



13 February 2008

Director
Greenhouse and Energy Reporting Taskforce
Department of Climate Change
Email: reporting@climatechange.gov.au

Dear Director

AEBN welcomes the opportunity to comment on the Federal Government's *Technical Guidelines For The Estimation Of Emissions And Energy At Facility Level Discussion Paper* (the NGER Technical guidelines).

AEBN is an industry and business representative body specialising in environmental issues that affect its members. The AEBN membership collectively has a turnover in excess of \$50 billion and employs well over 50,000 employees. Further information about AEBN can be found on its web site at www.aebn.com.au.

AEBN recognises the need to protect our environment and future prosperity. Climate change has the potential to not only damage the world's environment, but to also adversely affect business and industry directly. Industry and business has much to lose if the environment is harmed and wishes to protect it. However, AEBN will always call for maximising the environmental benefits at minimal cost; in particular, the cost impact of regulation and reducing its burden on industry.

Overall the NGER Technical Guidelines appear well structured and contain many suitable emissions factors and measurement techniques.

Assessment of Measurement Techniques

AEBN finds the Ratings Framework's use of 4 levels useful, but needing clarification. The four levels under the Ratings Framework includes:

- 1) Continuous emissions monitoring systems
- 2) Facility-specific emission factors based on direct sampling and analysis conforming to Australian standards or equivalent
- 3) Facility-specific emission factors based on direct sampling that provides representative and unbiased samples, albeit not to Australian or equivalent standard
- 4) NGA default emission factors, which are further classed according to published uncertainties surrounding the factors for individual fuels or material inputs/outputs.

AEBN considers the use of Australian Standards an useful conceptual reference point to determine a level of quality for a measurement method or estimation technique. However, this

concept must be converted into real measurement and estimation methods. The real issue here is what is meant by equivalent?

It is assumed that equivalent is meant to mean at the same, or better quality than contained within Australian Standards. So who will assess what is 'equivalent' or better or worse? This process has not been identified under any NGER documents so far released. Acceptance of alternative measurement and estimation techniques must be subjected to a process which produces robust methodologies that meet both Australian requirements and satisfy international scrutiny. Australian companies should be permitted to pursue alternative, more accurate and or more cost effective emissions measurements than those provided under the NGER Technical Guidelines. Obviously such alternative methods will need to be assessed and if considered an acceptable alternative be permitted for you by the applying company or industry sector.

AEBN considers that an independent expert body, free from political influence, administered by the Department of Climate Change, is an appropriate regulatory model for this purpose.

There are many reasons for increased use of different types of measurement and estimation techniques, especially for industries using fossil fuels under scope 1 emissions. Reasons include:

- Permitting another standard for measuring emissions used by an international parent company
- A superior method (in terms of accuracy and or cost effectiveness) to that which can be obtained from Australian Standards or under the NGER Technical Guidelines.
- A better site specific estimation technique is available.

Our members are confident that such an approach will work as a similar process already exists. NSW's Load Based Licensing Technical Review Panel (see Expert Panel for Measurement) has been operating successfully for many years (since 2001) and is strongly supported by industry in its approach, quality of outcomes and robustness of the science used to assess measurement and estimation methods for emissions measurement.

Existing Processes

Measurement of emissions is a complex and costly process. Means to reduce measurement costs and improve accuracy of actual emissions will benefit both industry and government. There are a number of emissions measurement reporting and charging systems in operation around Australia. Importantly there are only a small number of such systems that are linked to financial impacts for the emitter in question. In NSW these include:

- Greenhouse Gas Abatement Scheme (GGAS)
- NSW Load Based Licensing Scheme (LBL)

The GGAS emissions are calculated for electricity power stations. A pool coefficient is used to assess the efficiency of carbon burning into units of electricity. Consequently, the GGAS data has proved useful for the development of the NGER technical guidelines. As GGAS is limited its usefulness for the NGER technical guidelines is limited largely to only NSW power generators.

In contrast the NSW Load Based Licensing Scheme is far more complex in terms of the types of emissions and differences in industries covered by the scheme. It covers 29 different substances

in both air and water. AEBN considers that as the NGER scheme is more broad scope than the GGAS, the LBL scheme offers more in terms of usefulness in establishing a technical framework for measurement of emissions.

Expert Panel For Measurement

Under the NSW Load Based Licensing scheme, the [Load Calculation Protocol](#) is the default measurement and estimation techniques which can be used. The NGER Technical Guidelines plays a similar regulatory role to this protocol. Even with the protocol there are limitations to the flexibility of published estimation techniques, which are not appropriate to each site. To improve flexibility the NSW government formed the Load Based Licensing Technical Review Panel (LBLTRP) to assess measurement issues.

Seven experts from the community, selected by the requirements set out under [Part 2.2 – Load-Based Licensing Technical Review Panel POEO \(General\) Regulation 1999](#), form the LBLTRP. The panel over its time in existence has approved many different measurement techniques that are legally permitted for use by many different organisations.

The panel has proved popular with industry providing substantial flexibility, decreased costs and increased accuracy not otherwise provided before in measurement approaches. Its independence reduces the need for companies to seek court action where disputes arise with the regulator over such measurements. Given that the LBL scheme requires many sites to pay in excess of \$1 million for emissions of contaminants to the environment there is substantial incentive to question the validity of any measurement or estimation technique. Similar cost incentives under the future Australian Emissions Trading Scheme are predicted to arise, along with increased attention to measurement issues.

AEBN recommends that an independent panel be formed under the NGER Regulation to assess different greenhouse measurement, and assessment methods.

The panel could also provide additional support such as:

- Assessing acceptable auditing processes which could include industry sectors where grouping them under one audit systems will return economies of scale.
- Providing advice on the level of accuracy required for sites of smaller emissions according to the scale of the emission. This could assist in reducing the cost of measurement and or estimation techniques.

The panel would be supported by the appropriate government agency, most likely the Department of Climate Change. The Department would then acts as a gatekeeper and secretariat. This will ensure submitted scientific methods, data and arguments are complete and sound so the panel can provide quick assessments. The LBL TRP has such support from the Department of Environment and Climate Change in NSW.

Overall AEBN looks forward to the Government developing a robust and flexible emissions measurement and estimations approval methodologies.

Should you require further information or detail in relation to this submission please contact Andrew Doig at AEBN on (02) 9453 3348.

Yours sincerely

A handwritten signature in black ink, appearing to read "Andrew Doig". The signature is fluid and cursive, with a large initial 'A' and 'D'.

ANDREW DOIG
Director
AUSTRALIAN ENVIRONMENT BUSINESS NETWORK