



# **SUSTAINABLE ENERGY COMMITMENT**

## **CERTIFICATION TRADE MARK RULES**

*A certification recognising an organisations commitment to achieving real zero energy, energy resilience, and circularity that actively supports the transition to a decarbonised distributed energy era.*

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# 1 Introduction to Sustainable Energy Commitment

## Background

Global energy markets and in particular electricity grid emissions must decarbonise significantly by 2030 to avoid irreversible long-term damage to the climate and environment. Currently, governments and businesses are committing to 2050 targets, but the science clearly indicates that decarbonisation must occur by 2030. With no commitment to decarbonisation by 2030, the targets set out by international agreements to limit global warming to under 1.5 degrees will not be met.

There is global necessity for a 45% reduction in carbon emissions by 2030. Since more than 70% of all global carbon emissions come from energy, committing to the transition to renewable energy represents the best opportunity to stop intensification of climate change.

For the electricity grid to fully decarbonise, the CSIRO has estimated that 40% of customer supply and demand will need to be managed locally at a decentralised level. At present, there is insufficient smart infrastructure in communities to enable the shift to a decentralised energy market.

Electricity grid decarbonisation will only be successful with a dramatic shift to decentralised energy infrastructure which will require technical innovation and widespread commitment from businesses and communities (energy users). This includes the rise of consumer owned distributed energy resources and taking control of their energy supply and use, preferencing to be market participants, which reduces reliance on traditional networks and suppliers.

## Sustainable Energy Commitment

The Sustainable Energy Commitment (**SEC**) is a standard that organisations can adopt to help them achieve *real zero energy, energy resilience, and circularity* and support the current energy system to transition to a decarbonised distributed energy era and accelerate the uptake of renewable energy.

Typical solutions like carbon offsets, credits, and other similar initiatives are not acceptable actions in making a SEC because they are only acceptable as a final means of reducing residual emissions that cannot otherwise be eliminated with current technology. They should not be relied on to reach targets, as there is not enough land on Earth to offset all emissions currently being generated. Australia needs more than three times the amount of land we have to offset our emissions. They bring with them issues regarding additionality, permanence and measurability, and act as a distraction from meaningful solutions and real climate action.

The Sustainable Energy Commitment Criteria (at Attachment A) address the energy transition challenges as whole, as well providing a framework to help organisations achieve both economic benefits and address Environmental, Social and Governance (**ESG**) Factors throughout the transition. The commitment is governed by the following 9 key areas:


- Policy, strategy and targets
- Organisational capability
- Tools and measurement

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- Baseline energy data
- Energy Resilience
- Net Zero Energy
- Circular Energy Economy
- Community Leadership
- Safety and Sustainability

Organisations that can achieve the SEC requirements across those 9 key areas will be eligible to use the SEC certification trade mark.

## 2 Definitions

- 2.1 **Applicant** means any person or entity applying to become an Authorised User.
- 2.2 **Authorised User** means an entity that has been approved by a Certifier to use the Certification Trade Mark in accordance with these Rules.
- 2.3 **CEH** means Circular Energy Holdings Pty Ltd.
- 2.4 **Certification Trade Mark Licence Agreement** means an agreement between an Authorised User and the Certifier in relation to the Authorised User's use of the Certification Trade Mark.
- 2.5 **Certifier** means CEH and any other entities approved by CEH that have experience and knowledge in developing and assessing business cases for energy efficiency and emission reduction opportunities, energy management strategy, carbon accounting specific to energy, energy policy, renewable energy procurement and circular economy methodologies, and must have skills, knowledge and experience in:
- a) regulatory and compliance requirements for energy efficiency and emission reduction programs;
  - b) financial modelling, planning and auditing; and
  - c) general knowledge of future energy technology.
- 2.6 **Certification Fees** means an annual fee payable by an Authorised User, as set out in a Certification Trade Mark Licence Agreement.
- 2.7 **Certification Trade Mark** means  and any substantially identical trade mark, that is owned by or licensed to CEH.
- 2.8 **Commitment Plan** means a plan developed by an Authorised User in compliance with the Sustainable Energy Commitment Criteria.
- 2.9 **Pending Authorised User** means either (a) an Applicant who has submitted its Commitment Plan and is under review; or (b) an Authorised User who has been downgraded to Pending Authorised User in accordance with Rule 5.3.
- 2.10 **Rules** means this set of rules and regulations, or any other rules and regulations contained in a Certification Trade Mark Licence Agreement, and as updated by CEH from time to time.

2.11 **Status** means the status of an Authorised User, being Authorised User or Pending Authorised User.

2.12 **Sustainable Energy Commitment** means the commitment that Authorised Users make to comply with the Rules.

2.13 **Sustainable Energy Commitment Criteria** means the criteria that must be met in order to become an Authorised User, as set out at Attachment A, and otherwise as updated by CEH from time to time.

### 3 Becoming an Authorised User

3.1 An Applicant can apply to become an Authorised User by lodging an application form on the SEC website or contacting a Certifier directly, who may lodge the application form on the Applicant’s behalf. The application form must include:

- a) the Applicant’s full name, legal entity details, address and contact number; and
- b) a copy of their Commitment Plan and any supporting evidence.

3.2 An Applicant must establish to the satisfaction of the Certifier that they have developed a Commitment Plan to meet the Sustainable Energy Commitment Criteria:

- a) to an acceptable pass of 80%, subject to clause 3.3;
- b) for any non-definitive sections of the criteria the assessor is to utilise the qualitative assessment criteria for determining what level has planned to be achieved. An example of a qualitative assessment table is provided below;

	1	2	3	4	5
<b>Qualitative Assessment Criteria</b>	Doesn't exist or is extremely limited with major gaps in system/data and quality that must be addressed for implementation	Partially in place however significant system/data gaps that need to be addressed before it can be effectively operationalised	Substantively in place and not fully operationalised with some system/data and quality gaps that must be addressed	Fully in place and effectively operationalised, some minor system/data gaps evident that should be addressed as improvements	Fully in place, effectively operationalised and embedded in organisation with processes to drive improvement, innovation and evolution.

- c) list a clear roadmap of actions that are planned to be completed right up to completing their commitment targets (Planned Actions). Authorised Users must include at least 10% of planned Action to be completed in each annual period leading up to the commitment being achieved; and
- d) demonstrate that their Commitment Plan should be completed by 2030, however the certifier may, in some circumstances, approve plans that are planned to be completed no later than 2033.

3.3 If the Authorised User is unable to demonstrate a commitment to reaching 80% of the Sustainable Energy Commitment Criteria, the Authorised User must provide the Certifier with reasons as to why 80% compliance is not practical. The Certifier will review the Authorised User’s submissions and if the Certifier is satisfied that the

Authorised User cannot practically meet the 80% requirement, the Certifier may approve the Authorised User's Commitment Plan, provided that the Commitment Plan demonstrates a plan to achieve at least 70% of the Sustainable Energy Commitment Criteria.

- 3.4 Application Forms will be reviewed by CEH within 90 days.
- 3.5 If the Certifier is satisfied that the Applicant has met the requirements under Rule 3.2, the Certifier will approve the Applicant as an Authorised User by entering into a Certification Trade Mark Licence Agreement, and the Authorised User will be required to make payment of the Certification Fees.
- 3.6 The Certifier may require further information and evidence from an Applicant if necessary to satisfy itself that the Applicant will meet the Sustainable Energy Commitment Criteria.
- 3.7 Upon execution of a Certification Trade Mark Licence Agreement by both parties, the Authorised Users will be entitled to use the Certification Trade Mark in accordance with the Rules.

## 4 Register of Authorised Users

- 4.1 CEH will maintain a register of Authorised Users (Register), which will record:
  - a) the name of the Authorised User;
  - b) the nature of the Authorised User's business;
  - c) the date on which it became an Authorised User; and
  - d) the Status of the Authorised User.
- 4.2 Authorised Users must notify CEH of any changes to its name, which will be reflected on the Register.
- 4.3 The Register will be made available for public inspection.

## 5 Maintaining Authorised User Status

- 5.1 Authorised Users must:
  - a) implement and maintain a strong governance plan that is tangible, practical and measurable;
  - b) conduct, and keep records of, internal quarterly reporting that demonstrates compliance with the Rules;
  - c) document any adjustments to the baseline and asset register, and roadmap, on a quarterly basis; and
  - d) undertake all planned Actions and complete within the planned bi-annual period in accordance with Rule 3.2c). Planned Actions that are no longer feasible must be:
    - (i) adjusted or changed;

- (ii) replaced with a suitable action that has been assessed by a Certifier, and cannot impact the Authorised User achieving their Commitment Plan.
- 5.2 All Authorised Users must undergo an annual audit conducted by the Certifier to ensure that each Authorised User maintains compliance with the Rules. Authorised Users must grant the Certifier reasonable access to its records for the purpose of verifying compliance with the Rules.
- 5.3 If the Certifier determines that the annual audit reveals an Authorised User is not on track to meet their Commitment Plan or has not achieved the Planned Actions for the previous period, the Certifier must notify CEH.
- 5.4 Upon such notice from the Certifier:
  - a) CEH will notify the Authorised User in writing of the outcome of the audit;
  - b) within 7 days from notice of non-compliance, Authorised User must provide a written plan to CEH demonstrating the steps to remedy the non-compliance;
  - c) the Authorised User must remedy such failure within 6 months (**Rectification Period**);
  - d) during the Rectification Period, the Authorised User's Status will be downgraded to Pending Authorised User, which will also be recorded on the Register;
  - e) If the non-compliance is remedied during the Rectification Period, the Status will return to Authorised User. If the non-compliance is not remedied to the satisfaction of CEH, CEH will terminate the Certification Trade Mark Licence Agreement.

## 6 Dispute Resolution

- 6.1 If any person (**Complainant**) disagrees with a decision made by a Certifier in relation to the granting and use of, and any other issue relating to, the Certification Trade Mark, it may request an internal review of the decision by lodging a written notice to [disputes@sustainableenergycommitment.com.au](mailto:disputes@sustainableenergycommitment.com.au), outlining the grounds on which the decision should be reviewed and evidence to support its complaint (**Dispute Notice**).
- 6.2 CEH will, within 30 days, review the Dispute Notice and respond to the Complainant.
- 6.3 If the Complainant is not satisfied with CEH's response, authorised representatives of each party will discuss the dispute and attempt to resolve within 30 days from CEH's initial review, at the end of which, CEH will make a final decision.
- 6.4 If the Complainant wishes to appeal CEH's final decision, the Complainant must notify CEH within 7 days from receiving the final decision, after which the parties must appoint an independent mediator to resolve the dispute by mediation and the

parties must participate in the mediation in good faith. The costs of the mediation must be equally shared by the parties.



## **Attachment A – Sustainable Energy Commitment Criteria**

Governance		
	Policy, Strategy and Targets	Weighting
POLICY	A clear policy is in place to drive positive action on energy and emissions reduction.	20%
STRATEGIES	Energy and emissions management strategies are clearly articulated with well defined objectives that are consistent with SEC requirements. There is effective governance and stakeholder communication to assure delivery of these strategies.	40%
TARGETS	Short Term (2025) and Long Term (2030) energy and emissions reduction targets have been established that are aligned with SEC requirements. A formal public commitment to meeting these targets has been declared.	40%
<b>Organisational Capability</b> (people, innovation, peer networks, teamwork)		
ROLES & RESPONSIBILITIES	• Roles, responsibilities and competencies for energy and emissions management are clearly defined and documented in position descriptions. Targets are clear and employee expectations are well understood and included in annual performance reviews.	20%
TRAINING & COMPETENCY	• SEC accredited energy efficiency and usage training programs are in place and all personnel are trained and competent in line with the competency requirements of the role as defined by their position descriptions	40%
COLLABORATION	• There is ownership and accountability for energy usage and efficiency throughout the organisation and the use of technology and innovation is encouraged to improve energy management processes and systems.	40%
<b>TOOLS &amp; MEASUREMENT</b>		
METERING	• Smart metering systems are in place for all major energy streams that monitor and measure real time demand and power quality for the site, with live energy data available and visible across the organisation.	40%
MAINTENANCE	• Maintenance procedures are in place to maintain the reliability, availability and accuracy of energy metering systems, energy generating assets and major energy consuming equipment.	30%
MONITORING	• Changes in energy usage are monitored, deviations are investigated, and corrective actions applied in a timely manner to minimise energy usage and losses and inform energy investment decisions.	30%

Environmental		
	Baseline Energy Data	Weighting
ASSET REGISTER	• A detailed energy asset register is in place that specifies individual asset type, location, model and estimated energy use. A defined process is in place to ensure the accuracy of the register is maintained.	40%
BASELINE AND INTERVAL DATA	• Energy usage to a sub meter level is available to ensure that energy flows are understood behind the main meter. The energy usage baseline is defined with detailed interval data, peak demand data and power quality data. Historical energy trends are available and used to support decisions on future energy efficiency actions and improvement opportunities.	40%
EMISSION SCOPES	• Energy related emissions data from a portfolio to an asset level is available, segmented by GHG emissions scopes (1 and 2) and fuel source to identify and drive emissions reduction initiatives.	20%
<b>Energy Resilience</b>		
ENERGY EFFICIENCY	• There is a program in place to drive energy efficiency, minimise power demand requirements and energy use has been reduced so far as is reasonably practical through asset optimisation, smart technology and automation through maintenance and capital improvements.	30%
DEMAND MANAGEMENT	• Effective power quality and demand management programs are in place to allow active participation in the energy market and capability to reduce or increase energy load to match self-renewable generation capability and optimise the use of external renewable energy sources.	40%
ENERGY ELECTRIFICATION	• Realistic plans are in place for delivering the interim and long-term net zero targets, that include electrifying of fuel sources where possible.	30%
<b>NET ZERO ENERGY</b>		
NET ZERO	Matched Net Zero Renewable actual. Quantitative measure 1. <25% 2. 25%-49% 3. 50%-74% 4. 75%-99% 5. >100%	60%
FINANCIAL ACCOUNTING	Financial accounting systems are in place for tracking renewable energy inputs, including source identification and matching of internal and external energy sources at a 15min interval level.	40%

Social		
	Circular Energy Economy	Weighting
LOCAL ENERGY USE	At least 10% matched renewably sourced energy use within the defined local areas to encourage a decentralisation focus. Distance is measured by a direct line from the location to the source. Quantitative measure 1. Non-existent 2. Local DNSP 3. Within 500km 4. Within 250km 5. Within 100km	40%
ENERGY MARKET PARTICIPATION	• A circular energy economy approach is used to actively participate in the energy market to allow procurement or sharing of energy with suppliers, employees, customers or other creative areas. Quantitative measure. 1. 0% 2. 1% - 10% 3. 10%-20% 4. 20%-30% 5. >30%	40%
SOURCING	• Sourcing programs are in place that consider social, economic and environmental factors alongside price and quality considerations in the procurement of energy retail services, energy related equipment and materials. Approved supplier registers are in place with an emphasis on community based suppliers that meet the minimum SEC requirements.	20%
<b>Community leadership</b>		
INDUSTRY ENGAGEMENT	• The business is recognised by peers and the community for its leadership and proactive business engagement program with industry bodies and the community to raise awareness of sustainable energy matters. An active program is in place to share sustainable energy program successes, opportunities and innovation with industry peers and the community.	50%
EMPLOYEE ENGAGEMENT	• An employee engagement program is in place that provides access to sustainable energy initiatives and support greater alignment and physical interaction between the business and employees.	50%
<b>Safety and Sustainability</b>		
SAFETY	• Effective safety management systems are in place for work on site. Pre screening is conducted for contractors engaged for energy projects and maintenance services to validate safety performance and their safety management system effectiveness.	25%
DESIGN	• Design methodology considers energy efficiency, increased technology life cycle, recyclability and end-of-life material recovery strategies to minimise emissions and waste as part of total life cycle cost for investment decisions.	25%
REPORTING	• A comprehensive, audited annual sustainability report is publicly available that includes energy and emissions management strategies, policies, and statistics.	50%