



To:

Greenhouse and Energy Reporting Taskforce
Department of Climate Change
GPO Box 787
Canberra ACT 2601

Date: 27th February 2008

Re: Submission on the NGERs Regulations Policy Paper

L.S./Department of Climate Change Task Force

Please find attached our submission on the NGERs Regulations Policy Paper based on our own internal review and feedback received from our prospects / customers across several industries in Australia.

Supply Chain Consulting is an Australian owned company and provides enterprise software solutions and services. We deliver innovative solutions to meet the needs of today's enterprises. Our product portfolio includes SLIM™ qualified SAP solutions, Viewlocity™ supply chain visibility and optimisation software and CarbonView™, the world's leading proactive carbon management solution. Supply Chain Consulting is headquartered in Sydney with offices in Asia, Europe, US and Australia.

Our product CarbonView™ compliments the NGERs OSCAR reporting system by streamlining the gathering of greenhouse gas emission data and allows companies to have an auditable report on their greenhouse gas emissions in accordance with local regulations including the Australian guidelines. CarbonView™ also offers functionality to provide carbon labels on a product level and can even optimise your supply chain taking into account your financial targets, supply chain indicators and carbon constraints and cost.



In positioning the CarbonView product in the Australian market, we are talking to Australian companies on a daily basis and receive feedback on the NGER regularly. We have summarised the feedback in the attached submission.

Kind regards,

A handwritten signature in black ink, appearing to read "Trevor Barrows", with a long horizontal flourish underneath.

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National Greenhouse Gas and Energy Reporting System – Regulations Policy Paper

Submission by Supply Chain Consulting

Purpose

This submission is made on behalf of Supply Chain Consulting Pty Ltd (www.supplychain-consulting.com). The submission aims to highlight the aspects of NGERs Regulations Policy Paper that are of particular interest to our organisation, our customers and the solutions we offer to Australian Industry by way of our carbon management system called CarbonView – www.carbon-view.com.

Background

Supply Chain Consulting (SCC) is a multinational information systems supplier owned in and with head offices in Australia. The firm is a recognised supplier of SAP technology with a particular presence in the logistics industry. Many of Australia's leading logistics providers are SCC clients. SCC has operations in North America, Europe and Asia.

We recently launched an information systems solution called CarbonView that serves to complement and simplify the measurement of the GHG emissions of an organisation, its products and processes, in order to comply with the NGERs. We provide with this submission a description of CarbonView.

The key characteristics of CarbonView include:

1. It is focused on providing an automated, integrated and on line method for GHG emissions accounting.
2. It incorporates and is aligned with recognised international standards for GHG accounting.
3. It enables very detailed accounting of a firm's GHG emissions such that they can be reported at a highly aggregated level but also so that the user can drill down into the GHG measurements and assess their GHG emissions by product and by process. This enables ongoing management and ultimately optimisation of GHG emissions.



It enables a company to measure their GHG emissions and energy consumption over time such that they can know the key sources of GHG emissions and monitor progress in reducing GHG emissions.

Whilst CarbonView is currently designed to particularly meet the needs of supply chain clients we expect to develop the tool so that it will become a source of GHG emissions measurement for all kinds of organisations.

The current design and target market is the many organisations that need to manage the GHG emissions of their entire supply chain. We define a company's supply chain as including all of the inputs to the organisation, the processing of those inputs and the delivery of the finished products to the end user or retail clients. By this definition most large organisation's can be seen as a supply chain and can benefit from using CarbonView to examine their GHG emissions and energy consumption.

A high profile example of the value of supply chain GHG measurement is the trend for retailers to develop "carbon labels" being an on package measure of the GHG emissions traceable to a particular product. CarbonView is able to assist organisations in this process. Due to demand by the general public, we expect Australian retailers at all levels of industry to increasingly want to report the GHG emissions of the products they sell to their clients, as illustrated by WalMart, Home Depot in the US and proposed by Tesco and Marks and Spencer.

CarbonView provides a simple complimentary solution for continuous reporting and management of GHG emissions. It is a highly flexible tool that enables the user to configure their GHG accounting to meet different measurement and management needs.

A key characteristic of CarbonView is that it enables the user to monitor the impact of their management decisions on GHG emissions. Whilst NGERs calls for annual reporting, CarbonView enables more frequent reporting and real time monitoring.

Submission

NGERS Policy Regulations Paper

General Feedback

Greenhouse and Energy Data Officers (GEDOs)

Supply Chain Consulting would like to seek clarification on when GEDO will be formed and begin operation. There is much conjecture on how GEDO will operate within industry and to what extent they will have legislative control under the act. Supply Chain Consulting would like documented GEDO policy and control in regard to carbon emissions.

Carbon Credits and accredited offsets

Supply Chain Consulting acknowledges that carbon credits and offsets are currently recognised by Greenhouse Friendly accredited initiatives. Many organisations currently undertake in carbon offsets and carbon credit trading schemes that are not accredited by Greenhouse Friendly, we would like to request that an accreditation application process be deployed to enable such organisations to apply for recognition from the government under NGERS.

Standards to be used for reporting

Supply Chain Consulting would like to seek clarification on the standards that can be used for reporting. There will be companies that have been reporting under the AGO workbook 2006 and we would like to have clear policy on whether they can continue reporting against this standard or if they have to start reporting using the technical guidelines after July 2008. We also would like to understand how the NGER task force would implement changes to the factors and/or calculations during the year: are companies asked to implement changes in emission calculations and/or factors only at the beginning of the financial year or can changes be made during a companies' financial year?

Recognition for existing emission and or energy reduction programs

Supply Chain Consulting would like to seek clarification on how a corporation or a facility may gain recognition for present GHG emission and energy reduction programs to gain credit within the NGERS and in the proposed AETS.

NGER Technical Guidelines and factors

Supply Chain Consulting has identified limited scope for recognition of emission reductions in the form of motor vehicle type with the NGER guidelines and factors workbook. The NGER guidelines identify only a narrow selection of car types and associated efficiency values when relating distance travelled to total fuel consumption. For example, a company with a corporate car fleet of V8 engines that wish to change to a fleet of 4 cylinder hybrid cars would receive little acknowledgement for this change if they reported car travel by distance, as they

both run on the same fuel type and are considered the same car type. The differences in fuel efficiency can significantly vary. Eg Citroen C3 or Toyota Prius running 900km to a tank compared to a V8 sedan running 400km to a tank. The US EPA (2000) provides an extensive list of comparisons of fuel efficiencies between major car makes and models. Supply Chain Consulting requests that it be stated clearly that organisations can report emissions using any internationally recognised emission factor and that the emission factors and calculations adopted would be supported within Oscar.

Policy Paper Comments

P23, Section 1.5 Operational Control

Supply Chain Consulting proposes to include a section on contracted labour / equipment within the “operational control” paragraph. We suggest that if a company uses contracted labour / equipment for more than 90 working days within a financial year, then the emissions related to the contracted labour / equipment should be incorporated in the company’s NGER reporting. In this way the policy is clear and straight forward.

P34, Section 3 Reporting Obligations

Supply Chain Consulting recommends that companies should report all facilities if the corporation and/or one of the facilities exceeds the threshold. The only exception is for facilities that fall under the rules mentioned on p38.

P36, Section 3.1.2 Mandatory Reporting at sub-facility level Facilities / ANZSIC

In Supply Chain’s view companies should not be forced to report by state or across ANZSIC if a facility emits less than 25ktonnes. Instead a company should be able to derive the emissions for cross state and/or ANZSIC code based on revenue numbers according to their financial statement. As this only applies to facilities under the threshold, the error will be insignificant especially if you compare this to the fact that agriculture, forestry and fishing will not report emissions at all at this stage.

The current proposed rules can be implemented at a later stage when companies are used to carry out reporting according to NGER.

Facilities & Contractors

Contractors should only be reported under a facility if they have worked for more than 90 calendar days at a facility within the financial year. This refers back to the operational control discussion on page 23.



P45, Section 4.1.2 level of company information published

The NGER Act recognises that whilst it is important to make GHG emissions and energy related performance of corporations available to the public, such information can be commercially sensitive. As a result, a corporation may request that information not be published where it is capable of revealing trade secrets or has a significant commercial value that may be destroyed if disclosed. Supply Chain Consulting would like to be informed on the criteria process the GEDO will follow to grant such an exemption.