

NATIONAL GREENHOUSE AND ENERGY REPORTING SYSTEM - OVERVIEW

The *National Greenhouse and Energy Reporting Act 2007* (the Act) places mandatory reporting obligations on many corporations relating to greenhouse gas (GHG) emissions, energy consumption and energy production.

Several thresholds exist, and if any one of them is met, then the registration and reporting deadlines of the National Greenhouse and Energy Reporting System (NGERS) must be met.

Overview

There are two key concepts of NGERS. The first is that of reporting thresholds, and the second is that of identifying the entity responsible for submitting the reports.

Reporting thresholds have been defined at the facility level, and for the entire corporation.

- Emissions must be reported separately for each facility that emits 25 kilotonnes or more of greenhouse gases (CO₂ equivalent), or produce or consume 100 terajoules or more of energy.
- Corporate groups must report when total emissions from all facilities exceed 125 kilotonnes of greenhouse gases (CO₂ equivalent), or produces or consumes 500 terajoules or more of energy.

The second involves identifying the corporate entity responsible for meeting the registration and reporting requirements of NGERS. A corporation is deemed to be responsible for the emissions of a facility where it meets various tests that define it as being in 'operational control' of that facility. It can include subsidiaries, joint ventures and partnerships.

A corporation has operational control over a facility if it has the authority to introduce and implement operating policies, health and safety policies, or environmental policies for a facility. Under NGERS, only one company can exercise operational control over a facility at any time.

Where it is unclear who has operational control over a facility, the company with the greatest authority to introduce and implement operating, health and safety or environmental policies will have operational control of that facility.

If there is uncertainty or disagreement between parties as to who has operational control, the parties can apply to the Greenhouse and Energy Data Officer (GEDO) who is empowered to make a declaration on which entity has operational control.

The current NGERS definition of a corporation excludes Commonwealth and State Governments, statutory authorities and local councils. However the Government has foreshadowed an expansion of the NGERS coverage to include these additional bodies.

Timeline

Corporations that exceed the facility or corporate threshold in the 2008-9 financial year must register with NGERs by 31 August 2009.

Their report for that financial year must then be submitted by 31 October 2009.

The information submitted will then be published on or before 28 February 2010.

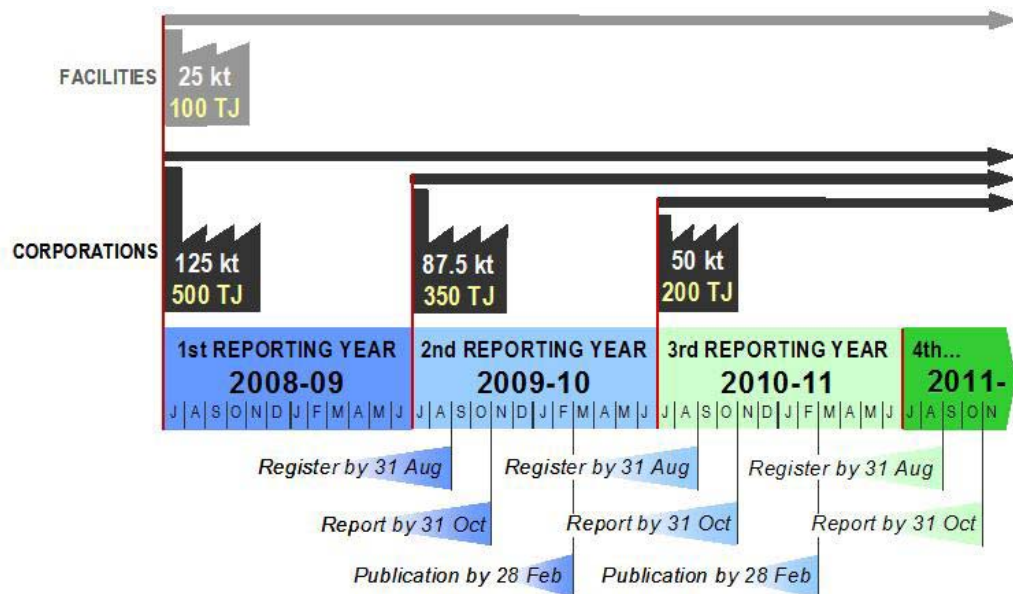
Thresholds

Different fuels have different greenhouse gas footprints and different energy contents. Each business will therefore have to consider its own mix of fuel and energy uses to determine if it is captured by the facility or corporation thresholds. By way of an example the following table shows the greenhouse gas emissions and energy consumed when an organisation has annual energy bills of \$1M for each of natural gas, electricity, diesel and coal.

	Price	Annual Bill	Annual Emissions/Consumption	
			Tonnes CO ₂ /year	Terrajoules
Natural Gas	\$4.00/GJ	\$1,000,000	12825	250
Electricity (Vic)	\$50.00/MWhr	\$1,000,000	24400	72
Diesel Fuel	\$1.50/L	\$1,000,000	1800	26
Coal (NSW)	\$150.00/tonne	\$1,000,000	13393	150
TOTALS		\$4,000,000	52418	498
Facility Threshold			25000	100
Corporation Threshold (2009)			125000	500

If the above example was for a single facility, it would exceed the facility threshold for both tonnes of greenhouse gases and terrajoules of energy used. If the example was for a number of smaller facilities controlled by a corporation it would be substantially under the threshold for greenhouse gas emissions, but only just under the threshold for energy used (by 2 terrajoules or 0.4%). Please note that these are general calculations based on approximate energy costs and energy contents. Specific advice should be sought for your particular circumstances.

The corporate level threshold will be reduced, from 125 kilotonnes CO₂ equivalent in 2009 to 87.5 kilotonnes in 2010 and 50 kilotonnes in 2011. The thresholds for these years, when expressed as energy produced or consumed are 500, 350 and 200 respectively, as shown in the following figure.



Emissions

Greenhouse gas emissions that are to be included in NGRS reporting are the same gases as will be covered by the proposed Carbon Pollution Reduction Scheme (CPRS): CO₂, CH₄, SF₆, N₂O, HFCs and PFCs. However NGRS differs from the CPRS in that it will include both Scope 1 and Scope 2 emissions.

Scope 1 emissions are emissions generated on-site. In contrast Scope 2 emissions are generated off-site (such as when electricity is generated at a power station).

Emissions Calculations

Corporations must establish which of their facilities exceed the facilities threshold – as these facilities must be reported separately. All emissions from the corporation must also be determined to see if the corporation threshold is also exceeded:

1. If the facility threshold is exceeded but the corporation threshold is not exceeded, then only the emissions from the facilities need to be reported.
2. If the facility threshold is exceeded and the corporation threshold is also exceeded, then the emissions from the facilities need to be reported, as do the aggregated emissions from all other facilities.
3. If the facility threshold is not exceeded but the corporation threshold is exceeded, then only the aggregated emissions from all other facilities need to be reported.

Facilities are defined as being large, medium or small, and there are different collection and aggregation requirements for the different sized facilities. In general, smaller facilities can be aggregated together, reduced data requirements apply and less accurate estimation methods can be used.

Contextual Data

Emissions data will be published on a web site. Corporations will be given the opportunity to submit a limited amount of contextual information that will be displayed alongside the emissions data. This could include, for example, explanatory statements of unusual events that contributed to the emissions values, details of the emissions intensity of the organisation, or emissions abatements plans or progress.

Audit and Enforcement

The Greenhouse and Energy Data Officer has the authority to commission audits of submitted data. This may be done with or without reasonable grounds of suspicion of non-compliance with the Act.

The Act also includes a range of enforcement provisions, that includes infringement notices and civil and criminal proceedings.

OTEK Capabilities

OTEK has assisted organisations that include manufacturing organisations, local government authorities and retail chains to understand their greenhouse gas emissions and energy consumption using the methodology of the NGERs. Where organisations have been below the applicable thresholds we have provided them with the necessary comfort that they have no obligation to register or report to NGERs. We have also provided guidance on how they may develop strategies to remain below the reporting threshold.