Melbourne Water comments on the NGERS Regulations Policy Paper

General Comments
Clarity on emissions reduction, removal and offsets is critical to having an effective emissions reporting and trading system. Factors such as baselines, timeframes of activity and relevant emissions reductions, additionality and validity of the proposed activity need to be clearly defined and structured to avoid the potential for double accounting, confusion regarding quality and quantity and the willingness of participants to take part in emission reduction activity. While this may not be critical to reporting, it will be critical to emissions trading and appropriate groundwork is needed to provide certainty for those corporations who have already implemented significant emissions reductions projects. It would be unfair to penalise early actors either directly or indirectly through rules that fail to recognise early action.

Specific Comments
Section 1.3.3
Further work is needed to clarify the extent of reporting needed for scope three emissions and contracted out activities. Current wording suggests that construction that is not "own account" will be reported by the construction corporation not the paying corporation. This is not clear. Much construction is conducted through contracts or through alliance arrangements and it is not clear if this is "own account" or not. The developing trend towards "alliancing" in construction needs to be covered as an alliance contract shares risk and reward. This could be interpreted to also require sharing obligations for the emissions reporting related to a construction activity.

In Section 1.2.1 the definition of operational control for contracted out construction activity would result in a construction corporation having most responsibility for reporting emissions from this seeing they usually take over a site to build the new asset and have the larger role especially in implementing policies. This needs to be consistent with section 1.3.3.

Section 1.4.3
The regulations on methods to determine emissions should allow a corporation to use a methodology to calculate emissions or emissions reductions that better suits the corporation if it can be shown to be scientifically acceptable. This should be acceptable in meeting regulatory obligations for reporting or reducing emissions.

Section 3.2.2
Corporations that have many smaller sites, often not exceeding a threshold should be able to include the emissions related to these small sites under an aggregated facility, eg "Small Sites". This would remove the need to take these emissions out when reporting the corporation's emissions. It would also avoid the possibility of corporations distributing its operations over a number of sites below the threshold to avoid reporting.

Section 7
Additionality is often used to differentiate emission reduction projects. The most important additionality issue is whether the project improves the environment (environmental additionality). Other forms of additionality (regulatory - where some formal requirement exists to reduce emissions or financial - where pay back periods are less than a specified period of time) should not be used to include or exclude projects from reporting or from trading. The main issue to consider is making sure that a project's emission reduction is not used or offset more than once.