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# ERF SAFEGUARD MECHANISM CONSULTATION PAPER

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**Australian Industry Greenhouse Network Ltd**

Unit 3, 4 Kennedy Street, Kingston ACT 2604  
PO Box 4622, Kingston ACT 2604

T +61 2 6295 2166 | F +61 2 6232 6075  
E [info@aign.net.au](mailto:info@aign.net.au) | W [www.aign.net.au](http://www.aign.net.au)



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## ATTACHMENTS

- Attachment 1. Detailed Comments on the Safeguard Consultation Paper



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## 1. Background

The Australian Industry Greenhouse Network (“AIGN”) welcomes the opportunity to provide comment in relation to the Consultation Paper on the Emissions Reduction Fund (“ERF”) Safeguard Mechanism.

In reading this response, the Department should note AIGN’s broad range of members, and resultant wide diversity of views on greenhouse and energy policy. This submission accords with the views of our members in general. However, at times, there are variations in the positions of individual members on specific issues. It is therefore important that the Department considers AIGN’s feedback alongside any responses made to the Consultation Paper by our members.

## 2. Introduction

AIGN notes the extensive work undertaken by the Department in detailing the proposed workings of the Safeguard Mechanism. However, given the limited time provided for consultation, coupled with the complexity of the arrangements, it will be important for sufficient time to be provided for industry comment on the draft legislative rules when released.

In assessing the proposed workings of the Safeguard Mechanism, AIGN notes that the objectives are not to achieve abatement *per se*, but “to ensure that emissions reductions purchased through the ERF are not displaced by a significant rise in emissions elsewhere in the economy”<sup>1</sup>.

AIGN therefore welcomes the ongoing confirmation by the Government that the ERF will not be ‘revenue raising’ and will “allow businesses to continue ordinary operations without penalty”<sup>2</sup>. We also support the Government’s commitment to reducing the regulatory burden on business. It is of crucial importance that the reporting mechanism is kept as administratively simple as possible to reduce that burden. We note, however, that industry does support appropriate and effective regulation, although kept to a minimum, to meet policy objectives. As such, arguments for administrative simplicity should not be grounds on which to rule out a particular tool or concept that would deliver a better public policy outcome.

Above all, the design and operation of the Safeguard Mechanism must maintain the competitiveness of entities operating in Australia, consistent with past comments of the Government that “It is vital that any approach to climate change does not hurt the competitiveness of Australian business and industry”<sup>3</sup>. AIGN highlights that a number of the proposals within the Consultation Paper are inconsistent with this policy intent of encouraging competitive Australian businesses.

Flexibility is required in such areas as baselines and emission management, recognising the business realities associated with the vastly differing nature of the various industry sectors captured within the Safeguard Mechanism. For example, when establishing baselines, any proposal that would perversely discourage efficiencies delivered through changes to facilities or discourage incremental/marginal cost production at existing facilities, could not be supported. This highlights the need to ensure the foundations of the Mechanism are consistent with the Government’s policy intent.

**Attachment 1** provides the views of AIGN on the proposals contained within the Consultation Paper on a section-by-section basis. We note, however, a number of key issues that are of priority attention, which are listed below and addressed in the following section titled ‘Priority issues’.

These include:

- Proposal for the treatment of incremental expansions.
- The time period for the setting of historical baselines.
- Impact of company restructuring on baselines.
- Implications of changes in Government policy.
- Implications of changes in climate related policies of other levels of Government.

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<sup>1</sup> Consultation Paper ERF Safeguards, March 2015.

<sup>2</sup> Emission Reduction Fund Green Paper, January 2014.

<sup>3</sup> The Coalitions Direct Action Plan, 2010.



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Detailed comments are also provided in *Attachment 1* in respect of the treatment of new investments and in defining best practice. AIGN also recommends broad stakeholder consultation on the proposed treatment of the electricity sector under the Safeguard Mechanism.

### 3. Priority Issues

#### 3.1 Treatment of Incremental Expansion

As raised with the Department on a number of occasions, including within the Stakeholder Reference Group, there is the need to ensure that rational investments to improve productivity and competitiveness are not penalised. The investments, which could include process control, technical innovations as well as new plant and equipment, could be either incremental or significant, and examples were provided at these meetings relating to both the manufacturing and resource sectors.

Most Australian facilities are operating in highly competitive and openly traded global markets. All facilities, and particularly the best quality assets, are continually seeking incremental process and technical improvements, and de-bottlenecking to increase production by at least 1% to 2% per annum. Maintaining scale of operations is critical to ongoing viability. This is likely to also incrementally increase emissions. These are rational business decisions that maintain the viability of facilities and are beneficial in numerous ways for the Australian economy. It would be perverse if the Safeguard Mechanism imposed a cost on the most efficient operations as a result of action they take to maintain their low-cost, high-efficiency position on global cost curves. In particular, this runs counter to the Government's Productivity Improvement Agenda.

Whilst welcoming the flexibility provided by the proposed multi-year averaging provision, it is based only on a measure of absolute emissions and, as a result, is likely to punish a large number of industry sectors for the reasons canvassed above, particularly in respect to capacity creep.

AIGN therefore proposes the option to include an emissions intensity test that would allow a facility to exceed their absolute baselines so long as the emission intensity of production is not increasing. Providing a secondary threshold of emission intensity better reflects the realities of business operations over the business cycle, and allows for changes in production, expansions and maintenance requirements.

Whilst the emission intensity test may not be applicable to particular cases, this should not preclude its inclusion as an optional arrangement to both setting and managing emissions where appropriate. AIGN is not convinced that this provision is "administratively complex"<sup>4</sup>, given the experience of precedents set by past activity assessments, such as with the former Jobs & Competitiveness Program. We also note that the proposed treatment of new facilities and significant expansions relies on the use of an emissions-intensity metric, despite the proposed treatment options being considerably more complex in application.

This optional provision is of particular importance to the manufacturing sector and aligns with the Government's commitment that *"Flexibility could be provided where a business's emissions rise above absolute baselines, but that business can demonstrate that its emissions intensity of production is not rising"*<sup>5</sup>. As it currently stands, the exclusion of the emission intensity test demonstrates an inconsistency between the treatment of:

- a new facility, which will not be penalised if operating under best practice;
- a significant expansion, which also will not be penalised in reduced emissions-intensity; and
- incremental production increases, which will be penalised.

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<sup>4</sup> ERF Safeguard Mechanism Consultation Paper, 2015.

<sup>5</sup> ERF White Paper, April 2014.

There is a further obvious conflict where a facility will not incur a compliance obligation if it increases absolute emissions and emissions-intensity due to inherent emissions variability associated with natural resources, but no compliance obligation if a facility expands production without increasing emissions-intensity.

In short, AIGN proposes the secondary option of an emissions intensity test if a facility exceeds its absolute emissions baseline as a means of meeting compliance obligations. The arguments that have been given against an emissions intensity test are, in our view, not robust.

### 3.2 Time Period for Determining Historical Baselines

AIGN notes that in prior discussions there was debate over whether setting historical baselines on a 5-year time period would capture the full economic cycle. The release of the Consultation Paper provides the first detailed guidance as to how the Department considers the proposed Safeguard Mechanism could work, particularly the management of emissions. Given the importance of the setting of the baselines to the overarching management of emissions, AIGN believes that rather than a 5-year period, a 7-year period commencing 2008/09 and concluding 2014/15 would be more reflective of the business cycle and take into account the impact of the Global Financial Crisis.

Ensuring a realistic time period for the setting of baselines is critical in underpinning the robustness of the policy.

### 3.3 Impact of Company Restructuring on Baselines

Arising from a combination of factors such as the high Australian dollar, the impact of the Global Financial Crisis and increased domestic costs, there has been significant recent rationalisation and consolidation within Australian industry, particularly within the manufacturing sector. This has taken numerous forms, with a focus on improving business efficiencies and competitiveness, and ranging from mergers and acquisitions to plant closures and plant consolidation.

The facility boundary provisions focus on changes in overall production capacity at a single site and do not take account of changes to existing and future capacity utilisation or rationalisation into a smaller number of sites. For example, the closure of two small facilities to consolidate operations at an existing, large but under-utilised facility, may result in increased production at the large facility flowing from increased plant utilisation without any investment, but will upwardly impact on emissions at that facility. The new facility may in fact operate more efficiently with a fall in overall emissions-intensity despite an increase in emissions or even a reduction in overall emissions when compared to the combined production and emissions of the multiple sites prior to rationalisation. It is unclear how these scenarios will be treated under the proposed arrangements. One option would be the creation of a post-consolidation baseline that provides for expansion at the remaining facility.

Similarly, incremental expansions in capacity arising from production and technical innovations may adversely impact the baseline.

One possible simple solution would be to provide for the combination of baselines from facilities under the same ownership, which produce similar products, where there is some rationalisation of facilities. An alternative option is the inclusion of an optional emission intensity test as outlined above.

### 3.4 Implications of Changes in Other Government Policies

AIGN notes that there is no provision within the Safeguard Mechanism to accommodate changes in emissions, and hence baselines, as a result of other federal, state or local Government regulation. These changes could relate to either the implementation of new policy or the working of existing regulation (unrelated to climate change) that, in its application, could upwardly impact emissions and therefore baselines, and may also require significant new investment (to meet the changed requirements). This issue was previously flagged in AIGN responses to the Green Paper. The need for recognition of this special circumstance is consistent with the recognition for changed circumstances that apply for the resource extraction and electricity generation industries.

An example previously quoted is the changes in statutory requirements for fuel standards, which may increase petroleum refining processing intensity and hence the emissions intensity of production. Similarly, transmission pipelines are regulated as monopoly infrastructure, which requires pipeline developers and operators to prove they are investing and operating efficiently. Regulatory requirements may also obligate mining and oil and gas operations to implement energy-intensive processes (such as water treatment) as part of mine closure requirements.

The implications for a facility of the changes flowing from a new Government policy needs to be reflected in the provisions of the Safeguard Mechanism that relate to changes to CO<sub>2</sub> emissions at an existing facility and the provisions that relate to adjustment of the emissions baselines to take into account new investments or significant expansions arising from compliance with the new policy requirements.

Alternatively, the ‘exceptional circumstances’ provisions covering natural disasters and criminal activity could be broadened to encompass ‘impact of Government policy’ or, preferably, a new category established. Under this provision, a change in Government policy would trigger a reassessment of baselines reflecting the ongoing nature of the changes flowing from compliance with other federal, state or local government regulations unrelated to climate change.

### 3.5 Implications of Changes in Climate-related Policies of Other Levels of Government

Whilst it is AIGN’s position that climate change policies should be led by the Federal Government, it is noted that recently a number of State Governments are talking of introducing their own policies. Introduction of new State-based policies could have implications for a facility’s operations dependent on the State it is located in and lie outside its ability to control.

As with the case circumstances highlighted in Section 3.4 above, the implications for a facility of the changes due to a new climate-related policy at the sub-national level needs to be reflected in the provisions of the Safeguard Mechanism. Options include ensuring the ‘exceptional circumstances’ provisions to encompass ‘impact of changes in climate-related policies of other levels of government’ or, preferably, a new category established. Under this provision, a change in climate-related policies of other levels of Government would trigger a reassessment of baselines reflecting the ongoing nature of the changes flowing from compliance with other state or local government regulations related to climate change.

These provisions are proposed from a pragmatic viewpoint, but they do not represent a weakening of AIGN’s position supporting a streamlined, national climate policy.



## **Attachment 1. Detailed Comments on the Safeguard Consultation Paper**

### **2. COVERAGE**

#### **2.1 Which emissions will be covered?**

AIGN has in the past argued that the Safeguard Mechanism should have broad coverage. This is consistent with AIGN's policy principle that Australia's emissions reduction target should be shared equitably across the economy, noting the issue of coverage is subject to considerable variation dependent on a firm's operating structure.

In this respect, AIGN again point out that if the intent of the Mechanism is to discourage emissions growth above historical levels, then coverage of 50% to 60% of emissions will not safeguard the ERF expenditure. The 40% to 50% of emissions (and potential ERF project proponents) in the uncovered sectors could reverse the savings made as part of the collective ERF and Safeguard Mechanism package (irrespective of the threshold).

#### **2.2 Who will participate?**

AIGN supports the proposal that the business with operational control of a covered facility (as defined under NGERs) will be responsible for meeting the safeguard requirements. However, a provision to allow for the transfer of this responsibility to the person with financial control should be included.

#### **2.3 What happens if a facility falls below the coverage threshold?**

AIGN proposes that if a facility has not exceeded the 100,000 tonne baseline in the past 3 reporting years, it should be excluded from the Safeguard Mechanism noting it will still be reporting under the National Greenhouse & Energy Reporting Scheme (NGERS). If an entity exceeds its baseline in a prior year, it should be able to make use of proposals under emissions management, such as multi-year averaging, to rectify the increase.

### **3. ESTABLISHING BASELINES**

AIGN believes the historical period over which the baselines are set should be increased from 5 years to 7 years to more accurately reflect the inherent emission variability over the business cycle. Importantly, the option to use a measure of emission intensity to either set baselines or as a flexible compliance mechanism is essential if the scheme is not to punish rational business decisions as the Government has indicated.

#### **3.1 Minimum baselines**

As noted under Section 2.1 above, AIGN argues that the Safeguard Mechanism should have broad coverage. To prevent capturing an anomaly where the threshold is only exceeded once over a 5-year period, AIGN suggests that a facility only be included if it exceeds the threshold over the majority of years in the assessable period.

It should also be noted that many facilities will not know whether they will exceed the baseline until towards the end of the reporting year.

### 3.2 Changes to facility reporting methods

#### Changes to emissions estimation

AIGN supports the ability of the Clean Energy Regulator (“CER”) to recalculate a facility’s baselines where it is impacted by changes in the global warming potential (“GWP”). This recalculation of the baseline going forward should be based on the adjustment to the historical high point of past emissions so as to account for the changed GWPs in a way that does not adversely impact businesses simply as a result of a change in reporting methodologies.

#### Vertically-integrated production processes/facility boundaries

AIGN supports the proposed provisions where companies move to a disaggregated production process (from vertically-integrated) or facility boundaries change to either ‘fill in the gaps’ to ensure comparable data is available during the baseline period or determined by the CER on a *pro rata* basis. It is, however, suggested that a grandfathering provision be provided under legislation to allow companies to continue reporting under their existing NGERs rules where disaggregation may present a major issue.

### 3.3 Baselines reflecting inherent emissions variability associated with existing natural resources and reserves

AIGN welcomes the recognition in the Consultation Paper of the need for flexibility for historical emissions data for the resource and energy sectors arising from variations in resource quality, access etc. As previously commented, *“historical performance cannot be equated with potential performance going forward. Business does not operate in a static state and there will always be fluctuations in emissions as a natural part of business.”*<sup>6</sup>.

AIGN notes that the resource, energy and manufacturing sectors can also be subject to significant variations in emissions over the cycle, such as through changes in feedstocks, incremental expansions, or through the aging and depreciation of plant and equipment, and routine maintenance requirements. Many parts of the manufacturing sector make use of ‘mined’ inputs and these inputs can be carbonaceous with limited, if any, flexibility over the variability of their natural inputs. As previously discussed, an intensity metric is better able to capture these fluctuations without needing to regularly assess against an absolute emission profile.

Recognition of changes to the oil and gas reservoir characteristics as the properties of fields change, should be specifically referenced within those items subject to natural variability.

## 4. NEW INVESTMENTS

### 4.1 New investments already underway

AIGN support the principle outlined in the Consultation Paper to cover new investments already underway.

Some projects such as LNG facilities have considerable lead times and, even though key technical decisions may have been made that lock in the emission profile, they still may not commence production until well after 2020.

To maintain consistency with the treatment of existing facilities and to account for what can be lengthy ramp-up periods, it is suggested that the independent assessment approach should utilise baselines reflecting expected emissions over a 5-year period or for the 3 years after these facilities reach ‘steady state’ operation, rather than the 3 years proposed.

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<sup>6</sup> AIGN Green Paper Response, February 2014.

## 4.2 New investment without a final investment decision

### 4.3 Defining best practice

As previously noted, AIGN considers any significant new investment is almost certainly likely to be at best practice given the open nature of the Australian economy and the competitive international investment and operating environment. AIGN has also previously commented that as a result of the variety of industrial and resource extraction activities undertaken in Australia, it is difficult (if not impossible) to determine one or two best practice approaches to manage emissions from new facilities or from an expansion. In short, a plant will be built fit for purpose and to maximise return on investment.

For many sectors, it is difficult to look at the ‘top 10%’ of Australian industry output, owing to the limited number of firms or facilities. This is the case in such sectors as aluminium, petroleum refining, cement manufacture, explosives, and other chemicals manufacture. If we look to those industries that are investing in new facilities, such as gas transmission and LNG, again there will only be a limited number of facilities. Nor will it be easy to compare facilities that have numerous significant and unique operating units and many production outputs, such as the petroleum refining industry.

Furthermore, where sample sizes are incredibly small and emissions-intensity variability very large at each facility, any statistical measure of the ‘top 10%’ would be questionable both in terms of its reliability and predictive validity. Small operating changes driven by a range of factors, including demand or environmental considerations in the facilities used to determine best practice, can therefore significantly change what would be considered best practice from year to year. This further raises questions on issues not canvassed in the Consultation Paper relating to the period when best practice is measured and for how long.

There is also no indication of the level of industry classification that would be used to determine best practice. To create an accurate measure, this is likely to require a high degree of granularity.

AIGN also maintains its past reservations over comparability of international data as facilities vary considerably, owing to different factor conditions as well as differing government policies that impact on investment decisions (in turn impacting investment). Members also noted that they have experienced difficulties in accessing robust international data, and that where the data may be available, it can come at a considerable cost.

As an example of the difficulty in applying a best practice approach, transmission pipeline emissions vary significantly as a result of demand, gas quality, pipeline length and/or the stage in the investment/expansion cycle, which is often 5 to 10 years long. AIGN debates the assumption that new investments will not be best practice level, and considers that an output-based approach is unlikely to be realistic in the Australian environment. Further, AIGN does not support a technology-specific approach owing to the degree of administrative intervention required, and because it would most likely be unreflective of Australian conditions.

An alternate approach is to operate on the basis that a new investment will be at industry best practice level subject to consideration by an independent agency against a criteria highlighting that, in making an investment decision, the project proponents evaluated options to reduce emissions during the facility design stage, and/or provides evidence of energy efficiency assessments undertaken at key decision points, consistent with identifying opportunities for improved energy use.

Given the lack of detail and uncertainty around the capacity to assess best practice, AIGN suggests that considerable elaboration, coupled with greater consultation, is required.

#### 4.4 Establishing baselines for new facilities and significant expansions at best practice

AIGN supports the proposal that this application only applies to new plant or equipment, not the entire facility. We again express reservations regarding the use of a best practice measure and note the complexity around linking best practice performance of a specific new unit in a manufacturing facility to the data relating to emissions from an existing complete facility.

Whilst supporting the flexibility proposed around the ramp-up period, AIGN considers that the proposal to set the baselines based on highest expected production for the first 3 years of operation above threshold is too short and should be 5 years. The ramp-up period for complex facilities such as an LNG plant or a petrochemical facility can be up to 7 years.

#### 4.5 Defining significant expansions

The definition of a significant expansion will differ from industry to industry and facility to facility. A significant expansion could incorporate either a production or capacity utilisation increase. In some cases, the significant expansion may be simply to maintain production at a facility, such as the installation of a new furnace.

In these circumstances, the application of an arbitrary threshold figure of 20% is not supported, and AIGN suggests no threshold apply, otherwise marginal increases in production will be penalised, but more significant increases will be encouraged. Once more, an emissions intensity test would be useful as it would solve the problem of having to classify emissions as 'significant' or 'incremental'.

As was highlighted at the Sydney consultation forum for the Safeguard Mechanism, there needs to be clarification under this section between production versus capacity increases, as well as the role of process or technical improvement. An under-utilised facility can increase production without necessarily incurring any new plant or equipment expenses. Similarly, 'capacity creep' that results from ongoing process re-engineering to improve efficiencies, should be included.

This approach is consistent with the Government's dual objective of increasing economic output whilst doing so in an environmentally responsible way.

### 5. EMISSIONS MANAGEMENT

AIGN has consistently advocated for flexible compliance arrangements consistent with the Government policy intent, that is, that the Safeguard Mechanism is not intended to be revenue raising. Civil penalties should be a final step after an extensive process of considering alternate options.

#### 5.1 Addressing natural variability of emissions

AIGN supports multi-year compliance as consistent with previous responses, and that there will be variations in facility emissions. AIGN argues that to be consistent with the existing period for establishment of historical emissions and to be reflective of the business cycle, the period of multi-year variability should be 5 years rather than 3 years.

As highlighted earlier, AIGN supports the inclusion of an emission intensity test as an additional option for emissions management. The argument that it does not work for some sectors is not an argument about its inclusion; it does provide an option for a range of manufacturing operations in much the same way that other measures address specific characteristics of resource extraction or the waste sector.

Averaging should be a multi-year compliance option, and not need to be applied for, to ensure cost certainty.

## 5.2 Net emissions and carbon offsets

AIGN agrees that the ERF's "*overriding objective...should be to purchase emissions reductions at the lowest available cost*".

Allowing facilities the opportunity to purchase Australian Carbon Credit Units ("ACCUs") as offsets to reduce their net emissions amount, is an important emissions management mechanism included in the Consultation Paper. However, for facilities to plan investments and fully understand the net cost of abatement today and in the future, the price of ACCUs needs to be relatively stable and predictable over the long term.

Consistent with the AIGN principle of least-cost abatement, the ERF should provide access to international units, including the Clean Development Mechanism. This will promote genuine emissions reductions, assist with maintaining Australia's international competitiveness, and address the potential for leakage. Furthermore, it will have the additional benefit of establishing a more liquid market, with long-term hedging options.

### Avoiding double-counting

Measures to avoid double counting are supported only where they relate to ACCUs generated as a result of abatement in Scope 1 emissions. ACCUs from Scope 2 emissions should not be added to baselines, as these exclude Scope 2 emissions. Therefore, double counting is not relevant.

## 5.3 Exemptions for exceptional circumstances

AIGN agrees that there should be a provision to allow for the impact of events beyond the control of facilities. However, this provision needs more clarity such as defining what constitutes a 'natural disaster' and what are considered to be reasonable steps to mitigate the risk of excess emissions. For example, would a prolonged heatwave be considered a natural disaster (as it will impact the emissions of many facilities)?

The definition of criminal activity is also unclear. Does this encompass a judgement, as court action can be a lengthy process and would place facilities at an unacceptable risk of being non-compliant.

Furthermore, AIGN proposes a provision for the impact of other circumstances reasonably outside a facility's control, such as catastrophic equipment failure.

The assessment of impact and period of impact will be crucial. *Force majeure* should be added to the list of exceptional circumstances. An example might be a severe disruption to the supply of energy feedstocks that increase emissions at a facility. The disruption may be unrelated to natural events, but perhaps a reflection of health and safety issues.

There should also be an appeal mechanism if an application for exemption is rejected.

## 5.4 Enforcement option

In noting that "*safeguard requirements must be enforceable*" AIGN welcomes the flexibility provided via the graduated enforcement options. This is consistent with the original intent of the Safeguard Mechanism, which is to prevent rogue operators adversely impacting Australia's emissions profile. AIGN supports the proposed approach.

Details on the maximum amount of the civil penalty to be set in the regulations should be provided as soon as possible.

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<sup>7</sup> ERF *White Paper*, April 2014.

## 6. ELECTRICITY SECTOR

In the context of discussing a possible sectoral approach for the electricity industry, the Consultation Paper notes “reliable and low cost electricity supports the competitiveness of our manufacturing industry and our mining sector”. Whilst the electricity industry is subject to a number of significant influences, it will be important that the scope for potential increased costs to downstream users arising from the operation of the Safeguard Mechanism, are minimised.

AIGN notes that the Department has not undertaken any modelling as to the potential impact of the Safeguard Mechanism on the electricity sector, given the basis that it would be too complex to attempt to assess it. Whilst acknowledging the inherent uncertainty in modelling and future projections, AIGN members are nevertheless concerned about this lack of knowledge and the potential for costly, unintended consequences in the wake of implementation, especially in light of the Government’s objective of encouraging economic growth.

Under the existing proposals, the Safeguard Mechanism will only come into force if the sectoral baseline for the electricity industry is exceeded and then will apply at the individual facility level. Should baselines be exceeded, and dependent on the emissions management provisions utilised, costs could be incurred. As a non-traded sector, it is possible that there will be a pass-through of any increased costs of electricity arising from the operations of the mechanism. This will have implications for all those sectors of the Australian economy that are major users of electricity, including not only industry but also households.

These arguments highlight the need for broad stakeholder engagement in the consideration of a sectoral approach for the electricity industry. AIGN strongly encourages the Government to include extensive consultation with our energy using members in its development plan for an electricity sector approach.

## ADMINISTRATION

### 7.1 Publication of information

AIGN supports the proposed role of the CER given its expertise, but we emphasise the importance of maintaining separation between policy and administration. It would be useful if some indication could be provided as to the proposed administrative timetable in relation to the application of the safeguard processes (eg. applications for multi-year averaging), noting its inter-relationship with the NGERs reporting timeframe.

AIGN only supports the publication by the CER of aggregated baseline and emissions information for all facilities covered by the Safeguard Mechanism, as the Department has not presented a strong argument of the policy or public good that would be achieved by making facility-level data available.

Conversely, there is a very good argument against publishing this information. The provision of facility- or company-specific information is likely to be commercially sensitive. Confidentiality of company information was critical in gaining industry support for the provision of commercially sensitive data in the original establishment of NGERs, and remains valid to this day. The publically available, liable entity data by facility reported under the carbon tax was only a subset of total Scope 1 emissions (covered emissions only) and cannot be equated with the facility-level information being proposed to be publically available in respect of the ERF.

Publication of data should not be used to ‘name and shame’ companies.