

NGER System – Regulations Policy Paper

Submission by Alcoa World Alumina Australia

Alcoa notes the release of the policy paper for stakeholder discussion and welcomes the opportunity to comment and make a submission. Alcoa supports the move to a single, national, unified Greenhouse and energy reporting system for Australia built on the existing *OSCAR* on-line reporting system administered by the Dept of Climate Change. We believe it is important that the Australian reporting system that is delivered be robust and capable of meeting a diverse range of reporting needs, from the various existing state and Commonwealth reporting schemes such as Greenhouse Challenge Plus, to the yet to be developed Australian Emissions Trading Scheme currently under design.

We have reviewed the policy paper and attended the public stakeholder briefing session held in Perth, and have the following specific comments to make in relation to the detailed content of the policy paper:

1. We are assuming that facilities and corporations already reporting to OSCAR - although already reporting, will still need to register under the NGER;
2. Corporations that trigger the corporation threshold as well as one or more facility thresholds will need to report on emissions from all facilities under their operational control. For Alcoa (we trigger both thresholds) this means that some smaller facilities that we do not currently report on in the Greenhouse Challenge Plus may become reportable under the corporation aggregate umbrella. All facilities that Alcoa currently reports on for Greenhouse Challenge trigger the facility threshold in their own right, so will continue to be reportable;
3. We support the materiality test for determining the need to report for very small facilities, where they can be shown to comprise less than 3 kt CO₂e emissions, and less than 2% of the corporate group's inventory, and consume less than 12 TJ of energy, and/or produce less than 12 TJ of energy. This would mean that some smaller locations could be excluded - and for example would exclude the need to report for shared leased office space and similar small facilities;
4. We have some concerns with the rules around reporting based on operational control. Specifically for joint ventures - the joint venture participant with operational control of a facility would have to report on all GHG emissions of that facility. Alcoa operates energy cogeneration plants that are owned by another corporation – Alinta Ltd, under a contractual agreement that apports energy and Greenhouse emissions burdens and credits in ratio to the energy off-take from the cogen facility. Alcoa takes a portion of the energy (in the form of steam) and the facility owner Alinta takes the remaining portion of the energy output (electricity) for sale to its customers. It is our view that the existing arrangement that allows reporting of Greenhouse gas emissions on an equity basis, consistent with the WRI/WBCSD protocol for Greenhouse gas reporting, should be available as a reporting option under the NGER. Reporting only on the basis of operational control would in this situation force Alcoa to report on emissions for energy it does not use, nor control once it has left the facility. We accept that Alcoa should be responsible for the emissions associated with supply of the steam we use – and any electricity that we may purchase from the cogeneration facility in future.

However we fail to see the sense in having to report on emissions associated with the electricity Alinta sells to its customers;

5. We note that all reported data to the NGER will be publicly disclosed - but there will be some exemptions to this general rule for data considered to be 'commercial in confidence'. We support the Dept of Climate Change setting up a public disclosure focus group to consider this in more detail and to advise on the ground rules. Alcoa would be interested in participating in this focus group;
6. We note that the international standard AS/ISO 14064 Pt 2 will be adopted for guidelines on quantifying emission reductions/removals projects that are included in reports. We hope that this standard has sufficient flexibility and scope to accommodate some of the unique factors and circumstances of removals that may apply in the Australian industry and climate;
7. The area of shipping/transportation related emissions looks potentially to be quite complex. The definition of operational control of transport activity would seem to be critical for determining the reporting liability of a corporation or facility. We would be keen to see clearer definition of how this would work in transport activities such as rail transport of bauxite from mine to refinery and alumina from refinery to port, and ship transport of alumina from refinery to smelter, where these facilities are within Australia. Alcoa contracts out most major transportation activities related to transfer of these materials and products, so our current reading of the policy paper is that this would mean the transport companies would be liable to report under NGER. However the definitions and examples given in the policy paper are not entirely clear in this regard;

We thank the Dept of Climate Change for this opportunity to comment on the development of the regulations and the reporting system, and look forward to continuing to participate.

Alcoa World Alumina, Australia
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