



# GGAS Newsletter

## Issue 3, March 2007

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## Introduction

The GGAS Scheme Administrator faces another big year in the context of heightened community focus on greenhouse and emissions trading generally. We are currently assessing a significant number of applications for accreditation of abatement projects.

In addition, during the first half of this year we will be assessing Performance Improvement Testing Regimes (PITRs) submitted by coal fired power stations under the revised Generation Rule. Once approved these will provide the basis for ongoing assessment of improvements in emissions intensity from projects accredited under Method Two of the Rule.

We are looking forward to a working with our stakeholders through what promises to be an interesting year.

## Carbon Sequestration on leasehold land

In November 2006 a series of amendments were made to various Crown Lands Legislation to cater for legal instruments required under the Carbon Sequestration Rule in GGAS. The legislation included the Crown Lands Act (1989), Western Lands Act (1901), Forestry Act (1916) and Aboriginal Lands Rights Act.

These amendments provide opportunity for those leasing Crown lands to participate in Carbon Sequestration in GGAS. Legal impediments that prevented registering a Forestry Right (Carbon Sequestration) and entering a Restriction on Use, both of which are mandatory requirements in GGAS have been eliminated by the amendments. The amendments introduced by the Crown Lands Legislation Amendment (Forestry Rights) Bill 2006, commenced on 9 February 2007. For further information please contact Richard Denham, Manager Lands Estate Policy, on (02) 8236 7036.

## DSA Rule changes reduce light bulb & showerhead giveaways

Changes made to the treatment of the giveaway of compact fluorescent lamps (CFLs) and water efficient showerheads under the Demand Side Abatement (DSA) Rule appears to have greatly reduced the number of these products being given away. The number of CFLs distributed fell from 5.4 million in the September quarter to 1 million in the December quarter. For the same periods, the number of showerheads distributed fell from 500,000 to 100,000. Projects accredited under the Default Abatement Factors (DAF) Method of the DSA Rule have now distributed a total of 12.3 million CFLs and 1.1 million water efficient showerheads since the Scheme commenced.

The DSA Rule was amended on 28 August 2006, which included a change in the Installation Discount Factor (IDF) (used in the DAF Method) for the giveaway of products from 0.8 to 0.4. The new IDF values became effective from 1 October. The change was in response to the Scheme Administrator's concerns about the proportion of free products being installed, and followed many months of monitoring, analysis and consultation with stakeholders. The analysis conducted included an independent survey of households to estimate the installation rates of products received from giveaway programs.

Many of the companies that were previously giving away these products have altered their business models to a direct installation model where an installer visits a household and installs the products. The Scheme Administrator believes that the migration of companies to a direct installation model will help maintain the integrity of abatement under the Scheme.

### Greenhouse Gas Reduction Scheme

Independent Pricing & Regulatory Tribunal  
PO Box Q290, QVB Post Office NSW 1230  
Level 2, 44 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)

## Bluescope Steel's Large User project accredited

In January 2007 the Scheme Administrator accredited BlueScope Steel as a Large User Abatement Certificate provider in respect of a greenhouse gas abatement project which replaces higher emissions fuels with lower emissions fuel at its Port Kembla steelworks facility. The accredited project essentially removes the use of coal, as one of the fuel inputs to meet on-site boiler steam demand, replacing it instead with (previously vented) waste gas from steelmaking operations. BlueScope anticipate that the project will abate some 100,000 tonnes of CO<sub>2</sub>-e per annum.

## Benchmark statements due by 18th March

All benchmark participants must demonstrate compliance with the Scheme and are required to lodge an [Annual Greenhouse Gas Benchmark Statement](#) with IPART by **18 March 2007**, pursuant to section 97CB(1) of the Electricity Supply Act 1995. However, since that date falls on a Sunday this year, benchmark participants are encouraged to submit the statement by the last business day prior to the deadline. The Benchmark Statement details the benchmark participant's electricity sales or purchases, greenhouse gas benchmark and the abatement certificates and renewable energy certificates surrendered.

## Registry statistics

### Abatement certificates created since the Scheme commenced:

DSA	9,430,005
Generation	26,891,951
Carbon Sequestration	704,900
Large User	357,366

### Total number of projects currently accredited:

DSA	88
Generation	103
Carbon Sequestration	5
Large User	7

### Projects granted accreditation in the last 3 months (1 December - 28 February)\*:

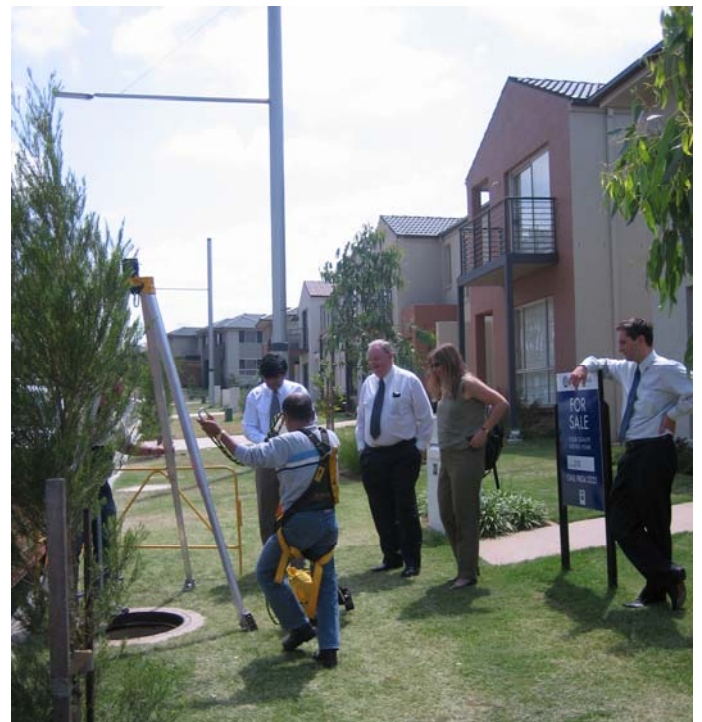
DSA	10
Generation	6
Carbon Sequestration	0
Large User	3

\*Project totals are included in Total number of projects currently accredited.

Data as at 28 February 2007

## Site visit – GridX Power

On 5 February 2007 the Scheme Administrator conducted a pre-accreditation site visit (see photos below) to the Mirvac Housing Estate at Glenfield to view GridX Power's MiniGrid Cogeneration System (MCS) project application, which is currently being assessed under the Generation Rule. The GridX Power MCS uses natural gas fuelled generating units to supply electricity to the local distribution network, as well as making use of generating system waste heat to provide hydronic heating and cooling to selected homes on the Estate.



GridX MCS generating unit no.1 (underground).



GridX generating waste heat is used in home appliances, such as this hydronic clothes drier.

## Auditor training

The Scheme Administrator maintains a panel of firms which undertake validation and verification audits of benchmark participants and abatement certificate providers (ACPs) as well as providing technical advisory services to the Scheme Administrator. Before undertaking any audits under the Scheme, auditors must attend an auditor induction training session. Training provides an outline of the audit framework used by the Scheme and provides guidance on the appropriate engagement and conduct of audits under the Scheme.

On Thursday 25 January 2007, the Scheme Administrator held an auditor induction training session in Melbourne. This was the seventh training session and the first to be held outside of Sydney. The Scheme Administrator would like to thank Ernst & Young for providing the facilities for the day. A further training session will be held in the early part of the second quarter of this year, if you wish to register your interest in attending the next training session, please advise Kylie Watts on (02) 9290 8452 or email [kylie\\_watts@greenhousegas.nsw.gov.au](mailto:kylie_watts@greenhousegas.nsw.gov.au).

## Generation Rule Method 2 – PITR update

The 28th February was the target date for any ACP (or applicant) intending to create 2006 calendar year NGACs under Method 2 of the Generation Rule to have submitted their **Performance Improvement Testing Regime (PITR)** to the Scheme Administrator. All ACPs and applicants were advised of this deadline in the Scheme Administrator's 7 November 2006 "Notice to Generators – Development and Assessment of PITR documents". The Scheme Administrator has advised that any PITRs submitted after this date may not be assessed in time for the creation of 2006 NGACs. Currently seven PITRs have been submitted and are currently in the process of independent professional review.

## Greenhouse employment opportunities

The GGAS Scheme Administrator is currently seeking to recruit professional staff. We will be looking for people with a passion to work in the greenhouse area with qualifications and experience in a related field such as engineering or environmental science. Details will be available on the IPART website in early March [http://www.ipart.nsw.gov.au/about\\_us/employment.asp](http://www.ipart.nsw.gov.au/about_us/employment.asp) or call Christopher Spangaro, General Manager on (02) 9290 8419.

## Auditor tips

### Application of Materiality within GGAS

Materiality refers to the size or significance of an error, omission or misrepresentation which would be regarded as significant by the intended user (i.e. IPART as either the Scheme Administrator or Benchmark Compliance Regulator). Where an uncorrected material error, omission or misrepresentation arises the auditor is unable to provide an audit report that provides assurance. There are two types of materiality; qualitative and quantitative.

Determining whether a qualitative material discrepancy has occurred is at the professional judgment of the panel members. However, auditors are strongly encouraged to contact the Compliance Regulator or Scheme Administrator where a qualitative discrepancy has occurred for guidance.

Quantitative materiality refers to numerical errors, omissions or misrepresentations, e.g. inaccuracies in the input data or numerical errors in the application of the calculation methodology.

Currently, the Scheme Administrator generally adopts a quantitative materiality threshold of 5% of the total number of NGACs in the reporting period. For example, if an ACP is claiming 100,000 NGACs in the period covered by the audit, 5% of the NGACs is 5,000. Non-material errors below this threshold, while not preventing the provision of positive assurance, must be reported to the Scheme Administrator in the Schedule of Findings.

Decisions regarding materiality should be made for both the aggregate and disaggregate discrepancies with attention to the sensitivity of the variables in question.

### Communication with the Scheme Administrator

The Scheme Administrator (as opposed to the Compliance Regulator) requires that the lead auditor be present (either in person or by teleconference) at all opening and closing meetings. Detailed scopes of work should explicitly provide for lead auditor attendance. It is not acceptable for the lead auditor to delegate this task to key personnel.

Detailed Scopes of Work submitted without these requirements will not be accepted by the Scheme Administrator. Audit reports submitted to the Scheme Administrator without lead auditor attendance at opening and closing meetings may not be accepted by the Scheme Administrator.

## Registry user guide

A User Guide for the Registry is now available on the Scheme website and can be downloaded from <http://www.greenhousegas.nsw.gov.au/Documents/syn101.asp>