



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **11**

Meeting Date: 23 July 2012

Subject: NGERS and Clean Energy Schemes and Greenhouse Gas Assurance

Date Prepared: 16 July 2012

Action Required

For Information Purposes Only

Agenda Item Objectives

To provide an update on the project to develop a Guidance Statement on applying ASAE 3410 and other AUASB Standards to engagements under National Greenhouse and Energy Reporting Scheme (NGERS), Clean Energy Scheme (CES), Carbon Farming Initiative (CFI) and Renewable Energy Target (RET).

Background

ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* was issued by the AUASB on 28 June 2012 and is operative for reporting periods commencing 1 July 2012, which coincides with the commencement of the carbon pricing mechanism in Australia. ASAE 3410 conforms with ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*, released by the IAASB in June 2012.

The Clean Energy Regulator commenced operating on 2 April 2012 with responsibility for regulation of NGERS, CES and related schemes. The Department of Climate Change and Energy Efficiency retained responsibility for policy and legislative drafting.

At the 4 June Board meeting, the AUASB approved a project plan to develop a guidance statement to apply ASAE 3410 and other AUASB standards to engagements under NGERS, CES, which creates a carbon pricing mechanism under the Clean Energy Act 2011, and related schemes.

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

Under the various schemes relating to GHG emissions, assurance reports are required for:

- NGERS reported emissions and energy – reasonable assurance, limited assurance or verification reports for monitoring or compliance purposes initiated by the Regulator (NGER Act 2007).
- Carbon pricing mechanism - reasonable assurance reports submitted with s.22A scope 1 emissions reports (s.22A reports are used as the basis for emitters' carbon permit obligation) for liable entities with an emissions number over 125,000 tonnes of CO₂-e.
- Jobs and Competitiveness program (Clean Energy Regulations 2012) – reasonable assurance reports on applications for:
 - approval of activity as emissions-intensive trade-exposed (EITE).
 - EITE assistance, with limited assurance on expected production if applicable.
 - Supplementary allocations for LNG industry.
- Carbon offsets scheme (Carbon Credits (Carbon Farming) Act 2011) - reasonable assurance, limited assurance or verification engagements initiated by the Carbon Credits Administrator on compliance with the Act.

The myriad of assurance requirements under the schemes regulated by the Clean Energy Regulator, whilst linked back to NGERS for assurance on emissions, are spread through a number of pieces of legislation and regulations. The proposed Guidance Statement will seek to identify all of these assurance requirements and explain how the AUASB standards, including ASAE 3410, ASAE 3000, ASAE 3100 and ASRS 4400, are applied in meeting those requirements.

Matters to Consider

A Project Advisory Group was formed, comprising AUASB member, Nonna Martinov-Bennie, as Chairman, the Clean Energy Regulator (2 members), registered greenhouse and energy auditors (10 members), from both technical emissions and financial report assurance backgrounds, and the AUASB Technical Group (2 members). The PAG met on 7 June 2012 and recommended that the proposed Guidance Statement address engagements:

- Conducted by an assurance practitioner, including a registered greenhouse and energy auditor;
- To meet legislative or regulatory requirements in Australia with a subject matter which includes emissions, albeit that other subject matters may also be covered;
- To provide a reasonable assurance, limited assurance or agreed-upon procedures (verification/ no assurance) report; and
- To apply any AUASB Standards, including but not limited to ASAE 3410, without repeating the requirements and guidance contained in those standards.

Under this scope the proposed Guidance Statement would capture engagements conducted by assurance practitioners under NGERS, CES, EITE assistance, LNG assistance, CFI and RET exemption applications.

The PAG also identified a number of issues for practitioners, which could be addressed in the guidance. These will be considered for inclusion as the guidance is developed.

AUASB Technical Group Recommendations

The Technical Group recommends that the Board approve the scope of the guidance statement as set out above and recommended by the PAG.

Material Presented

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Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Agree broad scope of proposed Guidance Statement.	Scope	AUASB	23 July 2012	Pending