



Australian Government

Department of Climate Change, Energy,  
the Environment and Water

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Executive Director  
The Office of Impact Analysis  
Department of the Prime Minister and Cabinet  
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BARTON ACT 2600

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Dear Ms Abhayaratna

### **Impact Analysis – Implementing a Guarantee of Origin Scheme – Second Pass Final Assessment**

I am writing in relation to the attached Impact Analysis (IA) prepared for Implementing a Guarantee of Origin (GO) scheme (OBPR21-01354).

Thank you to you and your team for your time and engagement in working with the Department on this matter.

I am satisfied that the IA addresses the matters raised in your letter of 20 June 2023. Specifically, the following additional content has been incorporated:

- a) Section 1 now clarifies that the policy problem relates to the certification of low-emissions products for domestic consumption as well as the export market.
  - Section 1 also provides additional detail on policies that are already in place in export destinations, and some emerging policies that we can expect will have an impact on industry in the near future, should the status quo be maintained.
- b) Section 2 now provides additional detail on similar existing schemes and initiatives including their ‘fitness for purpose’ for addressing the policy problem. Appendix (i) examines these schemes in further detail and demonstrates that none of these schemes address the policy problem specifically or sufficiently.
- c) Section 3 now provides background on how each of the policy options considered in this IA have been developed, including considerations and consultation with stakeholders on whether Australia’s approach should be industry or government led.
- d) Section 4 now includes regulatory burden tables that seek to quantify the costs of the recommended approach for Australian businesses through the proposed changes. Benefits have been evaluated qualitatively, noting that many benefits will be indirect. Section 4 also details why a full cost-benefit analysis was not possible to undertake.
  - In addition, Appendix (ii) contains our full suite of regulatory burden estimates including calculations made at a per producer level to provide a more granular point of comparison. Appendix (ii) also describes the assumptions that underpin our analysis, including caveats relating to estimate calculation methodology, limitations of our analytical techniques and issues pertaining to data quality have been detailed.

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- e) Section 5 now provides further detail on the consultation process including a full history of each of the policy papers and related consultation done since 2020. This section now focuses in detail on the treatment of areas raised in consultation (e.g. below baseline, well-to-user boundary, the chain-of-custody approach, etc), including consideration and action taken.
- f) Section 6 now clearly specifies the factors considered in recommending our chosen option.
- g) Section 7 now identifies both a clear set of policy implementation objectives, as well as metrics we will use to evaluate policy success after the scheme is implemented, including metrics that track expected policy impacts, and how our post-implementation review would be used to track and address unintended consequences.

The overall regulatory costs for proceeding with our chosen option are approximately **\$20.2 million** per year, on average over 10 years. This represents an average annual cost of \$16.9 million to the renewable electricity sector (including participants transitioning from the Renewable energy target Scheme from 2030) and \$3.3 million to the hydrogen and other sectors.

Accordingly, I am satisfied that the IA is now consistent with the six principles for Australian Government policy makers as specified in the *Australian Government Guide to Impact Analysis*.

I submit the IA to the Office of Impact Analysis for formal final assessment.

Yours sincerely



Kushla Munro  
A/g Deputy Secretary  
23 August 2024