Environmental Consultants Association

The professional association for environmental consultants in Western Australia

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The Environmental Consultants' Association (ECA) represents a diverse range of practitioners from the environmental consulting industry in Western Australia. It is not the role of the ECA to lobby for or against development or for specific conservation outcomes. As practitioners, we can add value to consultation processes by providing advice on the workability and technical accuracy of policy and guidance.

The ECA acknowledges and accepts the weight of scientific evidence that demonstrates the causal relationship between anthropogenic sources of carbon dioxide, global warming and the subsequent impacts on the environment. The ECA also acknowledges that the Environmental Protection Authority (EPA) has functions under the *Environmental Protection Act 1986* (EP Act) which require it to undertake environmental impact assessments and to consider and initiate the means of protecting the environment and the means of preventing, controlling and abating pollution and environmental harm. Therefore, greenhouse gas (GHG) emissions are clearly within the range of considerations of the EPA.

The ECA supports the development of clear guidance regarding the information requirements, assessment and conditioning of proposals that have a potentially significant level of greenhouse gas emissions. Therefore, ECA provides the following submission in response to the EPA's public consultation on the development and implementation of greenhouse gas factor guideline and technical guidance, with a focus on the workability of the guidance.

The EPA has sought views and information in response to the following:

- The information that should be required by the EPA for its environmental impact assessments
- How emissions associated with a proposal should be considered by the EPA
- The constraints on potential emission mitigation conditions the EPA should recognise
- Any other advice related to the assessment of greenhouse gas emissions by the EPA that would further clarify or improve the guidelines.

Information required

Referral information requirements

The EPA's decision on whether to include GHG as a Key Environmental Factor for an assessment is determined on the basis of the information provided by the proponent at referral of a proposal. At the proposal referral stage, it is unlikely that detailed design has been completed and only estimates of emissions would be available. Likewise, design options may still be undergoing revision.

To inform the EPA decision it is considered appropriate for the EPA guidance to require proponents to provide information regarding the source, type and likely magnitude of Scope 1

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and 2 emissions. However, it is unlikely that at referral stage that the emissions could be forecast with any accuracy. Therefore, to ensure that the policy is workable, the ECA recommends that this include a self-assessment of whether the proposal is likely to exceed 100,000 CO_2-e per annum. Any further detail required at referral would be based on assumptions only and may lead to either an overestimate or an underestimate of the proposal emissions which may adversely affect the quality of the decision making regarding assessment. Excessive referral requirements could also result in premature decision-making by proponents when collaborative decision-making during assessment and inclusive of more detailed design decisions would be more productive in seeking positive project outcomes.

No information regarding Scope 3 emissions should be required or considered at referral stage as these downstream or upstream emissions are largely beyond the control of a proponent and should not form the basis for the decision to assess GHG as an environmental factor.

Assessment information requirements

The methodologies for calculating greenhouse gas emissions (Scope 1 and 2) are well established and are already a component of the annual reporting requirements for many projects. However, it should be recognised that calculating greenhouse gas emissions during an assessment (when project designs may not be finalised) will be based on a number of assumptions and that actual emissions during construction and operation may differ from the assessed estimates. This uncertainty can adequately be addressed through reporting and review processes incorporated into Ministerial conditions.

It is important that emissions intensity is considered as well as the overall quantum of emissions. A large project that has implemented the mitigation hierarchy so that it has a low emissions intensity relative to other projects of that type should be considered more favourably that a smaller project that has a higher than average emissions intensity (relative to similar proposals).

The ECA supports the consideration of Scope 3 emissions in the assessment as this enables transparency regarding the likely life of project effect on global carbon production. However, it should be recognised that the Ministerial Conditions can only be applied to the proponent and not to third parties. Therefore, the EPA should be clear in the guidance about how information about Scope 3 emissions would be used in their assessment and recommended conditions. It is also noted that the information requirements regarding Scope 3 emissions should be high level only as detailed information is unlikely to be available.

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EPA consideration of emissions

Relationship to developments with existing Ministerial Statements.
The withdrawn factor guidance stated that "*The EPA will have regard to this policy for all new proposals as well as previously authorised proposals referred back to the EPA for reconsideration of conditions*." This relates to s46 of the EP Act. Given that projects authorised under the EP Act can have an operational life of over 30 years, s46 is an important component of the legislation that allows proponents and the Minister the opportunity to revise conditions. During implementation of a project, much is learned about effective environmental management and it might be beneficial to both environmental outcomes and to the proponent to be able to revise conditions to ensure they are effective and practical.

The application of new GHG guidance to historical projects only when they are reviewed by the EPA through a s46 or s45C process creates an arbitrary trigger for GHG assessment. Historical projects that aren't referred back to the EPA under s46 would not be assessed against any new GHG guidance. Therefore, the ECA does not support the application of new guidance regarding GHG emissions applying retrospectively to historical proposals through the s46 process. Any increased requirements on existing projects with a high emissions intensity should be applied to industry as a whole (potentially through Part V licensing processes) rather than arbitrarily to only a small proportion of projects.

Base case
For some projects, the "do nothing" scenario may have a carbon footprint (e.g. unchecked land degradation or an old industrial facility) or carbon sequestration benefit (e.g. regenerating vegetation). Where these are significant, these emissions/loss of sequestration may need to be taken into account in the calculation of project emissions.

Any new guidance also needs to avoid creating a disincentive for upgrading existing assets. If a proponent wants to replace an existing approved asset with a more efficient asset (i.e. requiring a new referral) then the guidance needs to be able to recognise any overall benefit. If the new referral is assessed and required to provide offsets then this could result in a lost opportunity to achieve a more efficient outcome.

Considerations regarding emission mitigation conditions

Offset threshold

The withdrawn EPA technical guidance stated that *"Proponents with Scope 1 emissions in excess of 100,000 tonnes per annum (tpa) will be required to offset any residual (net) direct emissions associated with the proposal."*

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This is the first time there has been a standard requirement for offsets of GHG in Western Australia, although many proposals have had greenhouse gas abatement conditions applied. ECA is supportive of transparent and consistent approaches to offset requirements; however, this raises several issues with the approach that was taken in the withdrawn technical guidance. These are discussed below.

Firstly, the statement above, if taken literally, implied that there would be 100% offsets required for projects emitting more than 100,000 CO_2-e tpa and that 0% offsets would be required for projects emitting less. A more graded approach to offsetting, or only offsetting those emissions above a designated threshold (rather than going from 0% to 100% offset requirement) would seem more reasonable.

Secondly, the threshold as it stands could encourage either the splitting of projects (more small projects) or managing the project's operational rate so that the annual emissions are below the trigger even if the quantum of emissions over the proposal life is the same.

Thirdly, the threshold as it stands does not provide an incentive for smaller projects emitting less than 100,000 tpa CO_2-e to improve the emissions intensity of their activities.

The ECA considers that the application of this threshold could have unintended adverse effects and that use of a single threshold is considered carefully. A graded approach to total emissions and / or one that applies to emissions intensity may be viable solutions.

Appropriate offsets

The ECA notes that the withdrawn technical guidance provided an inclusive definition of potential offsets and did not spatially limit the location of the offsets to any specific jurisdiction. The ECA supports this flexible approach but considers that it would also be beneficial to include a principle that opportunities for carbon offsets to delivery multiple benefits, including both social and biodiversity benefits within Wester Australia, be considered.

The withdrawn technical guidance refers to the use of carbon credits under the Australian Government's *Carbon Credits (Carbon Farming Initiative) Act 2011.* ECA members have provided advice that there are few offset projects approved in Western Australia under that Act and that there are currently insufficient carbon credits available for purchase in Australia to fully offset future projects in the short to medium term. It would make the process of offsetting simpler if the West Australian Government administered or approved a Carbon Offset Fund that proponents could (but were not limited to) pay into at an agreed rate to fund approved carbon offset projects.

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As greenhouse gas emissions and the impacts of emissions are fundamentally cumulative impacts; cumulative actions are often best suited and most efficient at providing offsets. A Carbon Offset Fund would provide an optional mechanism for proponents to use to meet their offset requirements. It is recognised that establishing and administering a Fund would need to be undertaken by the WA Government rather than by the EPA. Therefore, the ECA encourages EPA to discuss this mechanism with Government. In the absence of a Fund or any overarching State Climate Action Plan for GHG reduction or a "Cap and Trade" system, the EPA may need to provide more detailed information to assist proponents to best define offset options or protocols beyond reference to the National Carbon Offset Standard.

The EPA guidance when finalised will apply only to proposals being assessed under Part IV of the EP Act and offset conditions can only apply to proponents and be attached to a project. The ECA would note that Climate Action Plans or Strategies exist in almost every State, except Western Australia, that provide holistic frameworks for cumulative reductions across broad portfolios. Without an equivalent framework in place, Western Australian proponents may be overly reliant on sequestration offsets and/or carbon credits to meet project level offset requirements. The opportunities to obtain credit for more broad cumulative actions may be limited.

Climate Action Plans should be considered as opportunities for the whole of State or for individual State Agencies/Proponent Companies to provide appropriate tools for cumulative offsetting across Agency portfolios to accommodate future project emissions. Likewise, some large corporate proponents may have unique opportunities to find financially feasible (or even cost positive) projects offsets in corporate wide improvements such as fleet fuel efficiency, energy efficiency, and retrofit of existing facilities. Although beneficial in reducing cumulative impacts, these activities may be difficult to link to a single project. Where offsets are required, consideration of efforts the proponent has recently incorporated into their business should be considered in the context of residual impacts. Proponents addressing reductions across a corporate portfolio should have a mechanism to account for such cumulative reductions and count them as offsets for individual projects on a one-time basis. Any recognition of cumulative reductions would need to be consistent with relevant policy and guidance.

Other advice

The ECA is supportive of the State and Australian Government providing a clear framework for reducing Australian greenhouse gas emissions in line with its international targets. A regulatory framework that included a mechanism such as a Cap and Trade system would make it easier for individual proponents to find offsets and incentivise lower emissions.

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In the absence of these mechanisms, the ECA would be in favour of a Carbon Offset Fund that proponents could use as a simply but effective way of meeting their offset requirements under Part IV approvals.

Any system implemented should ensure that the cumulative approved GHG emissions nationally are not inconsistent with agreed GHG reduction targets, required to achieve decarbonisation.

Although Part IV approvals can require the reporting, review and revision of emissions targets through Ministerial conditions, these conditions are set at the time of approval and can only be changed with Ministerial approval. Therefore, Part V licensing may be a more effective mechanism for regulating emissions intensity and improvement plans. It is acknowledged that Part V licensing is not within the scope of EPA advice.