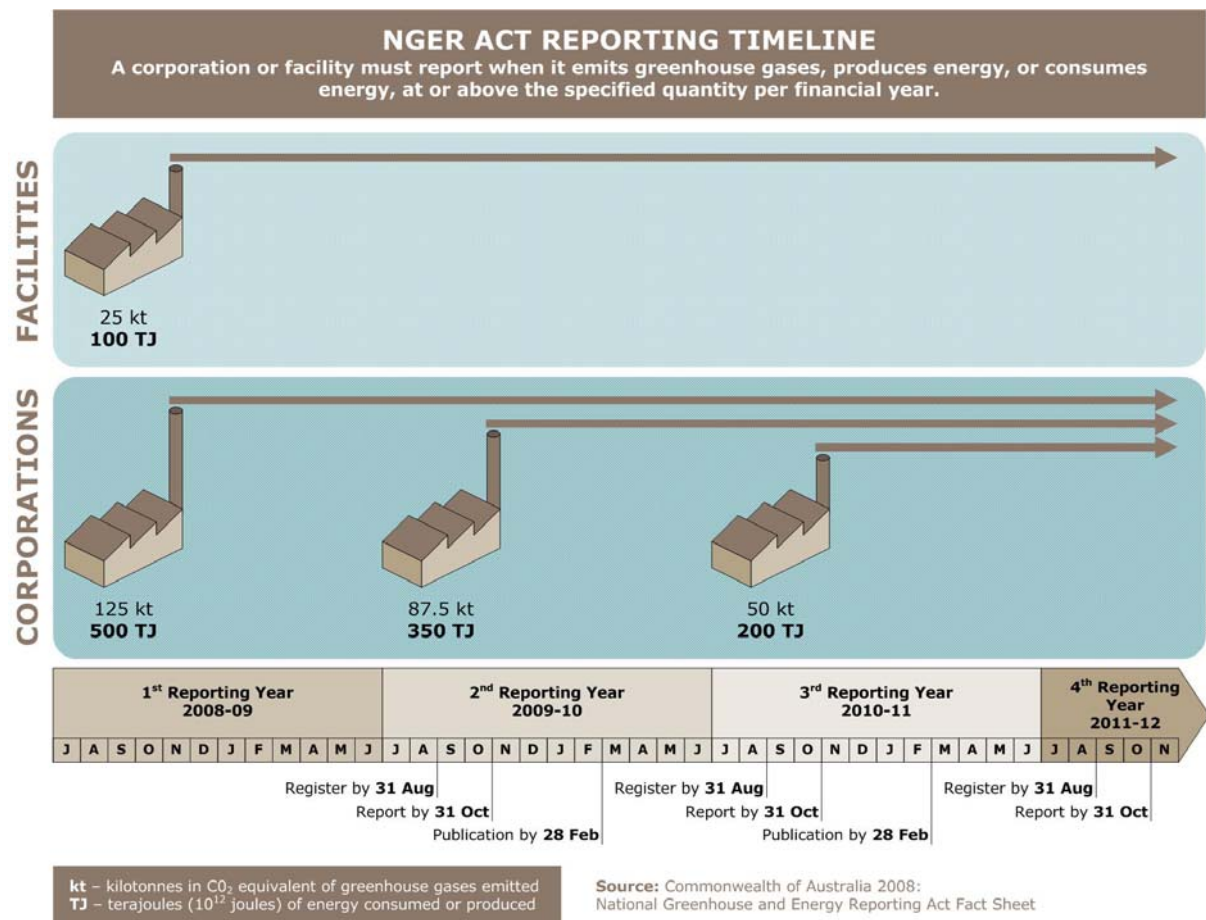


National Greenhouse and Energy Reporting Act 2007



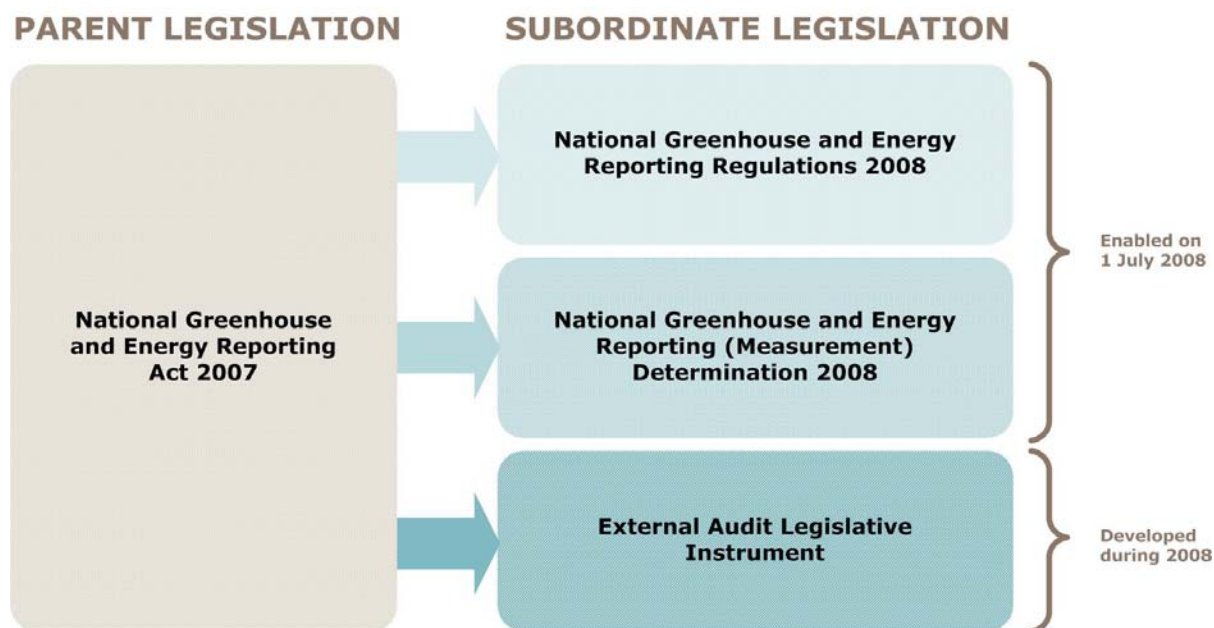
On 1 July 2008, the first reporting period of the National Greenhouse and Energy Reporting (NGER) System kicked off for large Australian businesses. NGER represents the first step in quantifying greenhouse gas (GHG) emissions for corporations which may participate in the proposed Carbon Pollution Reduction Scheme.

The National Greenhouse and Energy Reporting Act 2007 (NGER Act) was passed by Parliament in September 2007. The NGER Act establishes a single national reporting framework for energy and greenhouse data for corporations. Corporations, or corporate groups, which exceed predetermined thresholds, will be required to report under the Act. The figure below sets out those thresholds.



NGER Legislation, Regulations and Guidelines

There are three main pieces of subordinate legislation that support the functioning of the NGER Act.



Source: Commonwealth of Australia 2008:
National Greenhouse and Energy Reporting Guidelines

1. The NGER Regulations 2008 provide detail on areas of the NGER Act such as defining a 'facility'; requirements to register to report; and, requirements for joint ventures or partnerships to register. The Regulations also set out how thresholds can be applied to aggregate reporting from facilities.
2. The NGER (Measurement) Determination 2008 provides methods and criteria for reporting energy consumption and production, and calculating greenhouse gas emissions. The Determination deals with the full range of energy data and emission sources required to be reported under the NGER Act including combustion of fuels for energy; fugitive emissions from oil and gas exploration; and, emissions from industrial processes and waste management.
3. The External Audit Legislative Instrument will reportedly be developed during 2008. The Department of Climate Change will carry out a consultation process to gather views from stakeholders on the requirements for audits and the standards to which they should be carried out.

Penalties under the NGER Act

Penalties of up to \$220,000, plus daily penalties of up to \$11,000 for continued non-compliance, can be applied to corporations under the NGER Act. Section 47 of the Act provides that the CEO of a non-compliant corporation may also be ordered to pay a penalty up to an equal amount of that imposed upon their company for the same contravention.

Impacts for Business

The NGER Act mandates greenhouse and energy reporting requirements on an estimated 700 companies. Although many of these companies would have reported energy use and greenhouse data for a range of other applications, there are very few, if any, that would have the systems and processes currently in place to deal with the NGER requirements.

Key impacts on current greenhouse and energy reporting resulting from the introduction of NGER include:

- › Greenhouse emissions are required to be reported to a 95% confidence level. Businesses will be required to provide an uncertainty analysis of emissions data to verify the accuracy of emissions data;
- › The reporting boundaries specified under the NGER Act require the reporting entity to include all energy and greenhouse data relevant to that 'facility'. This means that the reporting entity is required to report on contractors and other separate parties that may operate under the reporting entity's 'operational control';
- › Greenhouse and energy activities are considered to be 'incidental' if they:
 - › Represent less than 0.5% of a facility's total energy consumption, energy production or greenhouse gas emissions;
 - › Meet specified thresholds i.e. less than 3 kT CO₂e for greenhouse gas emissions; and
 - › Are less than 2% of a facility's total energy consumption, energy production or greenhouse gas emissions.

Businesses can use their own method to report on 'incidental' data, subject to general requirements in the NGER (Measurement) Determination 2008; otherwise they must be fully reported under the NGER Act.

AGL's Greenhouse Reporting and Response to NGER

AGL began reporting its corporate greenhouse gas emissions in 1996 as part of the Commonwealth Government's Greenhouse Challenge program. AGL has continued to report emissions through the Greenhouse Challenge Plus program, and since 2004 AGL has reported greenhouse gas emissions from its operational footprint, equity footprint and supply footprint.

AGL is currently updating the processes and methodologies developed to report greenhouse gas emissions for the corporation to bring them into line with the requirements of the NGER Act.

AGL's Carbon Management Services

AGL will likely be one of the only organisations with NGER reporting responsibilities that can provide related services to NGER reporting customers. AGL will leverage this external expertise across reporting, policy, trading and technical services to provide customers with a complete suite of carbon management services.