



**Australian Government**

**Australian Government response to the Climate Change  
Authority's Review of the National Greenhouse and  
Energy Reporting Legislation**

August 2019

## Introduction

The Government welcomes the findings of the Climate Change Authority's (the Authority) review of the operation of the National Greenhouse and Energy Reporting (NGER) legislation, which establishes:

- a national framework for reporting and disseminating company information about greenhouse gas emissions, energy production, energy consumption
- the safeguard mechanism, which places emissions limits on large industrial facilities
- the framework for administration and compliance, including auditing requirements for these and other climate change policies.

The independent Authority found the legislation is "operating well, is meeting its objectives and is generally fit for purpose."

The Authority made 20 detailed and technical recommendations. The Government's response to these recommendations is set out below. Before implementing any substantive amendments to legislation described in the response, the Government will undertake stakeholder consultation.

### Recommendation 1

The Department and Regulator analyse opportunities for data sharing between the reporting scheme and the National Pollutant Inventory and the Petroleum and Other Fuels Reporting program, and work with the Australian Bureau of Statistics on opportunities to share data with the Energy, Water and Environment Survey.

**Response:** The Government *accepts* this recommendation.

The Clean Energy Regulator will work with the Department of the Environment and Energy to analyse data sharing opportunities to reduce duplicated data being reported under both the National Pollutant Inventory and the Petroleum and Other Fuels Reporting program and NGERs.

The Regulator has an arrangement in place to share NGER data with the Australian Bureau of Statistics, and is exploring other opportunities that could lower the burden for businesses who report to both agencies.

### Recommendation 2

The Department examine whether there are efficiency gains in having the Regulator administer the reporting for carbon neutral certification against the National Carbon Offset Standard.

**Response:** The Government *notes* this recommendation.

Voluntary certifications against the Australian Government's National Carbon Offset Standard are increasing and the Department of the Environment and Energy is streamlining the reporting and administrative requirements for carbon neutral certified entities. The Department will consider whether there could be a role for the Clean Energy Regulator to support reporting for carbon neutral certification.

### **Recommendation 3**

To the extent possible, the Government align the compliance framework and administrative arrangements for the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) with those established under the National Greenhouse and Energy Reporting legislation.

**Response:** The Government *notes* this recommendation.

The Government is currently using existing Australian aviation legislation to require eligible Australian international airlines to satisfy the most immediate needs of CORSIA, including monitoring, reporting and verification of emissions data. The Department of Infrastructure, Transport, Cities and Regional Development continues to work in consultation with the Department of the Environment and Energy, the Clean Energy Regulator and interested stakeholders to develop a longer-term strategy to fulfil Australia's obligations under CORSIA, including management of offsetting obligations.

### **Recommendation 4**

The Regulator and government data users continue to work together to clarify what data is available and how it can be shared and used more efficiently.

**Response:** The Government *accepts* this recommendation.

The Clean Energy Regulator is committed to publishing more NGER data trends and information so that others can understand and use this valuable data set. The Regulator opened a new Reporting Hub in June 2019. The Reporting Hub allows data users to access data more efficiently and the Regulator has provided additional filtered data reports which allow more efficient analysis of certain data attributes.

The Regulator is continuing to engage with government data users to better understand their data needs and priorities and to determine how they can be incorporated into existing data sharing arrangements.

### **Recommendation 5**

The Regulator consult widely with reporters to progress developments to the Emissions and Energy Reporting System, with a view to enabling data to be easily uploaded and downloaded by reporters and greater use of pre-fill data, in time for the 2020–21 reporting year.

**Response:** The Government *accepts-in-principle* this recommendation.

The feasibility of the timing proposed in this recommendation will be determined following consultation by the Clean Energy Regulator with NGER reporters, and assessment of the impact on the Regulator's IT Roadmap priorities. The Regulator has developed and initiated the CER Digital Portal and Website Baseline User Research Plan, which seeks to identify ways to improve the user experience across all digital services, including users of the Emissions and Energy Reporting System. The timing of any changes will be contingent on resourcing and Government priorities.

**Recommendation 6**

The Regulator continue to develop its long-term information technology systems and services roadmap to increase opportunities for data sharing across schemes, including working with other program administrators, and consider the benefits and costs of developing a common reporting portal for existing and future energy and emissions reporting schemes.

**Response:** The Government *accepts* this recommendation.

The Clean Energy Regulator will explore long-term opportunities for data sharing across schemes administered by the Regulator and within Government. The Regulator will also build a common portal for current and future energy and emissions reporting schemes that it administers, and for any schemes that it may operate on behalf of other agencies.

The Regulator is open to considering and discussing opportunities that may arise to collaborate with other program administrators in terms of a common reporting portal for broader energy and emissions schemes.

**Recommendation 7**

The Department enhance the current process for implementing updates to the measurement determination by consulting earlier with industry, increasing transparency on how issues will be resolved and working with the Regulator to better publicise updates.

**Response:** The Government *accepts* this recommendation.

The Department of the Environment and Energy undertakes an annual review of the measurement determination. It will work with the Clean Energy Regulator to improve the transparency of the review process, including in relation to stakeholder consultation and communication of updates to the legislation.

**Recommendation 8**

The Regulator work with the Department to enhance understanding among reporters and auditors (in time for the 2019–20 reporting year) about the existing provisions in the legislation that can reduce the costs of reporting on small sources of emissions and energy. In addition, the Department should work closely with the Regulator and industry to systematically review provisions, and their administration, that apply to small sources of emissions and energy to assess if further improvements can be made to reduce reporting costs while meeting the objectives of the reporting scheme.

**Response:** The Government *accepts* this recommendation.

An analysis of 2017-18 NGER data has identified that 73 per cent of all reporters could have used at least one streamlining provision in the legislation. The Clean Energy Regulator has developed an engagement plan to educate these reporters on the streamlining provisions available to them, and will commence engagement by the end of July 2019. This plan will include making more explicit guidance and information for auditors and reporters on reporting on small sources of emissions and energy available through its website and regular outreach program.

**Recommendation 9**

The Department amend the measurement determination, in consultation with industry, to include emissions from agricultural sources to allow reporting on a voluntary basis. Voluntary reporting of agricultural emissions should be reviewed after five years.

**Response:** The Government *notes* this recommendation.

**Recommendation 10**

The Department examine opportunities to improve the quality of data available on aerosols and indirect greenhouse gases (including black carbon) by assessing the merits of including these substances in the reporting scheme.

**Response:** The Government *notes* this recommendation.

The Department of the Environment and Energy will further explore this recommendation in consultation with interested stakeholders.

**Recommendation 11**

The Department undertake analysis to determine whether the benefits of extending the reporting scheme to Australian, and state and territory government agencies and local councils exceed the costs (for those that do not currently report under the scheme).

**Response:** The Government *notes* this recommendation.

The Department of the Environment and Energy will further explore this recommendation in consultation with interested stakeholders.

**Recommendation 12**

The Department test the feasibility of optional reporting for scope 2 emissions (from electricity use) that accounts for direct sourcing of low-emissions energy.

**Response:** The Government *accepts* this recommendation.

The Department of the Environment and Energy will test the feasibility of different options for reporting scope 2 emissions (from electricity use) that accounts for direct sourcing of low-emissions energy. It will aim to consider the outcomes of the feasibility assessment in the context of the 2019-20 annual review of the NGER measurement determination.

**Recommendation 13**

The Regulator, supported by the Department, be allocated funding to enhance the dataset for time series analysis. The dataset should be updated each year within three months of the data being reported, for use by Australian governments.

**Response:** The Government *notes* this recommendation.

The Clean Energy Regulator intends to progressively improve data quality requirements within the Emissions and Energy Reporting System as funds become available to ensure that reporters take responsibility for submitting accurate data and to reduce the future need for data refinement activities.

Refining a subset of the NGER data has commenced through a project under the Data and Integration Partnership for Australia funded by the Department of the Prime Minister and

Cabinet and further refinement work on time series analysis for the remaining dataset is underway in the Regulator.

#### **Recommendation 14**

The Government legislate arrangements to ensure the Regulator retains its ability to disseminate emissions and energy information obtained prior to 2 April 2012 and Australian Government ministers and agencies retain their ability to publish this information.

**Response:** The Government *accepts* this recommendation.

The Department of the Environment and Energy will investigate the most appropriate mechanism to ensure that this information can continue to be disseminated and published.

#### **Recommendation 15**

The Regulator identify ways to better meet data users' needs by publishing more detailed analyses of key findings and trends, increasing the volume of data reported publicly and improving the presentation of data on the website.

**Response:** The Government *accepts* this recommendation.

The Clean Energy Regulator has commenced engagement with data users to identify their needs and priorities. Based on this information the Regulator will progressively publish more useful key findings and trends. Several new data publications and a review of data on the Regulator's website has already been planned for later in 2019.

#### **Recommendation 16**

The Regulator update baselines to reflect changes to the measurement determination that lead to a material difference in reported emissions.

**Response:** The Government *accepts in part* this recommendation

In March 2019, the Government amended the Safeguard Rule to make it simpler and fairer. As facilities transition to calculated baselines during 2018-19 and 2019-20, these baselines will reflect the latest measurement determination. The amendments introduce an option to use default emissions intensity values to set baselines. Default values will be updated to reflect material changes to the measurement determination. Baselines for facilities using the default values will therefore reflect these changes. Facilities have the option to use default emissions intensity values at any time.

#### **Recommendation 17**

The Regulator continue to pursue opportunities to increase information available about the market for Australian Carbon Credit Units.

**Response:** The Government *accepts* this recommendation.

In March 2019, the Government amended the Safeguard Rule to require the Regulator to publish additional information regarding the likely demand for Australian Carbon Credit Units (ACCU) from Safeguard facilities with a multi-year monitoring period. The first new publication will be delivered at the same time as other annual publication requirements under the Safeguard Mechanism (expected in March 2020).

In addition, the Clean Energy Regulator has commenced publishing regular ACCU Market Updates<sup>1</sup>. The Regulator's first ACCU Market Update was published in December 2018. It is intended that these updates be published regularly to provide a more transparent picture of supply and demand in the market.

Consistent with the Government's response to the Climate Change Authority's 2017 review of the Emissions Reduction Fund, the Government is pursuing an amendment to the *Australian National Registry of Emissions Units Act 2011* to provide for regular publication of Australian carbon credit unit holdings. This will help market liquidity and transparency for the Emissions Reduction Fund and Safeguard Mechanism.

#### **Recommendation 18**

The Department investigate the feasibility and potential uptake of allowing safeguard facilities to participate in the Emissions Reduction Fund in a way that recognises reductions in indirect emissions without resulting in an increase in reported direct emissions.

**Response:** The Government *accepts* this recommendation.

The Government is committed to reducing Australia's emissions using the Emissions Reduction Fund. The Fund provides a broad range of opportunities to reduce emissions across the economy, including from facilities covered by the Safeguard Mechanism. The Government is interested in reducing barriers to participation in the Fund, including addressing any potential barriers to participation from Safeguard facilities and addressing disincentives for facilities to reduce their indirect emissions.

The Department of the Environment and Energy intends to look at options to distinguish between activities that reduce indirect emissions and those that reduce direct emissions. This will seek to overcome the existing barriers for Safeguard facilities to pursue projects that reduce indirect emissions through the Fund.

The Government is pursuing an amendment to the *National Greenhouse and Energy Reporting Act 2007* to facilitate this outcome.

#### **Recommendation 19**

The Government remove the option for deemed surrender under the safeguard.

**Response:** The Government *notes* this recommendation.

The Government notes there may be occasions where Safeguard facilities have both a regulatory requirement to surrender Australian Carbon Credit Units and a contractual obligation to transfer Australian Carbon Credit Units to the Government (for which payment is received). Any change to the current arrangements would constitute a change in policy. As outlined in the Government's 2017 Review of Climate Change Policies, the role of the Safeguard Mechanism will be reviewed in 2020 in the context of progress towards the 2030 Paris Agreement target. This review provides an opportunity to consider policy settings, such as deemed surrender.

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<sup>1</sup> *Statement of Opportunities for the Australian Carbon Credit Unit (ACCU) market - March 2019:*

<http://www.cleanenergyregulator.gov.au/Infohub/Markets/buying-accus/australian-carbon-credit-unit-market-updates/statement-of-opportunities-in-the-accu-market-%E2%80%93-march-2019>; *Australian Carbon Credit Unit supply*, published 28 March 2019: <http://www.cleanenergyregulator.gov.au/Infohub/Markets/buying-accus/australian-carbon-credit-unit-supply>; *Australian Carbon Credit Unit demand*, published 19 March 2019: <http://www.cleanenergyregulator.gov.au/Infohub/Markets/buying-accus/australian-carbon-credit-unit-demand>

**Recommendation 20**

The Regulator continue to work with reporters and auditors to better target compliance audits to ensure integrity of the data and reduce costs to business.

**Response:** The Government *accepts* this recommendation.

The Clean Energy Regulator is progressively maturing its audit function to better target reporters and areas of interest and to increase transparency for reporters. The Regulator regularly conducts engagement and outreach events for auditors and also receives valuable feedback through surveys and directly from clients to inform this process.