



The Greenhouse and Energy Reporting Taskforce

Department of Climate Change

By email: reporting@climatechange.gov.au

**Submission: Australian Pipeline Industry Association –
National Greenhouse and Energy Reporting System Regulations Policy Paper**

The Australian Pipeline Industry Association (APIA) welcomes the opportunity to provide comment on the National Greenhouse and Energy Reporting System (NGERS) – Regulations Policy Paper, dated February 2008.

APIA is the peak national body representing Australia's high-pressure transmission pipeline sector. APIA's current membership is predominantly involved in the high-pressure transmission of oil and gas, however, the Association also includes members of companies and individuals involved in the transmission via pipelines of other products, including water.

APIA appreciates the opportunity for ongoing consultation in the development of the regulations and guidelines required to implement the National Greenhouse and Energy Reporting Act 2007 (the Act) and is looking forward to continued involvement as the process progresses.

APIA emphasises its expectation that there will be consistency and consolidation of reporting requirements across the NGERS and similar related programs, ensuring that requirements are not unduly onerous with regard to businesses. To balance the reporting requirements, any regulatory framework needs to ensure that the burdens of reporting and compliance correspond with the benefits of accuracy, transparency and comprehensiveness of the reporting, particularly at an operational level.

External Auditing

APIA notes that public consultation will be conducted during the development of the External Audit Legislative Instrument, which will establish the guidelines to be followed by external auditors when conducting audits and preparing reports on a corporation's compliance with the Act. APIA looks forward to further consultation on this matter.

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As APIA noted in its previous submission to the NGER Regulations discussion paper (October 2007), the external audit process of the NGERs is critical. Assessment criteria and the corresponding requirements for evidence must be well defined in order to support the efficient administration of a national reporting system.

Again, APIA believes it is imperative that companies have an opportunity to review and comment on any draft audit report prior to an external auditor finalising the report. Such a process will ensure that there is fairness and that adequate responses can be provided in regard to identified areas of concern. It is important that the regulator has consistent and robust auditing procedures in place prior to the commencement of the reporting scheme.

APIA would expect that external auditor requirement "d. Management skills" would generally ensure that appropriate regard was given to honest mistakes, as companies seek to comply with the NGERs, on matters such as emission estimation techniques. However, more prescriptive advice to auditors on such matters should be included in the auditor guidelines.

APIA also welcomes auditor requirement "h. Quality assurance process", as this aspect should involve a continuous improvement loop to ensure that, over time, the audit process is achieving the expected benefits and unnecessary and burdensome audit practices are eliminated.

It is also imperative that external auditors are certified to the appropriate Standards and that measures are taken to ensure sufficient trained auditors are available when the reporting requirements commence.

APIA seeks a commitment that confidentiality will be respected, particularly where commercially sensitive information is accessed through any independent audit. The impact on operations in both time and cost of participating in verification activities also needs to be considered to ensure that this is minimised as much as possible.

APIA notes that there appears to be no process, under the Act or the draft regulations as they stand, for a company to seek review of an audit. While APIA acknowledges that the regulations set out the requirements for external auditors, there remains potential for inaccuracy in the audit process, particularly in the early stages of the NGER and considering the need for industry specific technical knowledge. It is essential that companies have recourse to a review or appeals mechanism in the case of potential inaccurate or poor quality auditing.

Pipelines that cross State or Territory borders

APIA notes that the policy paper suggests that, where gas transmission pipelines cross State or Territory borders, a pro rata approach should be applied, so that the pipelines and associated compressor facilities are reported under each State or Territory in which they operate.



The pipeline industry would welcome further discussion with the Department of Climate Change on a clear and simple approach on estimating emissions on a State or Territory basis.

Operational Control

APIA appreciates the clarification under the definition of Operational Control so that the corporation with the *greatest* authority to introduce and implement operating and environmental policies is taken to have operational control over that facility. APIA also notes further comments that a facility operator will generally be taken to have operational control over a facility in preference to the facility owner. APIA considers that these clarifications will assist industry with the necessary guidance on reporting requirements.

APIA looks forward to continuing discussions with the Department of Climate Change on the development of the regulations and guidelines for the NGERs.

Yours sincerely

A handwritten signature in black ink, appearing to read 'CC', is positioned below the closing text.

Cheryl Cartwright
Chief Executive