



19th September 2018

Submissions
Climate Change Authority
GPO Box 787
Canberra ACT 2600

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Dear Sir/Madam,

Review of the National Greenhouse and Energy Reporting Legislation – Consultation Paper

Origin Energy Limited (Origin) is a leading Australian integrated energy company focused on exploration and production of natural gas, electricity generation and energy retailing. Origin and its subsidiary entities currently report under the National Greenhouse and Energy Reporting (NGER) framework and are active participants under the Safeguard Mechanism. We welcome the opportunity to make a submission to the Climate Change Authority's consultation paper on the review of the NGER legislation.

The National Greenhouse and Energy Reporting Scheme

Origin has reported under the NGER framework since its inception in 2008. Over the years, it has undergone several updates, the energy and emissions information is now utilised in other reporting purposes, for example sustainability reporting and other external reports and disclosures. It provides consistency and greater awareness on the emissions performance of each facility on a year to year basis.

Materiality

For a reporting entity, if a corporate group threshold has been met, every source of emissions must be calculated and reported regardless of materiality. The requirement to report data often means a significant amount of time is spent on data collection and calculating the non-material items such as oils and greases and sulphur hexafluoride (SF₆), which make up a very small proportion of a facility's total emissions. It is recommended that further amendments be considered to balance cost, time and effort to ensure it is focused on the material rather than the non-material issues. The establishment of estimation rules, default assumptions and/or factors for items that are identified as non-material to be further investigated.

Measurement Determination

The NGER measurement determination is reviewed and updated each year to keep it in line with the national emissions inventory. This process is useful and provides guidance for the companies on the impact it has on the new reporting year. The current process is working well, consultation with industry held in May-June with the objective of release of the revised document ready for use for the July period.

It may be beneficial bring the timeframe for consultations earlier, to a period just after the annual reporting is completed. This will provide the opportunity to raise any issues encountered during the last reporting process so that it is communicated promptly and shared amongst industry for possible alternative solutions or the use of other industry standard methodology. Bringing forward the timeframe may assist those involved as any issues would be front of mind.

In prior submissions, we have expressed that far more representative emissions reported, NGER measurement determination should continue to promote increased flexibility in Methods to facilitate a progressive move away from the API compendium factors to regionally based factors or engineering based calculation approaches where they are deemed practical.

Emissions and Energy Reporting System

The Emissions and Energy Reporting System (EERS) tool has significantly improved over the years and is relatively easy to use. However, further enhancements would be helpful to reduce the time for data entry and the risk of errors that are associated with manual entries. This may include a standard template in conjunction with a data upload function, the ability to import from different reporting platforms and the ability to export the submitted report.

Providing a single physical location address in EERS becomes problematic where the locations of an aggregated facility (for example, pipelines and exploration tenements) may cover an expansive area or where there is no title ownership on the land. To maintain reporting consistency, we suggest that entities should be able to submit their facility address that has been used with other governmental registrations (e.g., QLD Government's MyMinesOnline for exploration permits).

Safeguard Mechanism

Unlike NGER, the Safeguard Mechanism has only been in operation since 1 July 2016 and only one compliance reporting period has been completed to date. There are baseline methodologies that have not yet commenced, but at the same time the Department of the Environment and Energy are proposing changes to reported baselines. For these reasons, we believe it may be too early to fully recognise whether the safeguard mechanism is delivering on its objectives and if it is fit for purpose. It is recommended that stability is required before the next scheduled review to have better informed understanding of its operations.

Audits

Under NGER and safeguard, audit reports are not currently mandatory for the annual reporting process. However, companies may choose to undertake voluntary audits on some or all their facilities. If copies of these reports are provided to the CER, strong consideration is required if a regulator initiated audit under section 74 is deemed necessary to fulfil the requirements of assurance otherwise a duplication of scope may discourage reporting entities to seek any further voluntary audits in the future.

Governance and Compliance

Clean Energy Regulator

The CER have always provided guidance in a well-informed, fair and pragmatic approach. Discussions over the phone or email, the provision of well-established guidance documents online, webinars and workshops, enables entities to easily understand the requirements and obligations under the reporting scheme, safeguard and audit components of the legislation.

Timing

We do not have an issue with the current registration and reporting timeframes. Company registrations by 31 August for the previous financial year and following that the reporting by 31 October provides sufficient time to report. Under the Safeguard Mechanism, applications for baselines and flexible compliance measures (multi-year compliance period) for the previous financial year are due on 31 October. In the event of an excess emissions situation, the deadline to surrender Australian Carbon Credit Units (ACCUs) by 28 February following the previous financial year is sufficient but this will highly be dependent on the market liquidity of ACCUs going forward.

If you have any questions regarding this submission, please do not hesitate in contacting me on (02) 9503 5174. We look forward to further consultations with Climate Change Authority on other related issues surrounding the National Greenhouse and Energy Reporting Legislation.

Yours sincerely,



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