



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **12(b)**

Meeting Date: 17 June 2013

Subject: Assurance under the Carbon Pricing Mechanism, NGERs and Related Schemes – Update on policy development and regulation of the schemes

Date Prepared: 11 June 2013

Action Required

For Information Purposes Only

Agenda Item Objectives

Provide an update on policy development and regulation of the Carbon Pricing Mechanism, National Greenhouse and Energy Reporting Scheme (NGERS) and Related Schemes.

Background

The Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICSR) is now responsible for policy development in relation to climate change and the Clean Energy Regulator (CER) is responsible for regulation of schemes related to climate change. These schemes include:

- Carbon pricing mechanism (CPM)
- NGERs
- Jobs and Competitiveness program (JCP)
- Renewable Energy Target (RET), including partial exemption certificate (PEC) relief
- Carbon Farming Initiative (CFI)

The DIICSR was established on 26 March 2013, being the merger of the former Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRT) and majority of the functions of the former Department of Climate Change and Energy Efficiency (DCCEE).

The key policy developments initiated by the DIICSR since the last Board meeting has been draft regulations to streamline aspects of reporting under NGERs, following consultation with stakeholders regarding the efficiency of reporting under NGERs, which had been triggered by an ANAO report on the

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administration of NGERs. The proposed amendment regulation does not directly impact the provision of audit or assurance under NGERs.

Matters to Consider

Carbon Pricing Mechanism

The first period end for the CPM, which creates a carbon price liability, is 30 June 2013 and the first assurance reports under the CPM are to be lodged with the emissions report by 31 October 2013.

For entities with emissions at a facility over the 25,000 t CO₂-e threshold (for scope 1 emissions, LNG consumption or landfill emissions), reporting of interim emissions numbers and the surrender of eligible emissions units on those numbers was due on 17 June 2013. The final emissions number is required to be reported by 31 October, which for emitters with over 125,000 t CO₂-e of eligible emissions, is to be accompanied by an auditor's report on the emissions report. This final emissions number is used as the basis for a "true up" for which emissions units are to be surrendered by 3 February 2014.

As at 7 June 2013, the CER identified 376 potentially liable entities under CPM, which are published on the liable entity public information database (LEPID).

All reporting of covered emissions under the CPM and emissions and energy consumption and production under NGERs is submitted through the CER's new online reporting system, the Emissions and Energy Reporting System (EERS). EERS went live in April 2013 and replaces the previous online reporting system, OSCAR. Under EERS emissions data required for both NGERs and CPM is only required to be submitted once.

Greenhouse and Energy Auditor Inspection Program

Now that greenhouse and energy (GHE) auditor registration has been in place for some time, the CER plans to develop its GHE auditor inspection program over the coming year. This program will be developed in a number of phases in order to build up to the conduct of on-site inspections of audit activity, from which findings may be collated on a program wide basis and, if necessary, legislative changes considered.

The CER continue their NGER audit program which consists of CER initiated audits of NGER registered corporations consisting of small, medium and large companies across multiple industry sectors. Whilst the CER may select any NGER registered corporation for audit, the focus in coming years is likely to be on entities not required to obtain and lodge GHE auditors' reports under the CPM. The outcomes of the 2011-12 NGER Audit Program, which targeted data reported for the 2010-11 financial year, are summarised in the CER information sheet attached at Agenda Item 12(b).1.

Greenhouse and Energy Auditors' Reports

The Clean Energy Regulator is in the process of developing standard form assurance reports for each of the schemes which it regulates, including CPM, JCP, PEC applications and CFI. The AUASB technical group will provide advice on the content of those reports prior to their finalisation. These standard form reports will assist the greenhouse and energy auditors in clarifying the scope of the assurance engagements under each scheme and facilitate consistent reporting. In addition, the CER is updating the *NGER Audit Determination Handbook*.

Material Presented

Agenda Item 12(b)	AUASB Board Meeting Summary Paper
Agenda Item 12(b).1	Clean Energy Regulator 2011-12 National Greenhouse and Energy Reporting Audit Program