



Australian Government

Department of Resources, Energy and Tourism



Clean Energy Future

Australia's Climate Change Plan

Carbon Tax Implications

Gas and Coal Outburst Committee

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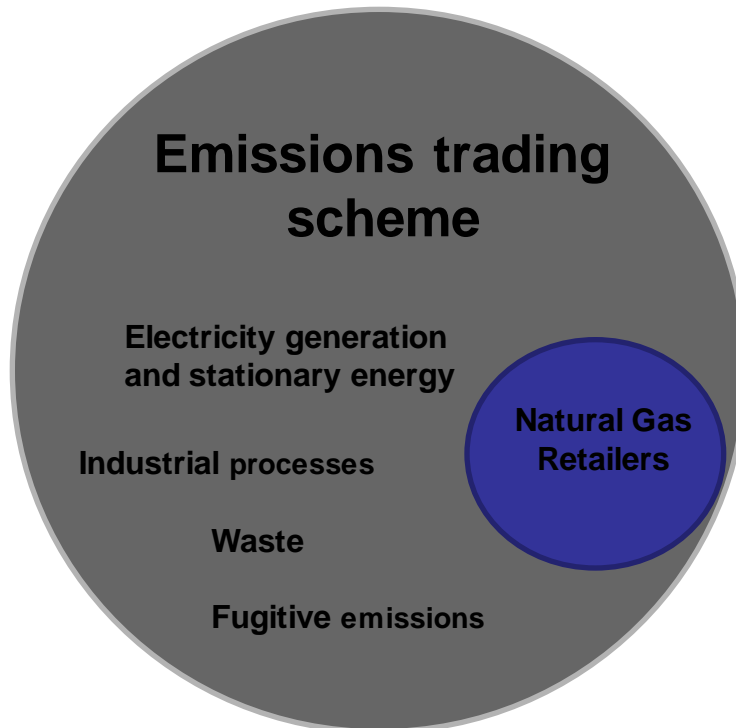


Carbon Pricing Mechanism

- **The objective – cut pollution at lowest cost by a market mechanism**
- The carbon pricing mechanism will be introduced in two stages:
 - On 1 July 2012 the fixed carbon pricing mechanism will commence;
 - On 1 July 2015 transition to a fully flexible price under an emissions trading scheme with the price determined by the market
- Around 500 facilities expected to be covered under the mechanism
- A carbon price will not apply to agricultural emissions, light on-road vehicles or on-site use of fuel by the agriculture, forestry and fisheries industries



Coverage of Carbon Pricing



Equivalent carbon price

applied through separate legislation to:

- some business transport emissions,
- non-transport use of liquid and gaseous fuels, and
- synthetic greenhouse gases

Around 500 liable businesses

All facilities > 25 CO_{2-e} Kt



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Coal Sector Assistance Programs - Overview

- The package provides assistance to the most gassy mines and supports industry efforts to develop abatement technologies for full scale deployment.
- The two elements of the package are the:
 - Coal Sector Jobs Package
 - Coal Mining Abatement Technology Support Package



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Coal Sector Jobs Package (CSJP)

- \$1.257 billion in funding over five years
 - \$218 million available in 2011-12 as pre-payment for 2012-13
- Eligible mines:
 - Fugitive emissions intensity in 2008-09 above 0.1 t CO₂-e per tonne of saleable coal
 - Must have been in operation for some or all of the period 1 July 2007 – 30 June 2009
 - the mine remains in operation in the year the assistance is to be credited against
- Assistance capped at historical production levels (the greater of 2007-08 and 2008-09)



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Outcomes of the CSJP

- Providing targeted transitional assistance over a six year period to the most fugitive emissions intensive mines to ease their transition to the introduction of a carbon price;
- Providing a timeframe for fugitive emissions-intensive coal mines to adjust to the introduction of a carbon price;
- In support of these outcomes is the Coal Mining Abatement Technology Support Package (CMATSP), which complements the CSJP by providing \$70 million over five years to support the development of abatement technologies to reduce future fugitive emissions from coal mines.



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Coal Mining Abatement Technology Support Package (CMATSP)

Objective - To maintain the viability of the Australian coal mining industry under carbon prices by supporting industry efforts to develop technologies to safely reduce fugitive methane emissions and to support smaller operators to develop emission abatement plans.

Funding of \$70 million over five years (2012/13 – 2016/17) to support three areas

1. R&D – Support the research, development and field trials of methane abatement and related technologies;
2. Mine Safety - Work on safety and regulatory issues associated with the introduction of coal sector abatement technologies; and
3. Mine Abatement Plans - Assistance for small and medium coal sector participants to prepare abatement plans.



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CMATSP - Funding Arrangements

- Allocation of funding between three main areas has not been pre-determined.
- Funding will be provided as grants with at least matching contributions for research and safety projects. Companies to provide at least two for one for abatement plans.
- Project selection processes to be determined in consultation with industry.



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Reporting emissions under NGERs

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Purpose of the NGER Act

NGER Act objectives:

Underpinning the carbon pricing mechanism

Informing Australian government **policy** formulation and the Australian public.

Meeting Australia's international **reporting obligations**.

Assisting Commonwealth, State and Territory government programs and activities.

Avoiding duplication of similar reporting requirements in the States and Territories.



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Emissions: Scope 1, 2 and 3

KYOTO GREENHOUSE GASES

CO₂

SF₆

CH₄

N₂O

HFCs

PFCs

Scope 2*

The release of greenhouse gas as a result of one or more activities that generate electricity, heating, cooling or steam that is consumed by the facility but that *do not* form part of the facility.



NGER only

Scope 1*

The release of greenhouse gas into the atmosphere as a direct result of an activity, or series of activities (including ancillary activities) that constitute the facility.



NGER and Carbon Price

Scope 3

Emissions that occur outside the boundary of a facility as a result of activities at a facility and are not scope 2 emissions.



Not reported



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Operational Control

- Reporting under NGER ultimately lies with the controlling corporation whose group members have operational control of facilities when thresholds are triggered
- A corporation is considered to have operational control over a facility if it has the authority to introduce and implement operational or environmental policies
- Where more than one entity has control over these policies, the one with the greatest authority is considered to have operational control for NGER purposes
- Carbon pricing mechanism allows for transfer of operational control to an entity with ‘financial control’.



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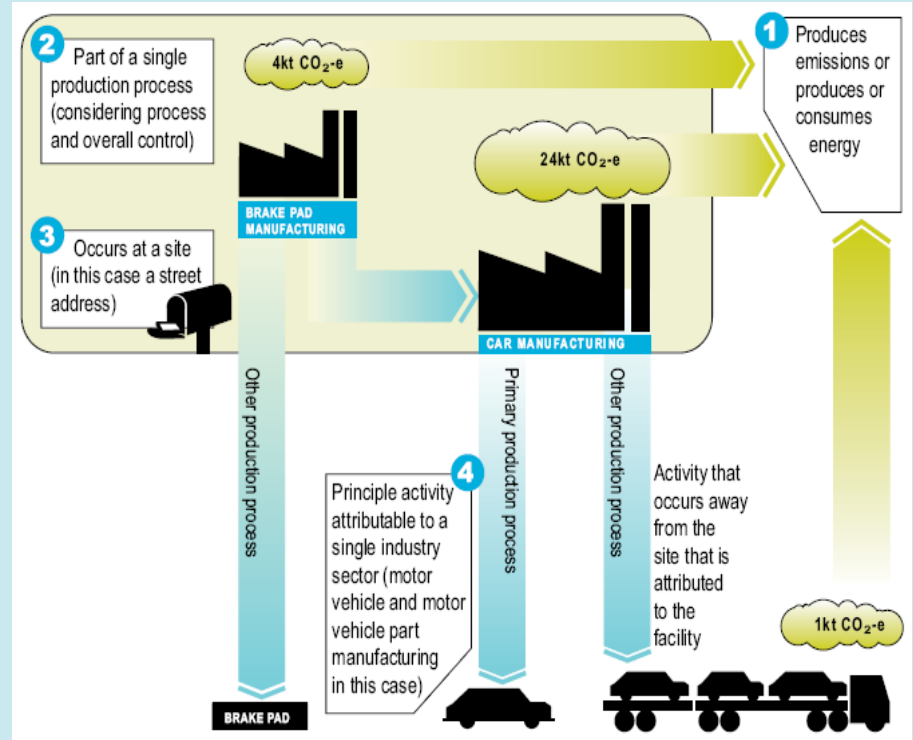
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Facilities

Facility threshold under NGER and Carbon price* is 25,000 tonnes CO_{2-e} emissions annually. Operators of facilities over this threshold must register for NGER

Activities may form a facility if they:

1. produce greenhouse gas emissions or produce or consume energy
2. are part of a production process
3. occur at a 'single site'
4. are attributable to a single industry sector



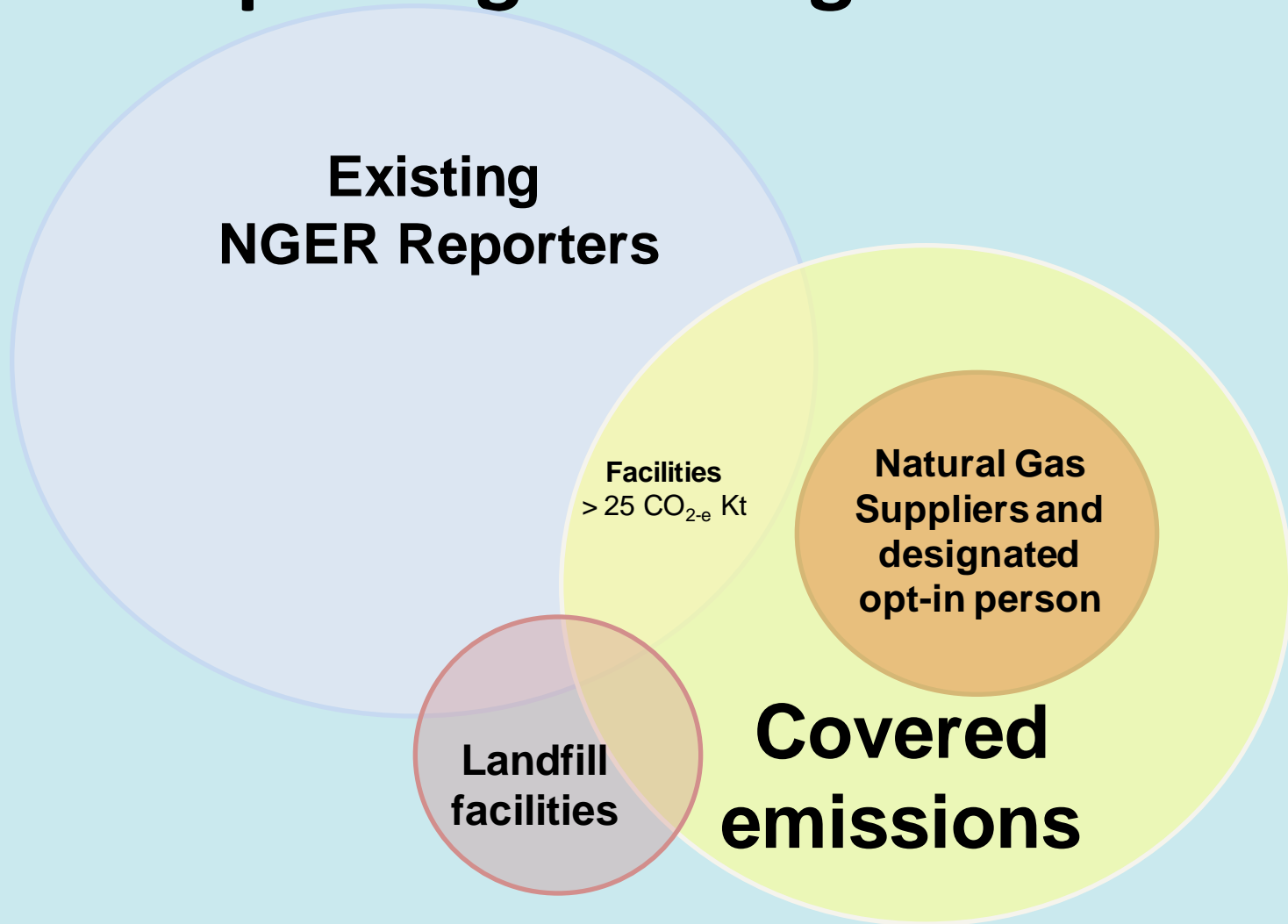
* Carbon price liability excludes some emissions such as from liquid fuels subject to fuel tax credit arrangements



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Reporting Coverage



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Methods for Calculating emissions

- **Method 1:** the default method, derived from the National Greenhouse Accounts methods
- **Method 2:** facility-specific method using industry *sampling* and Australian or international standards for *analysis*
- **Method 3:** is the same as method 2 but is based on Australian or international standards both *sampling* and *analysis*.
- **Method 4:** direct monitoring of emissions (continuous or periodic).

Method 1 or 4 applicable to fugitives from underground coal mines

- Standards set out in the NGER (Measurement) Determination 2008



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Reporting and Responsibility

- Liable entity's responsibility to determine how the legislation applies to their circumstances and how they will meet their reporting obligations.
- DCCEE hotline/email can only provide general information and information provided should not be relied upon for the purpose of a particular matter.
- You should obtain your own independent professional advice before any action or decision is taken on the basis of any of the information provided.



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Further information

Web: www.climatechange.gov.au

- NGERS
 - www.climatechange.gov.au/reporting
 - Email reporting@climatechange.gov.au
 - Hotline 1800 018 831



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