

# GGAS Newsletter

Issue 7, March 2008

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## Introduction

The commencement of 2008 sees the start of the fifth year of GGAS operation. As with previous years there are a significant number of project applications being assessed for accreditation as abatement certificate providers under the Scheme.

During the coming year we anticipate that much of the detail of the national emissions trading scheme will be set in place – a process which will assist in providing greater certainty about the transition of GGAS to a national scheme.

In the interim GGAS staff have participated in discussions and provided feedback on aspects of the development of the national scheme and on the development of the National Greenhouse and Energy Reporting System.

GGAS staff are also participating in NSW Government working groups developing a framework for negotiation of transition arrangements from GGAS to a national emissions trading scheme and to consider options for transition of Demand Side Abatement (DSA) Activities.

This newsletter contains an update of the GGAS Scheme Administrator's projections of future supply of and demand for Scheme Certificates. To date this has been published each year in the Scheme's Annual Report, generally released in the third quarter. However, as part of a broader strategy to make more information available to GGAS market participants and observers, the Scheme Administrator proposes releasing this information on a more frequent basis.

We also anticipate that by mid 2008 GGAS Registry functionality changes will enable users to search certificate creation by each accreditation, more readily accessing up to date certificate creation data.

## GGAS – NETS transition

The GGAS Secretariat is assisting the NSW Government to develop its position regarding the transition of the GGAS into a National Emissions Trading Scheme (NETS). To achieve this, a Working Group has been established drawing broad participation from industry, stakeholder groups, government and environmental groups.

The Working Group is chaired by the Department of Water and Energy and as part of the process, a Consultation Paper will be released inviting comment on the proposed transitional arrangements.

For more information on the process and to obtain a copy of the paper, visit the Department of Water and Energy website at [www.dwe.nsw.gov.au](http://www.dwe.nsw.gov.au)

## GGAS has moved

IPART and GGAS re-located offices during January. Our new address is:

Level 8  
1 Market Street  
Sydney NSW 2000

Post office box, phone, fax and email addresses remain the same. Please ensure mailing lists are updated.

### NSW Greenhouse Gas Reduction Scheme

Independent Pricing & Regulatory Tribunal  
PO Box Q290, QVB Post Office NSW 1230  
Level 8, 1 Market Street, Sydney NSW 2000  
(02) 9290 8452

[www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)

[www.greenhousegas.nsw.gov.au](http://www.greenhousegas.nsw.gov.au)

GGAS

## EDL Grange Avenue and methane metering

The GGAS Secretariat accompanied auditors from GHD on a site visit to the Grange Avenue Landfill Gas Generating System, operated by Energy Developments Limited (EDL), in Western Sydney. The Generating System uses waste methane from the former Grange Avenue landfill to generate electricity for export to the grid.

The audit was conducted to provide assurance over EDL's newly installed gas metering system. The gas metering system allows EDL to directly measure methane energy content. As a result, EDL is no longer required to use the 36% default value for energy content from the Generation Rule and is now able to claim more NGACs for its generation activities at Grange Avenue.



*Methane supply from the Grange Avenue landfill*



*Gas supply connecting to the gas metering system*



*Inspecting the gas metering system*

The Scheme Administrator released a Notice, on 5 December 2007, providing further guidance for those Accredited Certificate Providers (ACPs) looking to use metering for the determination of methane energy content. The Notice provides clear instructions for ACPs contemplating the use of direct gas metering and sets out a benchmark of 2% as a best practice and economically achievable target for total system error on the reading of methane energy content.

A copy of the Notice can be downloaded from [www.greenhousegas.nsw.gov.au/documents/syn107.asp](http://www.greenhousegas.nsw.gov.au/documents/syn107.asp)

## NGACs as carbon offsets

Over the last few years, there has been significant growth in the carbon offset market due to an increasing desire for organisations and individuals to become "carbon neutral". However, this has brought with it concern in the marketplace about potentially false or misleading claims on the validity of offsets. As a result, the Australian Competition and Consumer Commission (ACCC) has released an issues paper citing a need to provide guidance to consumers and business on carbon offset claims and inviting submissions. One of the issues identified by the ACCC is inappropriate offset claims through either the use of "worthless" carbon credits which do not yield reductions in carbon or "double-dipping".

Due to the way GGAS is administered and the auditing requirements imposed on Abatement Certificate Providers (ACPs), NGACs, when surrendered, represent one of only a few Australian sources of robust carbon offset certificates. Under GGAS, projects which create NGACs are subject to an audit regime to ensure ACPs compliance with the Scheme's Act, Regulations and Rules.

The GGAS registry allows any individual or organisation to purchase NGACs as part of the process of offsetting emissions. However, to become effective as an offset, purchased NGACs must subsequently be surrendered to take them out of circulation so they cannot be resold. For more information regarding the process for voluntary surrender, see the fact on our website at [www.greenhousegas.nsw.gov.au/documents/syn98.asp](http://www.greenhousegas.nsw.gov.au/documents/syn98.asp)

Companies that create NGACs or other forms of carbon credits should also think carefully if reporting their own greenhouse gas emissions. As a matter of principle, the emissions reductions for which certificates have been created and traded have effectively been sold so another organisation can use them to offset emissions. These reductions should not therefore also be reported by the creating organisation when discussing or reporting on their own carbon footprint.

## Using the ABGR to claim NGACs

The Australian Building Greenhouse Rating (ABGR) awards commercial office buildings a star rating based on the amount of greenhouse gas emitted per unit of floor area. The Demand Side Abatement Rule allows applicants to use the ABGR to establish a base line for a building's performance, and then obtain a second ABGR rating at a later time to confirm greenhouse gas reductions. This reduction can then be used to claim NGACs.

ABGR is now part of NABERS (the National Australian Built Environment Rating Scheme) and it is used as the energy and greenhouse tool within this rating scheme.

### ABGR accreditations and applications with 2007 Vintage NGACs

ABGR ratings must be certified by the ABGR National Administrator before a project can be accredited under GGAS and/or NGACs can be created. Currently the ABGR National Administrator processes complete and correct ratings spreadsheets within three weeks of receipt.

Please submit your ratings spreadsheet to the ABGR National Administrator by the beginning of May, or earlier if possible to allow for creation of 2007 NGACs prior to the creation cut-off on 30 June 2008.

The ABGR National Administrator's processing time is subject to change – please check with them closer to submitting your ratings spreadsheet.

### Important dates:

#### 29 May 2008

Last date for ABGR National Administrator to notify GGAS Scheme Administrator of certified ratings that concern 2007 vintage NGACs.

#### 30 June 2008

Last date to create NGACs in respect of 2007 greenhouse gas reductions.

If you believe you won't meet these deadlines, please contact the GGAS Scheme Administrator as soon as possible.

For more information go to [www.nabers.com.au](http://www.nabers.com.au) or [www.greenhousegas.nsw.gov.au/Documents/syn103.asp](http://www.greenhousegas.nsw.gov.au/Documents/syn103.asp)

## GGAS key dates

### 18 March

Benchmark participants to submit their Annual Greenhouse Gas Benchmark Statements to IPART. If the Greenhouse abatement obligation is not met, benchmark participants are required to pay any applicable Greenhouse Gas Abatement Penalty incurred for that compliance year by this date.

### 20 June

Last day for voluntary participants to surrender abatement certificates to the Scheme Administrator.

### 30 June

Last day for accredited abatement certificate providers to create 2007 vintage certificates

### 31 August

Elections to become a benchmark participant (as a large user or state significant development) must be submitted to IPART by this date. Variations to existing elections must also be submitted by this date.

### 30 November

Tribunal announces key scheme factors (NSW pool coefficient, electricity sector benchmark, total state electricity demand and total state population).

## Registry statistics

### Abatement certificates created since the Scheme commenced:

DSA	20,931,060
Generation	39,852,003
Carbon Sequestration	1,295,017
Large User	1,234,756

### Current accreditations as at 29 February 2008<sup>^</sup>:

DSA	76
Generation	113
Carbon Sequestration	6
Large User	9

### New accreditations in the last 3 months (1 December – 29 February)<sup>^</sup>:

DSA	3
Generation	0
Carbon Sequestration	0
Large User	1

*\*Figures in the 'New accreditations in last 3 months' table are included in the 'Current accreditations' table.*

*<sup>^</sup>Note, accreditation totals include multiple projects.*

Data as at 29 February 2008

## Certificate supply and demand

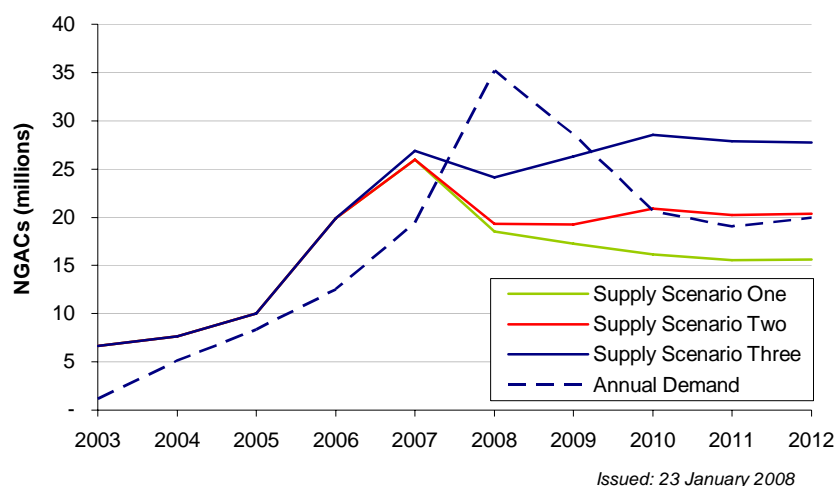
As part of its role in operating the Scheme, the Scheme Administrator monitors supply of and demand for certificates, based on knowledge of existing participants, future project accreditations, applications for accreditation, and where necessary, some conservative assumptions.

The projection is sensitive to small movements in some of the key factors. At the time the projections below were calculated, (23 January 2008), there was significant uncertainty around the architecture of the proposed national emissions trading scheme and therefore future certificate creation. The Scheme Administrator expects that, as the framework for a national scheme is developed and the policy environment becomes clearer, the projections of supply and demand may change. The next projections will be published in July 2008.

### The Scheme Administrator cautions persons against making decisions based upon the demand/supply projections depicted.

Please visit the Scheme website for a full explanation of the supply-demand projections shown below and the assumptions behind the model [www.greenhousegas.nsw.gov.au/benchmark/future\\_demand.asp](http://www.greenhousegas.nsw.gov.au/benchmark/future_demand.asp).

**Projected annual demand and supply of certificates  
(as at 23 January 2008)**



- **Scenario One:** abatement expected from existing accreditations only, excluding all future projects.
- **Scenario Two:** abatement expected from existing accreditations and all accredited future projects. Assumes accredited future projects will commence abatement activities as anticipated by the project proponent.
- **Scenario Three:** abatement from all accredited ACPs, accredited future projects (including the assumption that operations will commence as anticipated by the project proponent) and all current applications for accreditation.

The projected demand is depicted by a single scenario which is based on the 2008 key factors published by the Scheme Administrator on 20 November 2007.

For additional explanation of the demand projections, refer to Issue 6 of the Scheme Newsletter, December 2007 on the Scheme website at [www.greenhousegas.nsw.gov.au/documents/Newsletter\\_Issue6\\_Dec07.pdf](http://www.greenhousegas.nsw.gov.au/documents/Newsletter_Issue6_Dec07.pdf).