreData and the Net Zero Platform for tracking and reporting renewable attributes and related emissions outcomes.