

Greenhouse & Energy Reporting Taskforce
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SUBMISSION ON REGULATIONS POLICY PAPER NATIONAL GREENHOUSE AND ENERGY REPORTING SYSTEM

This submission on the National Greenhouse and Energy Reporting System (NGERS) Regulations Policy Paper is made on behalf of the plantation products and paper industry by A3P. A3P appreciates the opportunity to make a submission and welcomes the model proposed by the Department in the policy paper.

BACKGROUND

A3P is the national representative body for the Australian plantation products and paper industry. A3P's 33 member companies have sales revenues of more than \$4 billion per annum and directly employ 13,500 people, predominantly in rural and regional Australia, in centres such as Mt Gambier, Morwell, Tumut, Albury, Oberon and Gympie. A3P represents the largest and fastest growing sectors of the forest industry – plantation growing, sawntimber production (from plantations) and paper manufacturing (from plantations and recycled fibre). A list of A3P members and statistics on their operations is available from the A3P website: www.a3p.asn.au.

The three sectors of A3P's membership are faced with different opportunities and threats by climate change and Governments' response, including a future emissions trading scheme and reporting requirements.

- The pulp & paper sector is a significant user of energy, particularly in mechanical pulping processes; it also faces strong competition from imported product from countries such as China, Brazil, Indonesia and Korea. The sector is also a producer of renewable energy using processing waste such as black liquor from chemical pulping. This renewable energy may be used on-site or exported to the grid. The pulp & paper sector used more than 50 000 TJ of energy in 2003-04 with more than 12 000 TJ produced from renewable sources on-site.
- The solid wood sector is an energy user and a potential producer of renewable energy from residues. Sawntimber stores carbon and has a significantly lower global warming potential than competing building materials, such as steel, concrete and aluminium.
- The plantation growing sector manages significant carbon sinks. Plantation expansion is contributing to Australia's performance against our Kyoto target, and there is potential for increased activity through appropriate market responses to climate change. The extent of this contribution is wholly dependent on the final design of the emissions trading system.

The three sectors are strongly linked through supplier/customer relationships, corporate structures and market arrangements. Positive and negative impacts on one sector inevitably flow through to other sectors.

The reporting obligations proposed in the National Greenhouse and Energy Reporting System will apply principally to the paper manufacturing and sawntimber sectors within our industry. Most of these businesses already report under a variety of voluntary and mandatory State and Federal programs including Energy Efficiency Opportunities, Greenhouse Challenge Plus and an ever-expanding range of State schemes.

STREAMLINING

While acknowledging that the streamlining of greenhouse and energy reporting obligations is not the focus of the proposed regulations, A3P is disappointed that this work stream appears to have stalled. A reduction in the number of inconsistent and duplicative reporting requirements is the only part of the proposed system that represents an improvement over the existing regime from the perspective of industry.

We are additionally concerned that the aspirations around 'streamlining' seem to be diminishing to the extent that a single portal is now seen as the objective. No-one has effectively explained why there would need to be more than a single process for the reporting of greenhouse and energy data. Drawing attention to the slightly different metrics, timing, composition and format of reporting under the various State and Federal programs is not a reason for maintaining these differences, but a clear signal that Governments should revisit the need for most of these programs.

A3P suggests that the emissions trading system (ETS), supported by NGERs, should be taken as the starting point for the streamlining process. All other State and Federal energy and greenhouse reporting, efficiency and pseudo-pricing programs should be assumed to be unnecessary, unless a clear benefit beyond the framework of the ETS can be shown. This may include research, development and deployment outcomes, or measures for uncovered sectors. A3P strongly opposes any duplication in programs additional to the proposed ETS, or any programs with a distortionary effect on efficient market mechanisms for emissions reductions.

REPORTING OBLIGATIONS

When a corporate group or facility is required to report their emissions, energy production and consumption, they will be relying in part on energy retailers for their information. A3P believes that energy retailers should be required to provide clear and consistent energy bills in a timely manner to their clients. This information should also be provided in a standard electronic format compatible with NGERs reporting systems. This will create improved efficiency and accuracy in reporting, and will benefit all industry sectors with reporting obligations.

EXTERNAL AUDIT COSTS

External auditing regimes for existing greenhouse programs (e.g. NSW Greenhouse Gas Abatement Scheme [GGAS]) are unnecessarily complex. If the protocol adopted by GGAS were applied to NGERs, participants and Government could expect audit costs to exceed \$10,000 per report.

These situations have arisen because audit protocols are developed largely by Management Systems Consultants. Protocols have been left without materiality and commonsense provisions. In most cases, empirical evidence that quickly verifies



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data is easily available (e.g. billing data, regulated market data). Systems-based evidence beyond this is unnecessary in all but a few cases.

External audits should achieve their verification goals while representing a reasonable cost to Government, and to participants. Excessive expense for external audits would be inefficient, and financially burdensome on all participants.

BIOMASS ESTIMATION FOR EMISSIONS REPORTING

A significant proportion of A3P's members burn biomass for fuel on their sites. In the context of NGERs, it is unclear what level of accuracy is required for reporting these emissions. Many of the facilities that draw on biomass for fuel do not meter use; in many cases only rough estimation is possible. As a result there may be a material error margin in emissions calculations from these sources. The percentage of actual emissions generated from biomass is negligible, given it is renewable (members have quoted very low figures, e.g. <0.01% of total facility emissions).

A3P requests further dialogue with the NGERs Taskforce on accuracy requirements for biomass estimation for emissions reporting, especially, what relative effort and cost to the amount of actual emissions are practicable.



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Thank you for this opportunity to provide comments to the NGERs process. A3P would appreciate the opportunity to participate in further consultations and discussions. If you have any questions please contact Miles Prosser on 02 6273 8111 or miles.prosser@a3p.asn.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Miles Prosser', written in a cursive style.

MILES PROSSER
MANAGER – PULP & PAPER