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AGL Energy

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Greenhouse and Energy Reporting Taskforce
Department of Climate Change
PO Box 854
CANBERRA ACT 2601

27 February 2008
Re: National Greenhouse and Energy Reporting System, Regulations Policy Paper
(February 2008)

Dear Sir/Madam

AGL Energy (AGL) welcomes the opportunity to provide a submission on the National Greenhouse and Energy Reporting System, and more specifically the Regulations Policy Paper (February 2008).

Please find enclosed AGL's submission. Should you require further information, please contact myself or Andrew Dudgeon on (02) 9921 2612 or by email at adudgeon@agl.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Emily Kucukalic', written over a light grey rectangular background.

Emily Kucukalic
Group Head of Brand and External Relations

AGL ENERGY SUBMISSION ON NGER SYSTEM – REGULATIONS POLICY PAPER (FEBRUARY 2008)

1. Introduction

AGL Energy (AGL) is Australia's leading energy company. AGL is well placed to comment on emissions trading because of the diversity of our operations. We operate across the supply chain and have investments in energy retailing, coal-fired electricity generation, gas-fired electricity generation, renewables and upstream gas extraction. The diversity of this portfolio has allowed AGL to develop a detailed understanding of the risks and opportunities presented by climate change policy and emissions trading.

AGL is Australia's largest retailer of gas and electricity with 3.4 million customer accounts in New South Wales, Victoria, South Australia and Queensland. AGL has significant investments in upstream energy markets. We own and operate 645 MW of hydroelectric power generation assets, the 1280 MW Torrens Island gas-fired power station, the 150 MW Somerton gas-fired peaking power station and a number of landfill gas, biogas and biomass generation facilities. AGL also has a 32.5% equity investment in the Loy Yang A power station.

AGL welcomes the opportunity to provide a submission on the National Greenhouse and Energy Reporting System, Regulations Policy Paper (*The Paper*).

2. Operational control (Section 1.5)

AGL acknowledges the diverse nature of facilities covered under the NGERs, and therefore developing generic guidelines to define how operational control will be applied is difficult. AGL supports the development of clear and relevant case studies as part of the regulation guidelines, to provide further guidance on determining operational control.

3. Materiality (Section 3.1.4)

AGL agrees with the introduction of materiality thresholds to provide guidance on the coverage of facilities within a corporate group. It is noted in *The Paper* that materiality thresholds relating to the proposed AETS will be considered further during its development. AGL would hope that the thresholds under the NGERs and the AETS are complementary.

AGL notes with NGERs reporting starting from 1 July 2008, and *Technical Guidelines*, external audit guidelines and other system details still being developed, that many corporations will face a range of challenges in the initial stages of the NGERs. As companies develop their reporting systems this will directly affect the level of accuracy and detail of energy and greenhouse reporting.

AGL would also suggest that during the first two years of the NGERs a process of reviewing guidelines and the overall operation of the system is undertaken to feed back information into the program from stakeholders.

4. Facility thresholds (Section 3.2.2)

AGL supports the proposed regulation that "*a corporation that does not meet the corporate threshold, but has operational control over a facility that meets the facility threshold is required to report only on that facility.*" AGL has numerous energy customers in the industrial and commercial sector that may meet the facility threshold only, and this regulation would minimise the reporting burden on these companies, while also maintaining the coverage of the NGERs.

5. State and Territory Data (Section 3.3)

AGL welcomes the Commonwealth Government's restated commitment to ensuring that greenhouse and energy reporting requirements for corporations are streamlined to reduce the burden on business. However, AGL note that any changes to the proposed NGERs to

meet State and Territory requirements should be done in close consultation with relevant stakeholders.

6. Record keeping (Section 3.5)

AGL acknowledge the need for accurate record keeping to facilitate the efficient functioning of the NGERS. To this end, AGL suggest that Record Keeping Guidelines are developed by the GEDO to assist corporations in setting up and managing their record keeping systems.

7. Level of company information published (Section 4.1.2)

AGL request that further information is provided on the basis upon which the GEDO would approve an application to have subsidiary level data from a corporation not disclosed so as to protect commercial confidentiality.

8. Public disclosure focus group (Section 4.1.3)

AGL supports the voluntary inclusion of contextual data to provide a more accurate picture of a corporation's greenhouse and energy data. AGL suggests that corporations should have sufficient scope to provide this contextual information to meet corporate requirements, while also maintaining the integrity of the NGERS.

9. External auditing (Section 6.4)

AGL notes that consultation with reporting corporations is critical in developing practical regulations setting out the role and responsibilities of external auditors under the NGER System. AGL would also reiterate the view that the GEDO take direct responsibility for administrating the external audit function under the NGERS.

10. Further information to be reported in relation to greenhouse gas projects (Section 7.3.3)

AGL seeks further clarification on the level of reporting a corporation which has registered under NGERS in relation to a greenhouse gas project, and does not meet the relevant reporting thresholds, is required to report on the full range of greenhouse and energy data required under the NGERS (i.e. energy consumed, energy produced and greenhouse gas emissions).