

GGAS Newsletter

Issue 8, June 2008

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Introduction

Emissions trading continues to be a hot topic in the media with increasing discussion of the development of the national emissions trading scheme, scheduled to commence in 2010. The debates initiated through the Garnaut Review on aspects of emissions trading have attracted a lot of attention. It was pleasing that the Review Emissions Trading Scheme Discussion Paper, released in March, acknowledged that the Australian intellectual and political environment in relation to emissions trading had been improved by discussions around GGAS.

The proposed timeframe for the introduction of a national scheme appears tight although much work on emissions trading has already been undertaken in Australia. No doubt this work will assist in the establishment of the scheme. One of the key issues for scheme administration and for companies covered by the scheme will be accurate measurement or estimation of emissions.

Our recent discussions with some GGAS participants have indicated that for some companies their GGAS activity has better placed them to assess and manage their carbon liabilities. This appears to be particularly the case for some coal fired power plants which undertook extensive work over the last two years to develop the performance improvement testing regimes required by GGAS Rules.

While it is planned that GGAS will end on commencement of the national scheme, applications for accreditation as GGAS certificate providers continue to be received by the Scheme Administrator. Assessment of these applications and monitoring the compliance and performance of existing certificate creators is part of the ongoing activity of the Scheme Administrator.

Registry upgrade

During April, the GGAS Registry functionality was upgraded which has resulted in several key enhancements.

One of the enhancements included changes to the search functionality which now displays certificate creation information by project. When selecting the *Find > Search by accreditation* option, users can view total certificate creation by project. This enhancement follows amendments to the Electricity Supply Act 1995 to allow for greater release of information by the Scheme Administrator.

Other enhancements included:

- The transfer process has been improved so that certificates can be transferred from a particular vintage and project.
- The Tax Invoice page for registration of certificates now includes details of the certificates created including project, certificates range, lodgement number etc.
- Transaction history now includes details of un-surrender events.

Registration of 2007 vintage certificates

Abatement Certificate Providers who have accredited abatement projects should note that the registration of NGACs (or LUACs) for abatement that occurred in the 2007 calendar year must be completed by 30 June 2008. Certificates for 2007 vintage cannot be created after this date.

For assistance, please contact the Scheme Administrator on (02) 9290 8452 or mail@greenhousegas.nsw.gov.au.

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

www.greenhousegas.nsw.gov.au

GGAS

Site visit: Swanbank B Power Station

A member of the GGAS Secretariat attended the pre-accreditation audit of CS Energy's Swanbank B Power Station during April 2008. Swanbank B Power Station is a black coal fired Generating System, comprising 4 units each with a registered capacity of 120 MW. CS Energy has developed an innovative approach, unique in Australia, to reducing the Greenhouse Intensity (GI, measured in kgCO₂-e/MWh) of the Generating System by co-firing unit 3 with landfill gas with coal. Methane is extracted, by Landfill Management Services, from the adjacent Thiess landfill site and piped directly to Swanbank B. By co-firing with landfill gas, a renewable energy source, CS Energy is entitled to use Method 3 (Fuel Switch Gain) of the Generation Rule to create NGACs, for the improvement in its Generating System GI. CS Energy is also entitled to 'additional NGACs' (through Equation 16 of the Rule) for combusting methane which would have otherwise been emitted to the atmosphere.

CS Energy successfully passed its pre-accreditation audit and was accredited by the Scheme Administrator on 7 May 2008.



Swanbank B Power Station



LFG Burner

Rocky Point Cogeneration Plant

The Rocky Point Cogeneration Plant in south eastern Queensland was audited on 7 January 2008. The audit was to provide necessary assurance prior to the accreditation of Rocky Point Power Project Pty Ltd as an Abatement Certificate Provider. The project was accredited in April 2008.

The 30MW Rocky Point Cogeneration Plant uses biomaterials such as wood waste and green waste, which would otherwise have been disposed of in landfill, as its primary source of fuel. The plant also uses bagasse from the surrounding sugar cane fields as a fuel source during the spring and summer sugar cane season. Rocky Point is able to create NGACs in respect of fugitive methane emissions avoided through burning biomaterials instead of burying them in landfill.



Rocky Point Cogeneration Plant



Wood waste

2007 Annual benchmark statements

Each year, benchmark participants (BPs) are required to reduce their emissions of greenhouse gases to the level of their greenhouse gas benchmark. Where a BP's emissions are above the benchmark, it must offset its excess emissions through the surrender of certificates. Excess emissions remaining after the surrender of certificates is a greenhouse shortfall which could be liable for a greenhouse penalty.

Benchmark statements for the 2007 compliance year have been submitted and assessed. IPART is currently preparing its report to the Minister for Energy regarding the level of compliance by all BPs. The Minister is required to table the report before both Houses of Parliament. Once the report is tabled, it will be made publically available on the Scheme's website.

Registry statistics

Abatement certificates created since the Scheme commenced:

| | |
|----------------------|------------|
| DSA | 22,380,074 |
| Generation | 41,967,941 |
| Carbon Sequestration | 1,885,458 |
| Large User | 1,979,820 |

Current accreditations as at 31 May 2007[^]:

| | |
|----------------------|-----|
| DSA | 74 |
| Generation | 119 |
| Carbon Sequestration | 7 |
| Large User | 9 |

New accreditations in the last 3 months (1 March – 31 May)[^]:

| | |
|----------------------|---|
| DSA | 2 |
| Generation | 7 |
| Carbon Sequestration | 1 |
| Large User | 0 |

[^]Figures in the 'New accreditations in last 3 months' table are included in the 'Current accreditations' table.

[^]Note, accreditation totals include multiple projects.

Data as at 31 May 2008

Benchmark participant election

Companies are reminded that the closing date to elect to become a BP for the 2009 compliance year is 31 August 2008. Interested parties should contact IPART for more information on requirements and the process for becoming an elective BP.

Audit corner – Reminder on Audit Preparation Process

Audits of Abatement Certificate Providers (ACPs) play a key role in the Scheme, and with the increasing number of ACPs, implementation of the correct audit preparation process assists the Scheme Administrator in responding and managing ACP audits in a timely and effective manner.

The Scheme Administrator requires that Audits of ACPs take into account any special conditions of accreditation specific to the ACP under audit, as well as any recommendations made from the previous audit. Therefore, both the ACPs and auditors need to be aware of this when preparing for an audit.

To assist with the audit process, ACPs should provide the following information to prospective auditors:

- Accreditation Notice for the accreditation(s) due for audit
- the most recent audit report for the accreditation(s)
- any relevant correspondence from the Scheme Administrator, if applicable.

Auditors should in turn ask for the above documentation from the ACP when preparing a Detailed Scope of Work (DSW) for the audit. The subsequent DSW needs to be tailored to address any special conditions of accreditation specific to the ACP in question, as well as any findings or recommendations arising from the most recent audit report.

A Deed Poll signed by the ACP signatory must also be submitted to the Scheme Administrator, as this is the mechanism for the formation of a Tri-party contract. Furthermore, approval to proceed with the audit cannot be provided by the Scheme Administrator until the Deed Poll has been received. The Deed Poll must reference the correct DSW and subject of the audit, the accreditation being audited, and include the date and auditor company. To facilitate correct completion of the Deed Poll, it is the auditor's responsibility to ensure that a Deed Poll is submitted to the Scheme Administrator.