

3 March 2008

Department of Climate Change  
GPO Box 854  
Canberra ACT 2601



**BY EMAIL:** [reporting@climatechange.gov.au](mailto:reporting@climatechange.gov.au)

Dear Sir/Madam

**SUBMISSION TO THE DEPARTMENT OF CLIMATE CHANGE – NATIONAL GREENHOUSE AND ENERGY REPORTING SYSTEM (NGERS) REGULATIONS POLICY PAPER**

The Energy Users' Association of Australia (EUAA) welcomes the opportunity to provide a submission on the National Greenhouse and Energy Reporting System (NGERS) Regulations Policy Paper. The EUAA understands that the Regulations will form part of the legislative framework established by the *National Greenhouse and Energy Reporting Act 2007*, enacted in September 2007.

The EUAA is a non-profit organisation focused entirely on energy issues. Members determine the EUAA's policy and direction; and our activities cover both national and state issues. The membership represents a wide spectrum of end users located in all states, and is approaching 100 members. EUAA members are predominantly large business users of energy with activities across all states and many sectors of the economy. The Government's response to climate change is a significant issue for our members that will impact directly on them.

Accordingly, a significant number of EUAA members have a direct interest in regulatory developments associated with greenhouse and energy reporting, as they have obligations to existing Federal and State-based schemes with greenhouse/energy reporting requirements, will be impacted by the proposed Emissions Trading Scheme and will be covered by the NGERS legislative framework.

In an environment where the regulatory obligations on energy users are increasing and climate change policies are likely to increase the extent of these obligations, the EUAA supports the need for a national approach to measurement and reporting of emissions and energy use. We therefore support the principles behind the legislation.

However we are increasingly concerned that the mandated energy efficiency assessments and reporting requirements applied by a growing number of State jurisdictions create undue complexity, duplication of effort and increase the cost of compliance. We therefore strongly support the need for a national approach which not only streamlines monitoring and reporting but removes State based schemes that add to the regulatory cost burden for very little apparent additional benefit. We note that this is also consistent with the Government's publicly stated agenda of regulatory reform and reforms to Federal-State relations.

The EUAA has previously provided a submission on the NGERS Regulations Discussion Paper in November 2007. In that submission we raised concerns about the need to phase out the current

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plethora of greenhouse and energy reporting programmes across jurisdictions, consistent with the 13 April 2007 Council of Australian Government's decision. The previous Discussion Paper did not address the phasing out of duplicative reporting directly, but outlined that consultations were occurring between Federal Government and State and Territory jurisdictions to minimize the duplicative reporting burden on businesses. The Policy Paper further indicates that these discussions are "...to facilitate streamlined reporting from the second reporting year (2009-10)."

The removal of duplicative reporting to take effect from July 2009 represents an unacceptable delay that will cost and impose another layer of 'green tape' on liable businesses who are already subject to resource-intensive greenhouse and energy reporting requirements, and is contrary to COAG's intention for legislation that is to support cost-effective mandatory reporting.

EUAA members currently have greenhouse reporting obligations under the Federal *Energy Efficiency Opportunities*, NSW *Energy Savings Plans*, NSW *Greenhouse Gas Abatement Scheme*, Victorian *Environment and Resource Efficiency Plans (EREP) Program* and could be facing the introduction of additional energy efficiency reporting under the *Smart Energy Savings Program* in Queensland. In addition, EUAA members also participate in voluntary schemes that involve energy use assessments and reporting such as the Federal Government's *Greenhouse Challenge Plus*, Queensland Government's *Eco-Biz* program and other programs.

The multiple State and Federal regulatory obligations that exist (or are in prospect) in this area are also not appreciated by end users as they add costs and duplication for very little apparent additional benefit. Energy users have a legitimate expectation that Federal and State Governments should be adopting a common national framework for such obligations, and for the overlap in reporting requirements to be minimized, at the very least, between Federal schemes.

Importantly, we emphasize that we support measures taken by business to monitor and manage their energy more efficiently, and have undertaken work with our members aimed at facilitating this. We are also aware that many of our members have undertaken a variety of measures to save energy where this makes good commercial sense. However, we consider that the burgeoning number and complexity in schemes does not assist business users in managing their energy usage. In fact, some report that compliance with scheme requirements diverts scarce resources away from developing projects that do lead to cost effective energy efficiency actions.

While some of these State-based programs seek to allow 'exemption' for businesses already undertaking energy efficiency assessment or implementation actions through other programs such as the Federal EEO, EUAA members report that the requirement to meet criteria for exemption and differing approaches to programs does not allow exemption provisions to have the intended effect of reducing the compliance burden. It has been reported, for example, that applying for exemption for the Victorian EREP Program is so onerous that the provision to accept like actions may as well not exist at all. This emanates from the fact that this program seeks to mandate a culture of cost savings, but applies slightly differing approaches to scope and imposes differentiated requirements and techniques to assessment to that of other similar schemes. We consider this – and the broader issue of effective processes for rationalizing greenhouse policies across jurisdictions – should be of significant concern to the Federal Government in the establishing of NGERs if the costs to businesses are to be minimised.

For the prospective Queensland scheme, for which detailed policy detail is yet to be released, the EUAA understands that obligations are not intended to apply to end users with existing Federal EEO requirements, but that medium to large energy users not covered by EEO would be required to participate. This would seem to indicate that State-based schemes have more of a genesis in publicly demonstrating a greenhouse policy response by Governments, rather than having a tangible effect on emission reduction outcomes.

For EUAA members that have numerous operational sites, the reporting burden is exacerbated as each site has to separately input energy and greenhouse data into internal databases to meet reporting obligations imposed at the corporate level. EUAA members have attempted to work with their energy suppliers to provide consolidated and consistent information but this has not effectively reduced the burden. EUAA members have suggested that a requirement on energy retailers to provide consistent billing (for instance, with standard treatment of loss factors) – and in an electronic format – to end users to facilitate reporting under NGERs, would go some way in alleviating the reporting burden.

EUAA members have also suggested that the functionality of the proposed online reporting tool, OSCAR, be upgraded such that it can accept electronic data (such as CSV files), rather than require the manual inputting of information.

Under the proposed regulations, industry sectors are to be defined according to the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006, to levels as specified in Appendix C of the Policy Paper. There are presently no provisions in the NGERs legislative framework to identify trade exposed, energy intensive industries, which would appear to be consistent with the European approach to establishing an emissions reporting regime that supports an emissions trading scheme that is to define compensation to affected parties. Whilst it is understood that the NGERs is not to preclude possible emissions trading design elements, depending on how compensation to address competitive impacts are applied, there may be implications for emissions reporting. An approach that adjusts the prices of internationally competitive goods at the border provides one such example. The EUAA seeks that the Department consider such issues and provide further clarification particularly in view of the responsibility for emissions trading design and emissions reporting falling under its ambit.

In the submission to the Regulations Discussion Paper, the EUAA raised concerns that the legislation and Regulations do not reference the criteria to be used by the Greenhouse Energy Data Officer's assessment of commercially sensitive information. The EUAA supports the further exploration of the assessment issues, and protocols and processes for corporations to apply to be exempt from public disclosure via the public disclosure focus group session as indicated in the Policy Paper. We consider it important that these discussions should form the basis for stronger measures, such as a set criteria for assessments for the non disclosure of commercially sensitive information. The Regulations should require a consistent approach to public disclosure is applied to liable parties that does not favour one method for some liable parties and not others and that makes the obligation clear to all.

The EUAA appreciates the consideration of these issues raised, and encourages the Department to consult with industry participants on further energy and emission reporting issues that may be specific to their business/industry.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roman Domanski', with a stylized flourish at the end.

Roman Domanski  
**Executive Director**