



Australian Government

Department of Climate Change



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**Greenhouse and Energy Reporting Office:
National Greenhouse and Energy Reporting**

www.climatechange.gov.au

Three Pillars of the Government's climate change strategy

- Mitigation
 - Reducing Australia's greenhouse gas emissions
 - 60 per cent emissions reduction by 2050
- Adaptation
 - Adapting to climate change that we cannot avoid
- International engagement
 - Helping to shape a global solution



Introducing the National Greenhouse and Energy Reporting (NGER) Act

- A single national reporting framework for corporations of the reporting and dissemination of information related to:
 - greenhouse gas emissions
 - energy consumption and
 - energy production
- National Greenhouse and Energy Reporting Act (NGER) will provide robust and transparent emissions and energy reporting that will underpin the introduction of a national emissions trading scheme.



Object of NGER Legislation

NGER will also provide a system that:

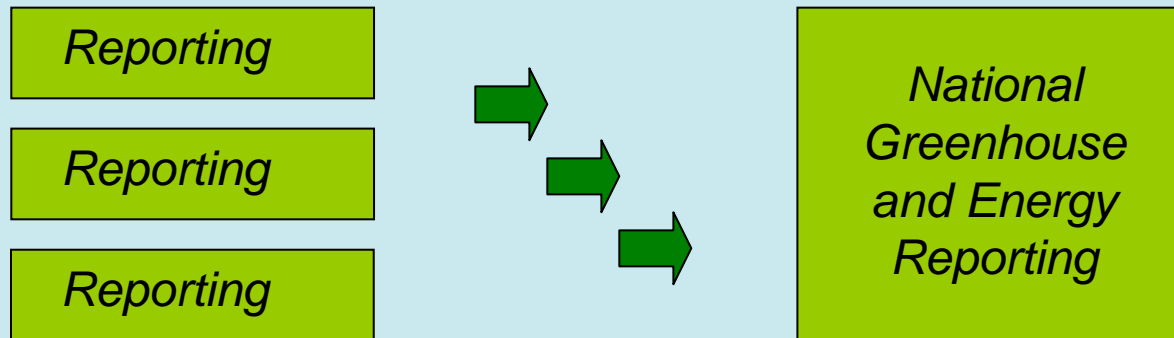
- Collects data on greenhouse gas emissions as well as data on energy consumption and energy production.
- Ensures that movement of energy across the economy is traceable
- Provides consistent information to the Australian public
- Helps meet Australia's international reporting obligations
- Provides Commonwealth, State and Territory government programs with a consistent data repository



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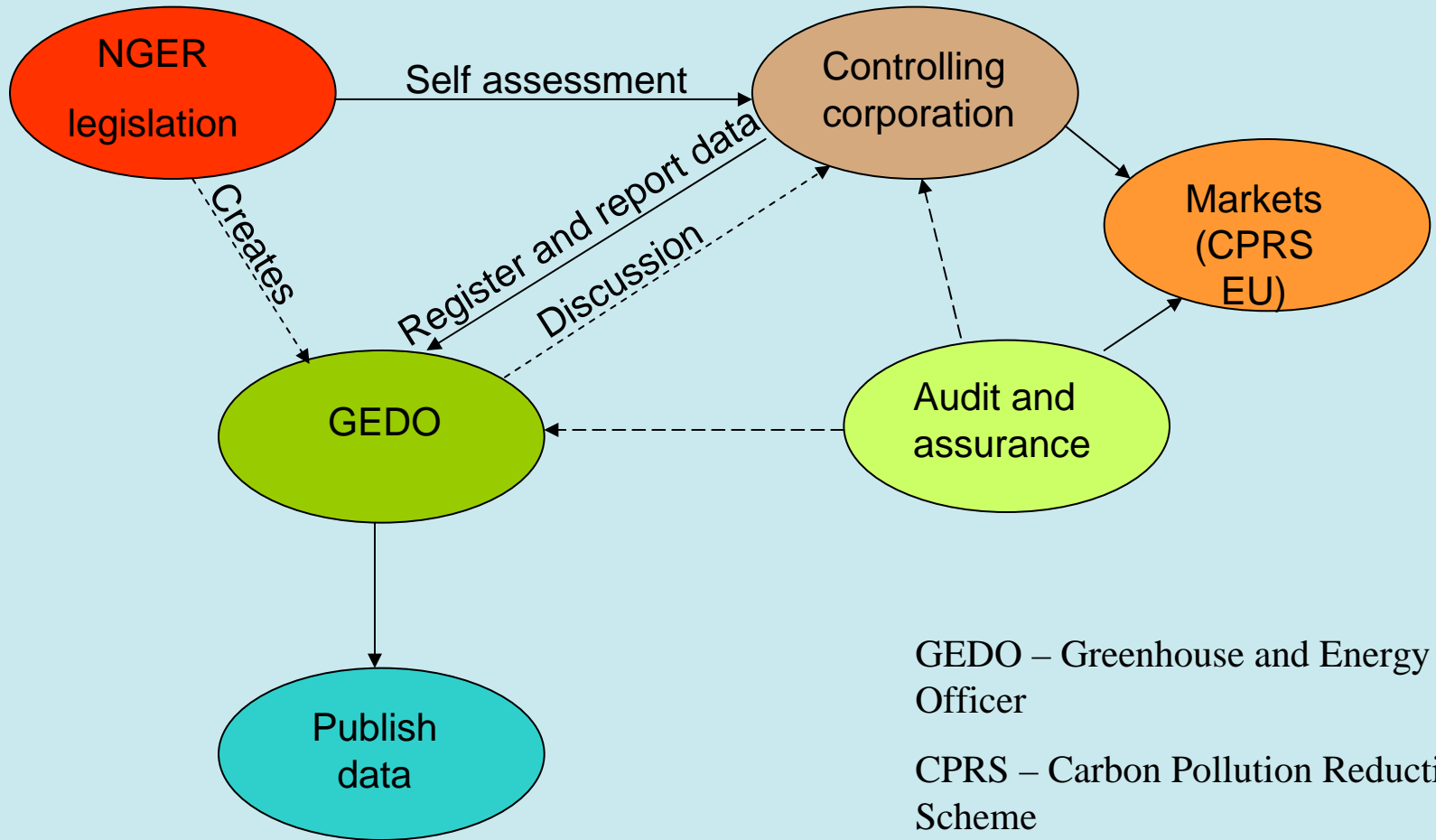
www.climatechange.gov.au

NGER will streamline reporting

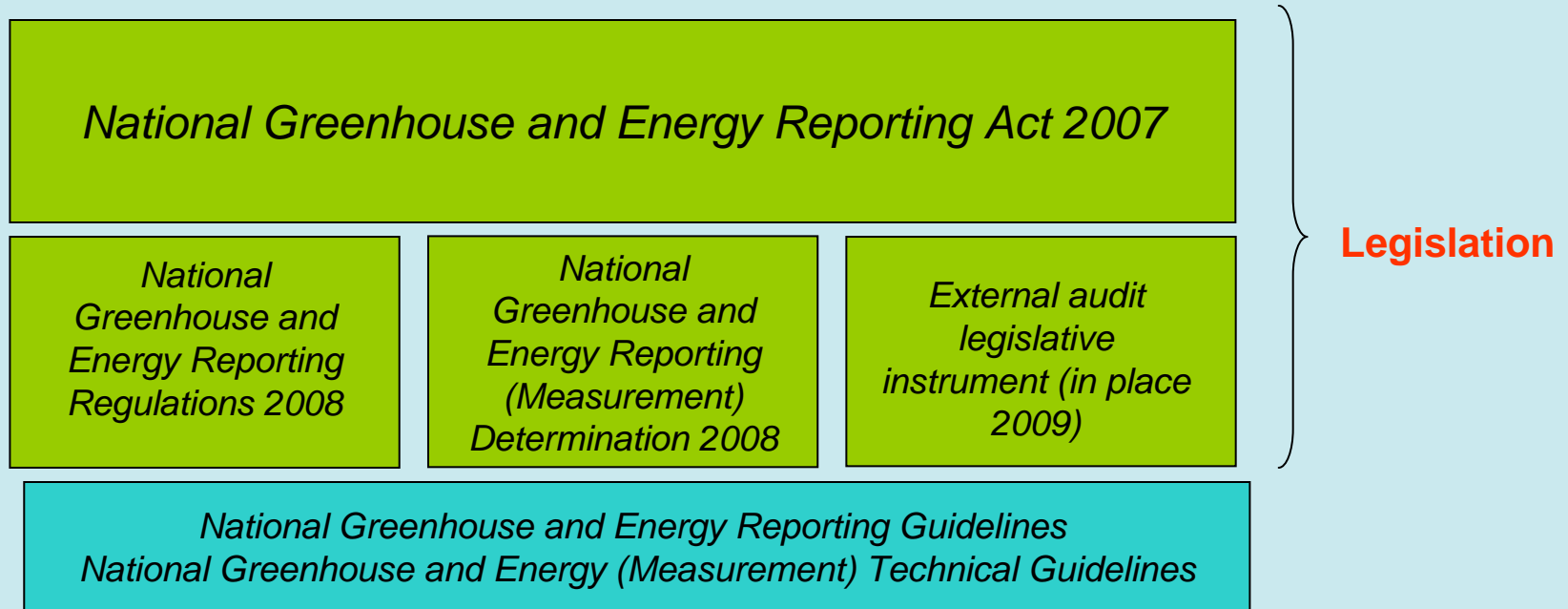


Several reports currently required under various programs will eventually be replaced with NGER to ease the administrative burden on businesses.

Principles - Perspectives of a Participant



NGER legislative framework



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Principles Based Legislation

The legislation is primarily principles based

- Section 1.13 of Determination states principles for emissions are:
 - Transparency
 - Comparability
 - Accuracy (95% confidence level)
 - Completeness



Principles v Rules Based Legislation

- NGER Legislation is principles based however it also has rules
- Rules are not comprehensive
- Tax system is rules based
- Rules lead to vast number of determinations
- Principles much more comprehensive



Amendments to the National Greenhouse and Energy Reporting Regulations 2008

- Draft amendments to the *National Greenhouse and Energy Reporting Amendment Regulations 2008* have been released on the Department of Climate Change website.
- The proposed amendments will make a number of administrative improvements to the Regulations.



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NGER: Who registers and reports?

Key issues to consider:

- Are you a constitutional corporation?
- Are you a controlling corporation?
- What is your corporate group?
- Does your corporate group meet reporting thresholds?
- How do you define your facilities (boundaries)?
- Do you have operational control of any facilities?



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NGER: Who registers and reports (cont.)?

Constitutional Corporation

- A corporation under section 51 (xx) of the Constitution

Controlling Corporation

- A controlling corporation is a constitutional corporation that does not have a holding company incorporated in Australia; it is generally at the top of the corporate hierarchy in Australia.

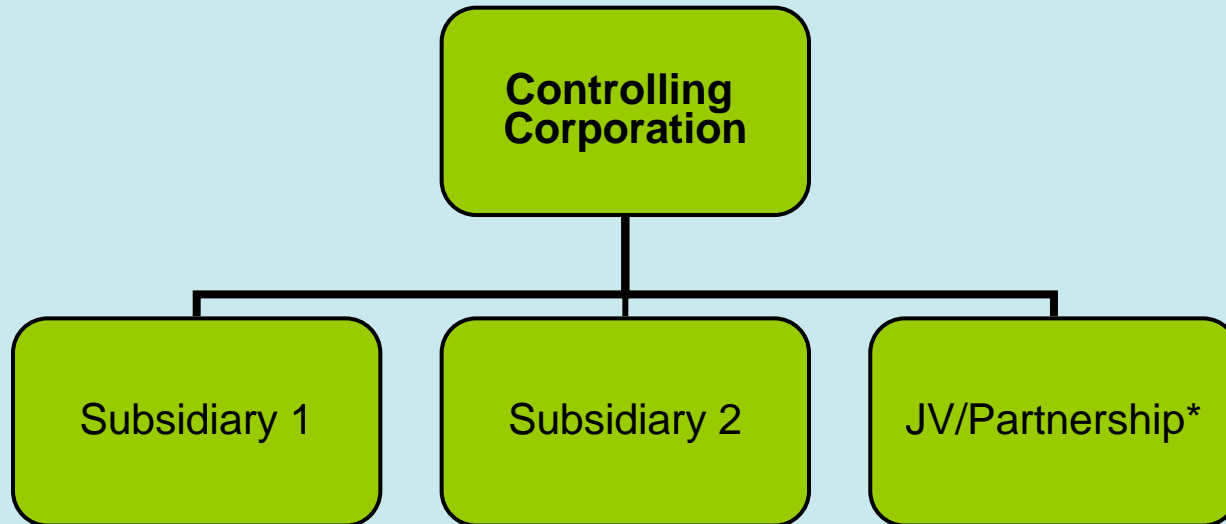
If a corporation is unsure of their status they should seek legal advice

Refer to NGER
Act 2007 Part 1
Division 2



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NGER: Who registers and reports?



Controlling Corporation's group

The controlling corporation is responsible for registering and providing the report on all activities as defined by the NGER Act and subordinate legislation.

*where joint ventures and partnerships exist there are some further issues to consider.

Refer to Guidelines 1.2.3



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What is a facility ?

- A facility is an activity, or a series of activities (including ancillary activities) that form a single undertaking or enterprise and occur at a single site.
- Further rules apply as defined in Subdivision 2.4.1 of the NGER Regulations

Refer to Regulations
2.14-2.20



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What is an industry sector?

- GHG emissions and energy from the facility must be reported against the appropriate industry sector.
- An industry sector means an ANZSIC industry classification code mentioned in schedule 2 of the regulations.
- For example ANZSIC Code 302 is ‘Non-residential building construction’
- Go to www.abs.gov.au for the complete ANZSIC 2006 which includes detailed descriptions

Refer to Regulations
Section 2.06



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What is operational control?

A corporation is considered to have operational control over a facility if it has the authority to introduce and implement:

- i) operating;**
- ii) health and safety;**
- iii) environmental policies.**

Refer to NGER Act Section 11



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NGER thresholds and timing

If a controlling corporation's group meets a facility or corporate threshold, the controlling corporation must apply for registration and report its greenhouse gas emissions and energy data to the Greenhouse and Energy Data Officer.



Notes: TJ = terajoule (10^{12} joules) of energy consumed or produced; kt = kilotonne (10^6 kilograms) CO₂-e equivalent of greenhouse gases emitted. Conversion factors: Energy—1 terajoule = 1000 gigajoules, 1 gigajoule = 1000 megajoules, 1 megajoule = 1000 kilojoules, 1 kilojoule = 1000 joules; CO₂-e emissions—1 kilotonne = 1000 tonnes, 1 tonne = 1000 kilograms.



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Reporting Obligations

Data needs to be reported to the GEDO from facilities covering:

- **Greenhouse gas emissions** – activity data converted to emissions using default emissions factors or other estimation techniques (as outlined in the **Measurement Determination**)
- **Energy Consumption** – amount consumed multiplied by an energy content factor
- **Energy Production** – amount produced multiplied by an energy content factor

Refer to Regulations
Section 10



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Reportable emissions

- Only scope 1 and scope 2 emissions are reportable under the NGER legislation

Refer to Regulations
Section 10



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KYOTO GREENHOUSE GASES

CO₂

SF₆

CH₄

N₂O

HFCs

PFCs

Scope 2*

The release of greenhouse gas as a result of one or more activities that generate electricity, heating, cooling or steam that is consumed by the facility but that *do not* form part of the facility.



Mandatory to report under NGERs

Scope 1*

The release of greenhouse gas into the atmosphere as a direct result of an activity, or series of activities (including ancillary activities) that constitute the facility.



Scope 3

Emissions that occur outside the boundary of a facility as a result of activities at a facility and are not scope 2 emissions.



Not mandatory to report under NGERs



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NGER and CPRS

- CPRS is expected to cover around 1000 facilities.
- Large emitters need to acquire a carbon pollution permit for every tonne of emissions. Permits are surrendered at the end of the compliance year.
 - Number of permits is limited (the ‘cap’)
 - Permits have a value – carbon becomes a cost of production



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Comparison between NGER and CPRS

	Carbon Pollution Reduction Scheme	NGER Act
Facility general coverage thresholds	A facility that emits 25,000 tonnes or more of CO ₂ -e per annum of direct (scope 1) ¹ emissions	Facilities that; Emit 25,000 tonnes or more of CO ₂ -e per annum of direct (scope 1) ¹ emissions and indirect (scope 2) ² emissions; or Produce or consume energy of 500 TJ or more.
Other thresholds	No corporate group thresholds. Waste landfill facilities in close proximity to other landfill sites > 10,000t of CO ₂ -e per annum of direct (scope 1) ¹ emissions.	Corporate groups ³ that: Emit 125,000 tonnes or more of CO ₂ -e per annum of direct (scope 1) ¹ emissions and indirect (scope 2) ² emissions; or Produce or consume energy of 500 TJ or more.



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Comparison between NGER and CPRS

	Carbon Pollution Reduction Scheme	NGER Act
Liable entities	Controlling corporations, government bodies, local councils, unincorporated entities including: direct emitters upstream suppliers of liquid, gaseous and solid fuels, natural gas and large importers and manufacturers of synthetic greenhouse gases ⁴ .	Controlling corporations including direct emitters, large users and producers of energy.
	<p>A controlling corporation will be liable where it or a member of its corporate group has operational control over a covered facility or activity. Where approved by the regulator liability can be transferred from the controlling corporation to:</p> <ul style="list-style-type: none"> i. A member of a controlling corporation's corporate group; or ii. Another controlling corporation, where a member of their corporate group has financial control over a covered facility. 	<p>A controlling corporation will be liable, where it or a member of its corporate group has operational control over a covered facility.</p> <p>The NGER Act will be amended to allow for approved transfers of liability as under the scheme.</p>



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Comparison between NGER and CPRS

	Carbon Pollution Reduction Scheme	NGER Act
Audit	Entities with Scheme obligations of 125.000 tonnes or more will be required to have their emissions report audited prior to submission. Regulator can appoint, or require the appointment of, an external auditor to review compliance with the Act.	Mandatory audit of emissions reports not required. Regulator can appoint or required the appointment of, an external auditor to review compliance with the Act.



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NGER and CPRS (cont.)

- Monitoring, reporting and auditing of businesses' greenhouse gas emissions data under **NGER** will be essential to maintain the environmental and financial integrity of the CPRS.
- For more information on the CPRS, please visit: www.climatechange.gov.au/



CPRS and the construction sector

- The CPRS liability covers Scope 1 GHG emissions at the facility only.
- CPRS threshold 25 kilotonnes CO₂-e for the facility.
- Most liquid fuels are likely to be covered upstream, at the high level distributor.



Compliance - External Audit

- **Key compliance testing measure**
 - Corporations can be instructed to undertake audits by the GEDO on suspicion of non-compliance.
 - The GEDO can also choose to undertake random audits at his own discretion
 - External audit legislation is currently under development

Refer to NGER Act
2007 Division 4
Subdivision G



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Civil penalties under the NGER Act

- Failure of a controlling corporation to apply to register if it meets one or more of the thresholds (2000 penalty units)
- Failure of a registered corporation to report each financial year to the GEDO on facilities under the corporation's operational control (2000 penalty units)
- Failure of another liable person to provide information to the GEDO on or before the day specified in the determination for (a) an individual (400 penalty units), or (b) otherwise (2000 penalty units)

Refer to NGER Act 2007 Part 5



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Further information

- Web: www.climatechange.gov.au
- Contact
 - NGER
 - reporting@climatechange.gov.au or
 - 1800 018 831
 - Carbon pollution reduction scheme
 - emissionstrading@climatechange.gov.au
 - 1800 057 590

