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Reducing Greenhouse Gas Emissions at the Big End of Town

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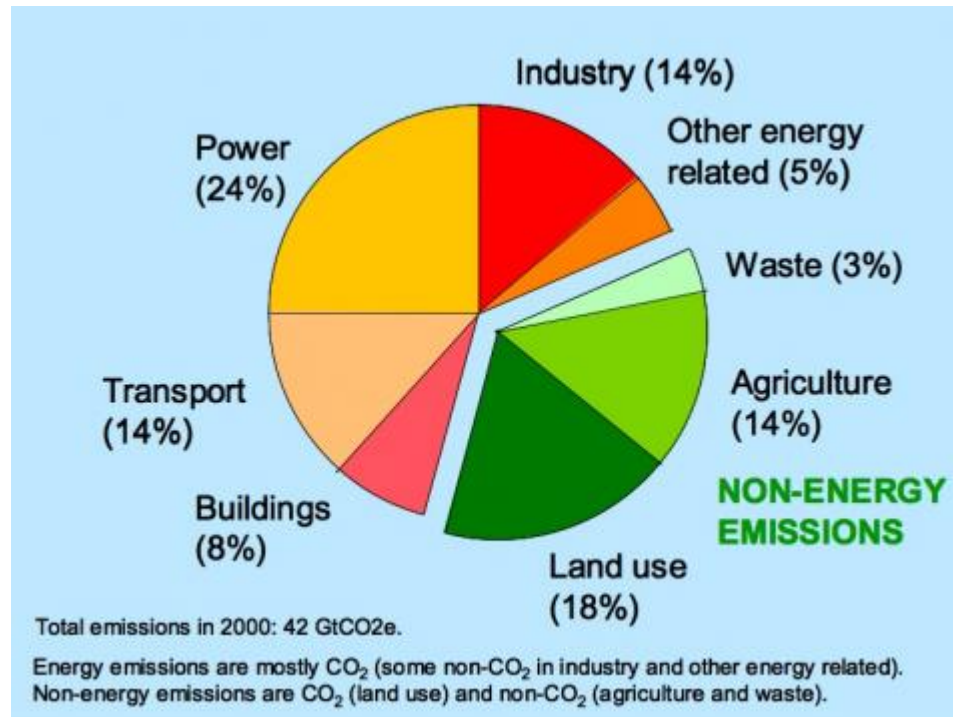
Changing Climate Changing Laws Seminar

25 June 2009

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Global Greenhouse Gas Emissions by source



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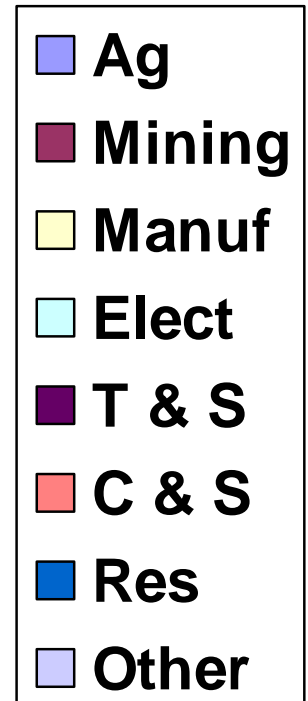
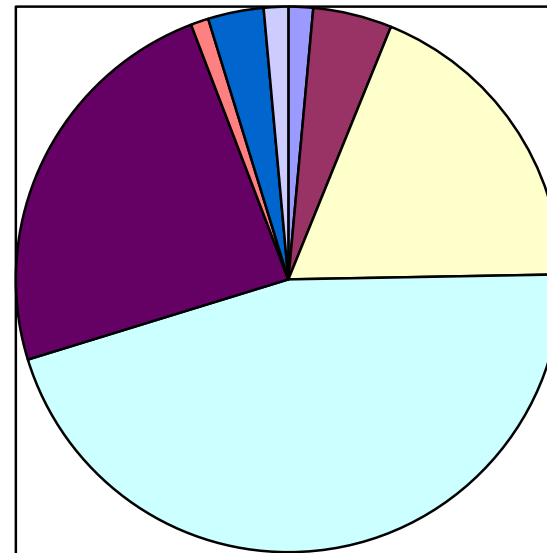
Australia's Greenhouse Gas Emissions

- 576 Mt CO₂-e in 2006
- 70% of Australia's GHG emissions in 2006 were due to energy

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Energy consumption

- Agriculture 1.5%
- Mining 4.7%
- Manufacturing & construction 18.6%
- Electricity generation 45.5%
- Transport & storage 24.0%
- Commercial & services 1.1%
- Residential 3.4%
- Other 1.3%



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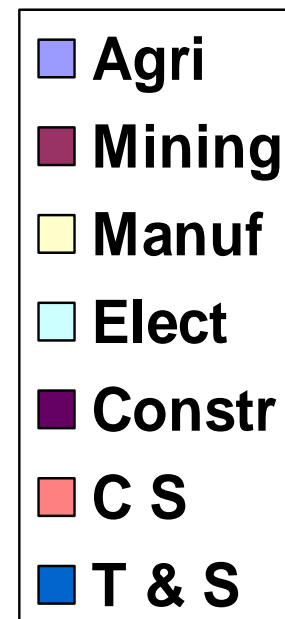
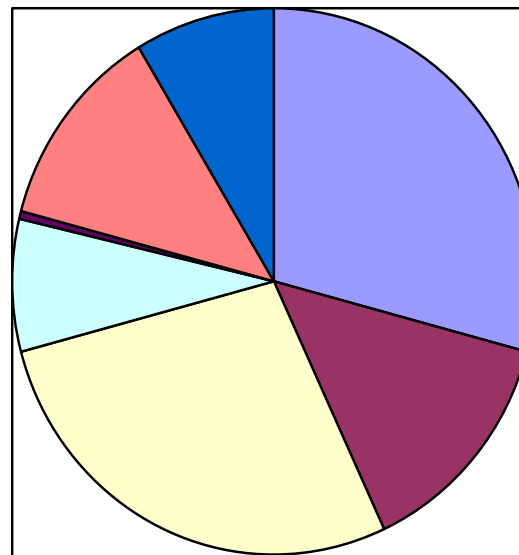
Corporate Greenhouse Gas Emissions

- 576 Mt CO₂-e in 2006
- BHP Billiton: 52 Mt CO₂-e in 2006
- Rio Tinto: 15.2 Mt CO₂-e in 2006
- Santos: 4.6 Mt CO₂-e in 2006

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Emissions by Industry Sector

- Agriculture, forestry & fishing 29.3%
- Mining 13.8%
- Manufacturing 27.7%
- Electricity, gas & water 8.0%
- Construction 0.4%
- Commercial services 12.2%
- Transport & storage 8.7%



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Legislative Compliance

- *National Greenhouse and Energy Reporting Act (NGER) 2007 (Cth)*
- *Energy Efficiency Opportunities Act (EEOA) 2006 (Cth)*
- **Carbon Pollution Reduction Scheme ?**

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Measure

- **National Greenhouse and Energy Reporting (NGER) Act**
- **Obligation to register and furnish reports of GHG emissions, energy usage and energy production**
- **Register by 31 August 2009; report by 31 October 2009**
- **Expected to cover 700 corporations and 70% of emissions**

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Assess

- Energy Efficiency Opportunities Act
- Obligation to register and identify and evaluate energy efficiency opportunities every five years
- Applies to large energy users
- Reports available to public
- 210 corporations registered

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Reduce

- Carbon Pollution Reduction Scheme (CPRS)
- Obligation to acquire emissions permits and surrender them to the regulator
- Puts price on emission of pollutants

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Acquiring and surrendering permits

- One permit will be required for every one tonne of CO₂e emitted
- Obligation to submit an audited GHG inventory and permits annually by 31 October
- Government permit auctions to be held monthly
- Permits purchased under the EU scheme eligible
- Permits from certified projects, such as tree planting, eligible

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Evolution of the CPRS

- **1997** Australian government began devising ETS
- **2002** Australian government abandoned Kyoto & ETS
- **2006** States and Territories NETS paper
- **2007** PM Task Group report on emissions trading
- **July 2008** CPRS Green Paper
- **September 2008** Garnaut Report
- **December 2008** CPRS White Paper
- **March 2009** CPRS legislation introduced
- **May 2009** CPRS bill amended

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GHG Emissions reduced by

- Requiring permit to emit CO₂
- Capping number of available permits
- Annual reduction of number of permits available

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Participants

- Large Emitters (25,000 tonnes or more CO₂-e)
 - Industry
 - Electricity generators
 - Waste facilities
- Suppliers of fuel to small emitters

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Assistance

- **Emissions-intensive trade-exposed industries will receive 90% or 60% of permits depending on emissions intensity**
 - **Aluminium**
 - **Cement and Lime**
 - **Glass containers**
 - **Newsprint**
- **Coal- fired Electricity Generators will receive up to 130.7 million permits**

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Impacts on business

- Energy costs
- Transport costs
- Goods and services

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Cost of Compliance with CPRS

- BHP Billiton: 52 Mt CO₂-e in 2006
 - \$20 p/t = \$1,040,000,000
- Rio Tinto: 15.2 Mt CO₂-e in 2006
 - \$20 p/t = \$300,000,000
- Santos: 4.6 Mt CO₂-e in 2006
 - \$20 p/t = \$92,000,000

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Other Options

- Voluntary reductions
- Sector agreements
- Mandatory Renewable Energy Targets
- Support for R&D
- Energy Efficiency Schemes

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