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Sent: Thursday, 21 February 2019 9:05 AM
To: Holding, Louise; Forster, Darren; Meredith, Shaun
Cc: Mike Rowe; Vivienne Ryan
Subject: Today's Meeting EPA GHG Guidance
Attachments: GHG Guidance Comms Strategy VR.docx; Draft greenhouse gas conditions.docx

Follow Up Flag: Follow up
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Louise, Darren and Shaun,

As background information to today's meeting on GHG, please find attached the EPA draft Communications Strategy, which includes the background to the development of the Guidance documents, key messages and implications.

I have also include an example of the draft Conditions that might apply to the a large LNG Plant.

Please also note that DWER has drafted a B-note on the EPA GHG and that will be sent through shortly.

Happy to discuss, noting that the EPA Board is considering these matters this morning.

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1 Greenhouse Gas Avoidance and Reduction Plan

- 1-1 The proponent shall manage the implementation of the proposal to meet the objective of avoiding (wherever possible) and reducing Scope 1 Emissions and Scope 2 Emissions.
- 1-2 Within six (6) months of this Statement, the proponent shall prepare and submit to the CEO a Greenhouse Gas Avoidance and Reduction Plan to meet the objective required by condition 1-1.
- 1-3 The Greenhouse Gas Avoidance and Reduction Plan shall:
- (1) specify the net emissions and expected emissions intensity (emissions per unit of product) for the proposal based on technology selection and plant design;
 - (2) identify measures that the Proponent will implement to reduce net emissions and/or emissions intensity (including the adoption of advances in technology and process management);
 - (3) with respect to each of the measures identified in Condition 1-3(2), specify:
 - (a) the timeframe within which each measure will be implemented; and
 - (b) measurable targets for continuous improvement to determine the effectiveness of the relevant measures;
 - (4) include provisions for monitoring and reporting to the CEO each year of:
 - (a) the net emissions and the emissions intensity for Scope 1 Emissions and Scope 2 Emissions of the proposal achieved for the previous reporting year;
 - (b) progress against the implementation of improvement measures outlined in Condition 1-3(2) for the previous reporting year; and
 - (c) progress against the targets for continuous improvement outlined in Condition 1-3(3) for the previous reporting year;
 - (d) total Scope 1 Emissions and Scope 2 Emissions from the proposal for the previous reporting year.
 - (5) be reviewed by an independent person with suitable technical and engineering expertise to confirm that the Greenhouse Gas Avoidance and Reduction Plan is of reasonable quality and that any conclusions and findings are supported by the evidence.

- 1-4 The proponent shall make the report referred to in Condition 1-3(4) publicly available in a manner approved by the CEO.
- 1-5 After receiving notice in writing from the CEO that the Greenhouse Gas Avoidance and Reduction Plan satisfies the requirements of condition 1-2 and condition 1-3 the proponent shall:
- (1) make the Greenhouse Gas Avoidance and Reduction Plan publicly available in a manner approved by the CEO;
 - (2) implement the Greenhouse Gas Avoidance and Reduction Plan (including the measures identified in Condition 1-3(2)), or any subsequent revisions that may be approved by the CEO under condition 1-5 or 1-6; and
 - (3) continue to implement the Greenhouse Gas Avoidance and Reduction Plan, or any subsequent revisions as approved by the CEO.
- 1-6 The proponent may review and revise the Greenhouse Gas Avoidance and Reduction Plan or any subsequently approved revisions.
- 1-7 The proponent shall review and revise the Greenhouse Gas Avoidance and Reduction Plan or any subsequently approved revisions, as and when directed by the CEO.
- 1-8 Any revision of the Greenhouse Gas Avoidance and Reduction Plan must be submitted to the CEO for approval. The proponent shall implement the latest version of the Greenhouse Gas Avoidance and Reduction Plan which the CEO has confirmed by notice in writing satisfies the requirements of conditions 1-2 and 1-3.

2 Greenhouse Gas Offsets

- 2-1 The Proponent shall manage the implementation of the proposal to ensure that all Scope 1 Emissions are adequately offset.
- 2-2 Within six (6) months of the date of this Statement, unless otherwise agreed with the CEO, the Proponent shall prepare and submit a Greenhouse Gas Offset Plan to the satisfaction of the CEO to meet the outcome required by condition 2-1.
- 2-3 The Greenhouse Gas Offset Plan required by condition 2-1 shall:
- (1) describe the approach to offsetting net Scope 1 Emissions;
 - (2) ensure the offsets comply with the National Carbon Offsets Standard (including the offset integrity principles); and

- (3) demonstrate that offsets cancelled or surrendered annually equal or exceed the net Scope 1 Emissions from the proposal.
- 2-4 After receiving notice in writing from the CEO that the Greenhouse Gas Offset Plan satisfies the requirements of conditions 2-2 to 2-3, the proponent shall:
- (1) within six (6) months of the date of the written notice from the CEO, commence the implementation of the actions in accordance with the requirements of the approved Greenhouse Gas Offsets Plan; and
 - (2) continue to implement the approved Greenhouse Gas Offsets Plan.
- 2-5 The proponent shall review and revise the Greenhouse Gas Offsets Plan as and when directed by the CEO.
- 2-6 The proponent shall implement the latest revision of the Greenhouse Gas Offsets Plan, which the CEO has confirmed by notice in writing, satisfies the requirements of condition 2-2 to 2-3.

The following definitions apply to Conditions 1 and 2:

Scope 1 Emissions means the greenhouse gas emissions released to the atmosphere as a direct result of the proposal

Scope 2 Emissions means the greenhouse gas emissions released to the atmosphere from the indirect consumption of an energy commodity in implementing the

National Carbon Offsets Standard means the document entitled National Carbon Offsets Standard for Organisations published by the Commonwealth of Australia (2017)

Communications and Engagement Summary

Environmental Protection Authority (EPA) Guidance on Greenhouse Gas Emissions

Background

- The Environmental Protection Authority (EPA) has developed new guidance on mitigating greenhouse gas emissions from significant new or expanding proposals in Western Australia.
- The ***EPA Technical Guidance – Mitigating Greenhouse Gas Emissions and Environmental Factor Guidance – Greenhouse Gas Emissions***, will help proponents of significant proposals in the State, prepare for an environmental assessment by the EPA.
- The guidance outlines how the EPA will assess greenhouse gas emissions associated with development proposals.
- These guidelines are not statutory, but serve to inform proponents as to the kinds of information they may be required to provide to the EPA during the assessment process.
- The approaches outlined in the guidance are not new.
- They have been applied to significant and relevant proposals subject to formal environmental impact assessment for almost two decades.
- The guidance reflects the best available science and builds on the EPA's long-standing approach to greenhouse gases.
- The Australian Government's principal mitigation initiative is the Emissions Reduction Fund (ERF) and the associated safeguard mechanism.
- The safeguard mechanism applies to facilities with direct emissions (scope 1) in excess of 100,000 tonnes CO₂-e per annum, and requires liable entities to keep emissions at or below a predetermined (historical or calculated) emissions baseline.
- In 2016, Western Australia contributed 82.2 million tonnes¹ carbon dioxide equivalent (CO₂-e), or 16 per cent, to Australia's greenhouse gas emissions.
- Western Australia is the only Australian jurisdiction to have experienced a significant increase in greenhouse gas emissions between 2000 and 2016, with the State's emissions increasing by 27 per cent over this period.
- Carbon markets, including methodologies for offsetting and mechanisms for crediting offset activities, have evolved significantly since the EPA first began recommending greenhouse gas offset conditions for major proposals in 2005.

¹ From the 2016 State and Territory Greenhouse Gas Inventory.

Greenhouse Gas Guidance

The EPA's greenhouse gas management framework is aligned with the mitigation hierarchy (avoid, reduce, offset) and includes measures aimed at:

- **Benchmarking and Design** – comparing emissions and energy intensity performance metrics against industry best practice;
- **Continuous improvement** – ensuring consideration of measures to improve performance of emissions intensity over time;
- **Reporting emissions** – public reporting of greenhouse gas emission metrics not reported under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act) and emissions intensity performance, including actions to reduce emissions; ; and
- **Offsetting emissions** (carbon offsets) – proponents with direct emissions in excess of 100,000 tonnes per annum CO₂e will be required to offset any residual (net) direct emissions associated with the proposal. This will require the implementation of a greenhouse gas emissions offset package to offset residual emissions. For projects going forward, the EPA will be seeking proposals with zero net emissions for Scope 1.

Key messages

- The EPA has released new guidance on mitigating greenhouse gas emissions from significant new or expanding operations in Western Australia.
- This new guidance will help proponents of significant proposals prepare for an environmental assessment by the EPA.
- While recognising the lead role that the Commonwealth regulators have in meeting Australia's international obligations on reducing emissions, this role has changed over time, and therefore so must the EPA's consideration of GHG emissions.
- In summary, the revised guidelines outlines:
 - requirements for the transparent reporting of greenhouse gas emissions from proponents;
 - how proponents can avoid and reduce their greenhouse gas emissions; and
 - sets a clear threshold for when proponents are required to offset their emissions.

Implications

- The new guidance will only apply to future proposals and Ministerial requests for review of existing proposals.

- There will be a 12-month transition period for proponents to prepare their Greenhouse Gas Offset Plan, allowing time for proponents to consider the availability of State, Commonwealth and international carbon offsets
- While there will be a compliance cost for business associated with offsets, there will be benefits with development of an emerging offset market including regional development and jobs in Western Australia.

Proposed communications and engagement activities

Issue or risk	Action	Date	Lead
EPA Board consideration of the new guidance.	EPA Board considers and potentially endorses The GHG guidance.	Thursday 21 February (morning)	EPA Board
Briefing Government Departmental heads	EPA Chair will brief departmental heads/DGs ahead of publicly releasing the guidance	Monday 25 th Tuesday 26 th February	EPA Chair/Board EPA Services
EPA Stakeholder Reference Group has been consulted and is expecting an outcome of the GHG Guidance. Once the SRG is briefed we can expect the EPA Guidelines to be public.	Brief the SRG on the GHG Guidance development and outcome.	Wednesday February 27 th 2019	EPA Board
The ongoing Wheatstone Section 46 review is considering the the adequacy of existing conditions contained in Ministerial Statement 873, with respect to minimising greenhouse gas emissions through improvements in	The EPA has committed to release this guidance by the end of March 2019.	End of March 2019	EPA

technology and operation, and offsets.			
CCWA is running a campaign calling on the EPA to strengthen its GHG Guidance.	CCWA is expecting an outcome of the GHG Guidance.	Ongoing	CCWA