

Greenhouse and Energy Reporting Taskforce
Department of Climate Change

By email to: reporting@greenhouse.gov.au

**Submission: Australian Pipeline Industry Association -
National Greenhouse and Energy Reporting System Technical Guidelines**

The Australian Pipeline Industry Association (APIA) welcomes the opportunity to provide comment on the *National Greenhouse and Energy Reporting System - Technical Guidelines*.

APIA is the peak national body representing the interests of 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 oil and water.

APIA is broadly supportive of the introduction of a national greenhouse and energy reporting system. APIA does, however, have concerns about some issues raised in the discussion paper, particularly with regard to the default factor for transmission pipeline emissions.

APIA's response to the discussion paper is attached and, as mentioned in the response, APIA would appreciate the opportunity to further discuss the default factor for greenhouse gas emissions.

Yours sincerely

A handwritten signature in black ink, appearing to be 'C. Cartwright'.

CHERYL CARTWRIGHT
Chief Executive

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APIA welcomes the opportunity to provide this submission to the Department of Climate Change in response to the National Greenhouse and Energy Reporting System – Technical Guidelines Discussion Paper dated December 2007.

APIA is the peak industry body for the high-pressure transmission pipeline industry.

APIA notes that the guidelines provide the general methodology for the estimation of greenhouse emissions for reporting under the National Greenhouse and Energy Reporting System (NGERS).

Please note that, in the interests of brevity and providing the most appropriate response, in this submission, APIA addresses only those areas which are of major concern to our members.

Default emission factor

The guidelines have provided a default emission factor for high-pressure natural-gas transmission pipelines of 8.7 tonnes of carbon dioxide equivalent (CO₂e) per kilometre of pipeline.

As part of the notes for this figure, the guidelines state that emissions from high-pressure transmission pipelines may “occur as a result of compressor blowdowns for maintenance at compressor stations, maintenance on pipelines, leakage and accidents”. For clarification, gas pipelines have the following sources of greenhouse gas emissions:

- Exhaust gases from compressor drivers – gas turbines of gas engines
- Blowdowns from compressors stations
- Blowdowns of scraper traps – generally during pigging.

These emissions are typically measured and accounted for by pipeline companies as part of the gas accounting for shippers of system use gas and will, for most pipelines, be readily available for the purposes of the NGER.

This system-use gas, or operational emissions for gas pipelines, will vary with pipeline size and throughput and will depend on whether pipelines have compression facilities or not. As a further point of clarification, it should be noted (and is, in fact, noted in the source paper for the estimation methodology, Australian Methodology for the Estimation of Greenhouse Gas Emissions and Sinks 2006 – Energy (p27)) that in practice, gas transmission pipelines do not leak.

APIA is of the view that the default emission factor should encompass all Scope 1 emissions, that is, direct emissions from sources within an organisation, and be a robust reflection of emissions for a pipeline facility. To achieve this, further investigation is required into the appropriateness of the default factor when considered against the current operation of high-pressure gas-transmission pipelines.

National Greenhouse Accounts (NGA) Ratings Framework

The guidelines state that the NGA Ratings Framework is designed to provide further information on the benefits for improving emissions estimation from developing and using facility specific emissions estimations rather than the NGA default emission factors.

APIA is concerned that the NGA Ratings Framework provides a rating of “D” – the lowest level of confidence for gas transmission (and, in fact, all oil and gas exploration, production, processing and transmission), (p 90). This appears to imply that the NGER does not, in practice, expect the industry to use the default emissions factor and will require a higher order estimation reporting method from the gas transmission industry. This will come at a higher cost to the industry than the use of the default emission factor.

It is important to clarify the purpose of the ratings systems and the process under which an entity’s higher order reporting will be rated. APIA seeks clarification on whether it is intended that the rating be publicly available or whether the ratings are a device to aid internal review of the effectiveness of the NGER and the appropriateness or otherwise of the default emission factors. APIA is concerned that a company that may choose to use a default emissions factor, as a reflection of the best available estimate, may be negatively affected by a perceived low level of confidence in the default.

Higher order reporting

The guidelines state that “once a Reporter has chosen to utilise facility-specific emission factors in a higher order method, the Reporter must continue to use the same approach, to maintain time-series consistency in its estimation approach, and not revert to the use of NGA default emission factors” (p19).

While APIA considers it reasonable that a Reporter not revert to the default emissions factor once higher order reporting has commenced - the term “the same approach” is restrictive. The Reporter may require the flexibility to alter its data gathering methodology due to changes in technology or commercial operation. APIA recommends that the guidelines be amended to allow this flexibility.