



**Submission to the Greenhouse and Energy
Reporting Taskforce**

**BP Australia
November 2007**

Introduction

BP welcomes the introduction of the *National Greenhouse and Energy Reporting Act 2007*, which establishes the framework for a purpose-built, single, mandatory and national greenhouse and energy reporting system.

Currently, BP is required to report GHG and energy data through many different programs. It is important that reporting requirements are streamlined to reduce the burden on industry and encourage consistency. The NGER process should form a “one-stop shop” for GHG and energy data reporting, using OSCAR as an entry point from which any other reporting requirements can be delivered.

This Act and its subsequent Regulations will help create a critically important and strong foundation for Australia’s emissions trading scheme. The views expressed in this submission are the result of BP’s experience with measuring, monitoring, and forecasting our greenhouse gas (GHG) emissions, which we have undertaken voluntarily for many years and as part of a mandatory obligation in the EU ETS since 2005.

BP advocates the need for a global carbon price, and we feel that well-designed emissions trading schemes play a key role in facilitating a market response to this price signal, leading to carbon emission reductions at least cost to the economy.

Moreover, emissions trading can create significant engagement with those regulated by such a scheme because they have to make conscious decisions about their emissions, leading to benefits beyond the specific scope of the trading scheme.

However, it is important to note that an emission trading scheme is not a substitute for technology development policy since additional incentives will be required to facilitate investment in and deployment of large-scale, step-change technologies.

This short submission covers the key issues for BP as raised in the Discussion Paper. We would be happy to be involved in further consultation on this issue.

Specific comments on the Discussion Paper

Chapter 2: Interpreting the legislation

1. *Do participants in joint ventures and partnerships support the proposed process for nomination, and revocation of nominations of entities responsible for joint ventures and partnerships?*
 2. *Are there other items that should be included in the process for nomination and revocation of nominations?*
 3. *Has the nomination process under the Energy Efficiency Opportunities Regulations 2006 been effective without providing undue administrative burden?*
 4. *Does the proposed level of industry sector classifications provide an appropriate balance between the need for detail and administrative burden?*
 5. *Is the aggregation of the emissions of several small facilities for reporting purposes practical?*
 6. *Is the proposed definition of facilities clear? If not, what would make it clearer?*
 7. *Does the framework for determining the principal, secondary and ancillary activities provide sufficient guidance for industry? If not, why not? How could it be improved?*
 8. *For vertically integrated activities that occur across two or more ANSZIC Divisions, is distinguishing facilities for each Division workable from a corporate perspective?*
 9. *Are there any difficulties with the proposals for reporting emissions from diffuse sources (transport, pipelines and transmission)?*
- In the interests of simplicity, BP advocates that only CO₂ and methane should be included in the NGER scope. Expansion to other GHGs presents challenges in accurate reporting, monitoring and verification of emissions.

However, BP does recognise that the work to consider future incorporation of additional sectors and gases should start now. These potential additions should be reviewed on the basis of their material impact to GHG emissions and the impact and cost effectiveness of proposed emissions-reducing policies, trading or otherwise.

- Since the inclusion of transport emissions is proposed in the AETS, with upstream fuel suppliers bearing this liability (effectively Scope 3 emissions), it is critical that transport emissions measurement processes and protocols are consistent with this treatment.

Since a likely basis for this process will include the fuel excise tax system, it is recommended that the methodologies for volumetric measurement be drawn from the fuel excise tax bylaws for liquid measurement. Emission factors for combustion

of liquid fuels should be based on the factors from the AGO workbook, updated as appropriate for national/international work.

Consideration also needs to be given to emissions factors for biofuels.

- BP is keen to participate in the consultation on GHG emissions calculation methods.
- With Joint Ventures, we agree that the obligation for reporting to the Greenhouse and Energy Data Officer (GEDO) should rest with a single entity; in (virtually) all circumstances, this should be the JV operator. However, given that this is a commercial decision, the process for determining this responsibility should rest with the JV partners, and not via a prescribed process as described in Section 8 of the Act.
- The proposed definitions for determining industry sectors will need further review to confirm how the production of biofuels (e.g. biodiesel, ethanol) will be treated, and to ensure that this activity is separated from food or chemical production sectors.

Chapter 3: Registration

10. *Are the proposed information requirements for registration applications sufficient? If not, what other information should be required?*
11. *Are there any additional items that should be listed or published on the National Greenhouse and Energy Register (e.g. Australian Business Number/contact details etc.)? If so, what and why?*
12. *Are there any objections to the information proposed to be disclosed?*
13. *Are the requirements for deregistration applications appropriate? If not, why not?*

- As is currently the case under Greenhouse Challenge Plus, the flexibility to report on both a calendar and financial year should be provided. This enables streamlining between local and corporate reporting requirements and reduces the compliance burden on industry.

This flexibility will also be more conducive to the eventual linkage of an AETS into the broader international market since, for example, the EU ETS also operates on a calendar year.

- Given the proposal that volumetric data on liquid fuels production and use be calculated from the rules in the excise tax bylaws, consideration should be given to including excise tax remitter registration details in the NGER registration data.

Chapter 4: Reporting Obligations

17. *It is proposed that registered corporations may only be required to report data related to specific thresholds exceeded in a given reporting year – would this cause any confusion in relationship to reporting requirements?*
 18. *Will the proposed process for nominating another person (e.g. contractor) to report information to the GEDO cause any problems with contractual arrangements?*
 19. *Are there any reasons why reporting on energy production and consumption by fuel type and equipment type would be impractical?*
- Changes in reported GHG emissions can occur for many reasons, such as acquisition or divestment, protocol or methodology changes, temporary or permanent production variations or as a result of real, sustainable reductions. It is therefore important that data provided to OSCAR can be contextualised with further information that allows more complete disclosure.
 - Given the proposal that volumetric data on liquid fuels production and use be calculated from the rules in the excise tax bylaws, consideration should be given to limiting the liquid fuel types to those categories specified in the fuel excise bylaws, with any subsets of those data limited to fuel types that are consistently measured and reported within the fuel production and wholesale/retail systems.

Chapter 7: Compliance Assurance Framework

20. *What professional expertise and qualifications should external auditors possess? How would these be assessed? What arrangements would ensure consistency in the quality of external auditors?*
 21. *What guidelines should there be covering the conduct of external audits and the preparation of audit reports?*
 22. *What arrangements would ensure consistency in the conduct of external audits and the quality of audit reports?*
 23. *Are there any additional matters that should be covered by regulations on infringement notices?*
- Given the importance of accurate GHG emissions data as the foundation for an effective, robust, and transparent emissions trading program, BP believes that NGER data should be subject to mandatory, third-party verification.
 - The process and guidelines for the auditing process, as well as the verification of external auditors, should be based on those developed for the Greenhouse Challenge Plus program.