



## REVIEW OF THE NATIONAL GREENHOUSE AND ENERGY REPORTING LEGISLATION

The Climate Change Authority has released its review of the National Greenhouse and Energy Reporting legislation. It is available at [www.climatechangeauthority.gov.au](http://www.climatechangeauthority.gov.au).

The Authority is required by the legislation to review its operation by 31 December 2018 and then complete further reviews every five years.

### What is the National Greenhouse and Energy Reporting legislation?

The legislation establishes the National Greenhouse and Energy Reporting scheme, the safeguard mechanism and the framework for administration and compliance, including auditing requirements for these and other climate change policies.

#### National Greenhouse and Energy Reporting scheme



A national reporting framework for information related to greenhouse gas emissions and energy.

The objective is to:

- inform governments and the public
- meet international obligations
- assist with government programs and activities
- avoid the duplication of similar reporting requirements

#### Safeguard mechanism



The safeguard mechanism provides a framework for Australia's companies to measure, report and manage their emissions.

The objective of the safeguard is to ensure large facilities do not exceed their greenhouse gas emissions limits (known as baselines).

#### Administration, compliance and the audit framework



The Department of the Environment and Energy is responsible for policy development of the *National Greenhouse and Energy Reporting Act 2007*. The Clean Energy Regulator administers the Act and its instruments, and ensures compliance with the legislation.

The legislation sets out an audit framework to underpin the effectiveness and integrity of the scheme and its data. Under the legislation, audits are required for the reporting scheme, safeguard mechanism, the Emissions Reduction Fund and the Renewable Energy Target. The framework also sets out requirements for auditors.

The reporting scheme and safeguard have broad coverage. In 2016–17, the reporting scheme covered around 750 of Australia's largest companies, 63 per cent of Australia's emissions and most of Australia's energy. The safeguard applied to 203 facilities in the mining, oil and gas, manufacturing, transport and off-grid electricity sectors and 284 grid-connected electricity generators. Together these facilities accounted for 58 per cent of Australia's emissions in 2016–17.

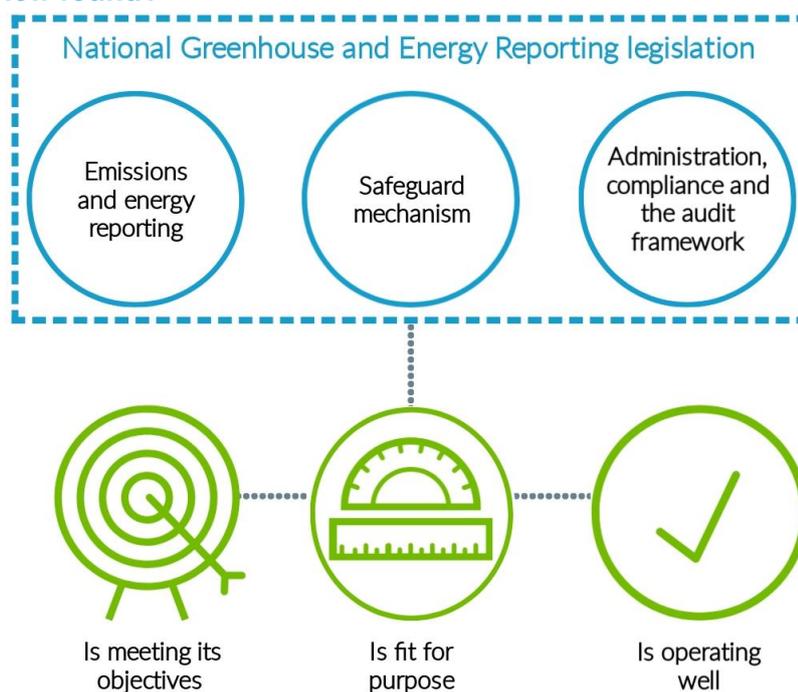
## How did the Authority approach the review?

The Authority assessed the operation of the legislation through desktop research, its own analyses and extensive consultation with over 100 individuals from more than 80 organisations. These included:

- companies that have obligations under the legislation
- service providers that assist companies in meeting their obligations
- individuals and groups that use the data reported
- government bodies that administer the legislation or use the data reported.

The Authority thanks those who took the time to share their expertise and knowledge with us.

## What has the review found?



The Authority found the legislation is operating well, is meeting its objectives and is generally fit for purpose. The reporting scheme continues to enjoy broad support from industry, governments and others. It is widely considered to be a best-practice approach to measuring and reporting emissions and energy and compares favourably to schemes in other countries. The high quality data collected by the scheme is used extensively by governments and others to develop energy and climate change policies and is a critical input to meeting Australia's international energy and emissions reporting obligations.

The Authority found that all facilities covered by the safeguard kept their net emissions at or below their baselines in its first year of operation (2016–17). The Authority heard facilities with safeguard obligations are generally comfortable with its operation and the options for meeting their baselines. However, many called for clarity around its future operation.

Although the Authority finds the legislation is meeting its objectives, there are opportunities for improvements to reduce costs and enhance its administration. Taken individually, each opportunity for improvement may be seen as incremental. Collectively, they can make an important contribution to building on the schemes' strengths and improving their overall efficiency and

effectiveness. The Authority encourages the Department and Regulator to work together with industry to implement the improvements.

A summary of recommendations is below. The full list of recommendations and the Authority's analyses can be found in the review report available at [www.climatechangeauthority.gov.au](http://www.climatechangeauthority.gov.au).

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## Summary of the Authority's key findings and recommendations

**The National Greenhouse and Energy Reporting legislation is working well, meeting its objectives and enjoys broad support from industry, governments and others**

### Key findings

The reporting scheme:

- **has reduced duplicative emissions and energy reporting requirements** across jurisdictions and has minimised the regulatory burden on businesses
- generates a **high quality dataset**, which is accurate, has broad coverage and compares favourably against international schemes
- **informs government** energy and emissions policies, programs and activities at both the Australian and state and territory level
- **provides data which is crucial to meeting Australia's international reporting obligations** on emissions and energy
- uses **approaches to measuring** energy and emissions are **fit for purpose**

The **online Emissions and Energy Reporting System** used by companies to report is generally **fit for purpose and effective**

The **safeguard mechanism is working as intended** and all facilities covered by it kept their net emissions at or below their baselines

The legislation is **well administered** by the Clean Energy Regulator and Department of the Environment and Energy, and scheme participants are **satisfied with the compliance approach**



### Key recommendations

**Continue streamlining** government requirements for energy and emissions data to further reduce costs to government and businesses

Reduce costs associated with **reporting energy and emissions from small sources**

**Expand the range of emissions and energy data reported and published** to increase information about Australia's emissions and energy

**Enhance the usefulness of the data** for governments and the public through increased publication and improved presentation to improve the quality and impact of analysis

Facilitate **greater input from industry** in the measurement determination update process

**Enhance the Emissions and Energy Reporting System** to reduce the burden on reporters and improve the quality of the data

Ensure obligations are the result of **consistent approaches to measuring emissions and setting baselines** and compliance options continue to work effectively

Continue to **target compliance audits** to reduce costs

## Ongoing need for a policy toolkit and the future of the safeguard mechanism

In its 2016 report *Towards a Climate Policy Toolkit: Special Review on Australia's climate goals and policies* (2016 Special Review), the Authority made recommendations on the industrial sector safeguard as part of a toolkit of policy measures to reduce Australia's emissions. This included

removing access to further baseline increases and declining baselines linearly in line with Australia's economy-wide emissions reduction commitments under the Paris Agreement.

The Authority remains of the view a comprehensive policy toolkit is needed to capture the emissions reduction opportunities that exist across all sectors of the Australian economy. The safeguard is one policy that could be designed to reduce emissions in the industrial sectors as part of a policy toolkit. In 2019 the Authority will assess the changes that have occurred since its 2016 advice on a policy toolkit and update its advice on effective and efficient emissions reduction policies.