



**WATER SERVICES ASSOCIATION  
OF AUSTRALIA**

26 February 2008

Greenhouse and Energy Reporting Taskforce  
Department of Climate Change  
GPO Box 854  
Canberra ACT 2601  
[reporting@climatechange.gov.au](mailto:reporting@climatechange.gov.au)

Dear Sir/Madam,

**RE: URBAN WATER INDUSTRY SUBMISSION ON THE NATIONAL GREENHOUSE AND ENERGY REPORTING SYSTEM – REGULATIONS POLICY PAPER**

Thank you for the opportunity to comment on the 'National Greenhouse and Energy Reporting System - Regulations Policy Paper (the NGRS Policy Paper)'. The Water Services Association of Australia (WSAA) supports the move to develop a single, streamlined framework for reporting energy use and greenhouse emissions which will underpin the future Australian emissions trading scheme. In order to ensure this system operates fairly and effectively and achieves a significant reduction in greenhouse emissions, we would appreciate your consideration of the issues identified by our Members below. We note that there is some overlap between the NGRS Policy Paper and the 'NGRS Technical Guidelines for the Estimation of Greenhouse Emissions and Energy at Facility Level – Discussion Paper (the 'Technical Guidelines')' and that the attached comments apply to both documents.

The Water Services Association of Australia (WSAA) is the peak body of the Australian urban water industry. Its 30 members and 31 associate members provide water and wastewater services to approximately 16 million Australians. WSAA's members also provide water to many of Australia's largest industrial and commercial enterprises. WSAA provides a forum for debate on issues of importance to the urban water industry and is a focal point for communicating the industry's views. The Association aims to encourage industry cooperation to improve the water industry's productivity and performance and to ensure the regulatory environment adequately serves the community interest.

**General Comments on the Policy Paper**

1. Scope 1 & 2 emissions should be calculated automatically by the reporting tool. These factors change from year to year (the energy content may be the same but the emission figures change every year) and this will encourage clarity in reporting.
2. A decision should also be made whether the emission factors are based on the 1995 figures (as in OSCAR) or absolute current year emission factors. Both should be shown in the reporting tool as there is a possibility that due to the GHG emissions factors being reduced with a potential concomitant reduction in an organisation's GHG emissions, the energy consumption may have increased.

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3. A charting facility should be provided as in the EDGAR system. The OSCAR system which replaced the EDGAR system does not have any useful charting tools. A hard-copy printout should be readily available in the new reporting tool.
4. Organisations that have registered for the Energy Efficiencies Opportunities (EEO) program should not have to register again.
5. Organisations which have forestry assets need to be recognised within a formal mechanism. Forestry management is expensive and provides a valuable carbon sink.
6. Salary packaged vehicles are exempted from the GHG emission calculations. Where vehicles have a certain percentage of business use, consideration should be given to capturing the business related emissions.
7. All organisations should be made accountable for their air transportation and hire car greenhouse gas (GHG) emissions. The emissions may not be counted in the total as the airlines would account for the GHG emissions in their reporting which removes double counting however companies need to separately account for their air transportation and hire car GHG emissions in the reporting tool.

### **Streamlining energy and greenhouse data**

8. There is a significant amount of reporting consolidation required to reach a streamlined reporting process. In particular focus should be placed on ensuring that methodologies are consistent across Energy Efficiencies Opportunities (EEO) legislation, National Pollutant Inventory, Greenhouse Challenge Plus and the National Performance Report. Reporting places a significant burden on organisations and efficiencies must be sought wherever possible.
9. There are a significant amount of errors in the transfer of data from the EDGAR to OSCAR system. This needs to be addressed before migration to the new database is initiated. Set out below is a list of errors which are in the OSCAR Database:
  - Wood consumption is missing from OTHER FACILITIES
  - LPG consumption is missing from TRANSPORT PASSENGER VEHICLE
  - Petrol consumption is missing from TRANSPORT OTHER VEHICLES.

### **Auditing and verification arrangements**

10. The following is suggested for the auditing and verification process:
  - The most important data and information system for verifying compliance is the existence of an Energy Management database and annual consumption reports.
  - The reporting tool should be robust enough to examine the data collection process and procedures and carry out quality and sanity checks before data is accepted.



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11. It is recognised that NGERs auditors should reach a minimum level of expertise however we suggest that existing GHG and energy auditors of organisations be encouraged to develop and maintain capability to be used for auditing under NGERs.

### Operational Control

12. Under Section 1.5, the use of OH&S and environmental policies to determine operational control can be problematic as OH&S and environmental control does not always result in the control over a company's greenhouse emissions profile. Many companies operate with ISO 14001 systems but this does not mean that they can implement significant greenhouse management strategies. A more relevant test is the capacity of an organisation to define, finance and implement greenhouse management standards, targets and strategies.

### Offsets

13. In greenhouse gas projects (Section 7) it is not clear what will be classed as an offset. To ensure that emissions accounting is accurate, it is recommended that Greenpower and renewable energy certificates (RECs) occurring in scope 2 are classed as offsets. Businesses and individuals are taking voluntary actions to reduce net greenhouse gas emissions in a variety of ways, including options for purchasing of low emissions electricity products and accredited renewable energy. Should a solely physical approach be adopted, all electricity sources would be assigned the same state aggregated scope 2 emissions factor, and this would prohibit any benefit from entering into contracts for the purchase of accredited Greenpower, Renewable Energy Certificates (RECs) or other lower emission electricity products. For businesses to participate in voluntary market mechanisms in addition to any mandatory requirements, they would require legal ownership of the greenhouse benefits associated with the use of renewable energy and low emission products. A suggested approach to *Offsets* is detailed in Attachment A.

### Specific comments relating to the Technical Guidelines

14. Scope 3 electricity emission factors can be more transparent and better defined. The current Scope 3 component covers:
- fugitive emissions from the extraction of fossil fuels
  - emissions from the transport and refining of those fuels
  - electricity losses during transmission.

This however, does not include life cycle emissions for building power generation plants and transmission grids which embody significant greenhouse emissions in materials and during construction. The "full fuel cycle" emissions factor is therefore not a complete emissions factor that is able to be used in life cycle assessments of greenhouse gas emissions associated with a project.

It is therefore suggested that the Technical Guidelines incorporate such embodied emissions into the scope 3 component or prepare an additional scope 3 data-set for life cycle assessment.



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15. In the Technical Guidelines Overview Paper (p11), it is suggested that once the Technical Guidelines are published, emission factors would not be altered for 5 years for scope 1 emissions. It is not clear on what the review timeframes are for electricity scope 2 and 3 emission factors. As previously discussed, electricity factors should be associated with particular products, and beyond this the remaining standard pool electricity greenhouse intensity will change rapidly due to the emerging nature of electricity markets and energy sources.

It is supported that scope 1 emission factors be reviewed every five years, and suggested that scope 2 and 3 emission factors for standard electricity be reviewed and re-published annually.

16. The Technical Guidelines (p119) state that sludge disposal is the responsibility of the landfill site (or receiving environment), however it is unclear what emission factor should be used for landfill disposal.

If you have any queries relating to the above comments, please contact Adam Lovell, Manager Science and Sustainability on (02) 9262 4179 or [adam.lovell@wsaa.asn.au](mailto:adam.lovell@wsaa.asn.au).

Yours sincerely,

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Executive Director  
Water Services Association of Australia



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**Attachment A – A hybrid approach for Offsets**

It is a significant issue that there is no legal assignment of reduced greenhouse gas emissions with a renewable energy certificate or Greenpower that a water utility can depend on when buying large amounts of accredited renewable energy to operate a desalination plant or other similar energy intensive operation. It will be a continuing problem with a 'physical' approach that would effectively prevent such a legal mechanism. If Greenhouse Challenge guidelines allow such a claim in the absence of a legal mechanism double counting that already exists will continue.

A physical approach is not compatible with the current Greenpower accreditation framework, or voluntary trading of renewable energy certificates where the greenhouse benefits of such products would already shared amongst all other standard electricity customers. The current absence of any legal connection between renewable energy use and reduced emissions has already created widespread double accounting of the greenhouse benefits (i.e. by the generator and by the entity that purchases & then surrenders the RECs). Double accounting (mostly unintentional) exists at all levels from household hot water and solar hot water systems to industry scale generator-users of renewable energy up to state level claims.

It is therefore recommended that a hybrid physical/contract approach be adopted that would enable renewable electricity and low emission electricity products to be purchased by businesses and households with product specific emission factors, whilst standard electricity would be reported using an adjusted standard pool electricity factor.

A hybrid approach could be achieved with relative ease. The current aggregated state electricity factor would be the starting point (total scope 1 electricity emissions per MWh consumed in the state). By then making adjustments to *net out* lower emissions electricity sold as specific products, and renewable energy sold voluntarily in accredited products or sold interstate, a better scope 2 electricity factor would be established. A hybrid methodology would require a small change to the way that RECs are used in the methodology, using existing Greenpower data, and creating and using a register of other low emission energy trades.

A hybrid approach would better meet the requirements of, "transparency, completeness, comparability, time series consistency and accuracy", because it would assign legal ownership of the greenhouse benefits of renewable and low emissions electricity products to the buyer of such products supporting a market based approach and eliminating the risks of double counting.