

GAS ENERGY AUSTRALIA

SUBMISSION

**GAS ENERGY AUSTRALIA
SUBMISSION TO
THE DEPARTMENT OF CLIMATE CHANGE AND ENERGY
EFFICIENCY
ON
THE NEED FOR NEW NETTING-OUT PROVISIONS IN THE
LPG AND LNG CLEAN ENERGY REGULATIONS**

This page has been left blank

5 April 2013

Mr Simon Writer
Assistant Secretary
Design, Coverage and Regulatory Branch
Department of Climate Change and Energy Efficiency
GPO Box 854
CANBERRA ACT 2601

Via email: simon.writer@climatechange.gov.au

See Distribution

GAS ENERGY AUSTRALIA
SUBMISSION TO
THE DEPARTMENT OF CLIMATE CHANGE AND ENERGY EFFICIENCY

Consultation on the need for new netting-out provisions in the LPG and LNG Clean Energy Regulations

Dear Simon

Gas Energy Australia is pleased to make a submission in response to your letter of 25 March 2013 requesting comments on the Department of Climate Change and Energy Efficiency's (DCCEE's) consideration of the need for a new netted-out number for non-transport Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG) in the *Clean Energy Regulations 2011*.

1. Background

DCCEE is assessing the need for new netting out regulations to deal with situations where LPG/LNG importers or producers currently, or might in the future, use LPG/LNG at their own facilities which are covered by the direct emitter provisions of the Act. If needed to prevent industry from being disadvantaged by double-counting of emissions, such regulations would operate like the existing netted out number for OTN number holders under section 36D(4) of the Act.

2. Industry response

While some Gas Energy Australia members use LPG or LNG at their own facilities, at present the probability of that use exceeding the 25,000 tonne emission threshold is low. However, it is foreseeable that situations could arise in the not too distant future, particularly in relation to new facilities coming on line over the next year or so, where the threshold would be exceeded. Consequently, Gas Energy Australia supports the inclusion of new provisions in the regulations to allow LPG/LNG use in importers or producers own facilities to be netted-out from an Obligation Transfer Number (OTN) holder's liability to prevent the carbon liability for the same emissions being double counted.

In addition, it appears at present for emissions below the threshold, there will be reporting of the same amount twice (but no additional carbon liability). That is a report under section 19 and another under section 22A (liable entity). If so, Gas Energy Australia questions whether emissions reported under sections 36B or C should be excluded from the Scope 1 emission reporting under section 19.

3. Recommendations

Gas Energy Australia recommends that:

- a. new netting out regulations to deal with situations where LPG/LNG importers or producers use LPG/LNG at their own facilities be included in the *Clean Energy Regulations 2011*; and
- b. DCCEE provides clarification on whether at present, for emissions below the threshold, there will be reporting of the same amount twice.

For your consideration.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Griffiths", with a long horizontal flourish extending to the right.

John Griffiths
Manager Policy Development

Distribution: Department of Climate Change and Energy Efficiency

For Information:

Members – Advisory Council Working Group – Tax and Excise
Gas Energy Australia Members and Associates – via Advisory
Gas Energy Australia Secretariat