

Greenhouse Gas Emissions Management for New and Expanding Large Emitters

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Purpose

The Northern Territory (NT) Government's 'Greenhouse Gas Emissions Management for New and Expanding Large Emitters' policy (Policy) identifies the NT Government's minimum requirements for the management of greenhouse gas emissions (emissions) from new or expanding industrial and land use development projects. It has been established in recognition of the Northern Territory's (the Territory) target of net zero greenhouse gas emissions by 2050. The policy commenced on and is in effect from, 1 September 2021.

Introduction

The 'Northern Territory Climate Change Response: Towards 2050' (Climate Change Response) identifies the Territory's target to achieve net zero emissions by 2050¹. This target recognises the role we play in the world-wide movement towards low-carbon economies in an effort to avoid the worst effects of climate change, and keep the increase in global average temperature to well below 2 degrees Celsius². A well-managed transition to a low-carbon economy is necessary for the Territory to limit exposure to economic risks associated with the anticipated changes to global markets and the physical impacts from climate change. It will also drive innovation to reduce the overall costs of transition and allow the Territory to grasp the opportunities arising from a transition to a low carbon future.

The NT Government is committed to growing the Territory economy through accelerating investment, developing industry and enabling infrastructure. The Territory Economic Reconstruction Commission Report steps out how the NT Government will achieve its ambition to achieve a \$40 billion economy by 2030 while decarbonising and delivering on the net zero emissions target³.

All sectors will need to contribute to meeting the net zero emissions target, recognising the level of emissions they release to the atmosphere and their varying opportunities and capacities to avoid and mitigate their emissions.

A range of policy and legislative provisions will be required to facilitate an orderly and equitable transition to a low-carbon economy. This is reflected in the 'Delivering the Climate Change Response: Towards 2050 A Three Year Action Plan for the Northern Territory Government' (Action Plan) which identifies a number of actions relating to emissions management, including development of an overarching Emissions Reduction Strategy for the entire Territory economy following a detailed emissions trajectory and reduction pathway analysis, and the establishment of a Greenhouse Gas Emissions Offsets Policy.

This Policy establishes the NT Government's expectations for new large emitting projects, or large emitting expansions of existing projects, to reduce and manage their emissions in way that enables development to occur while contributing to the Territory's emissions target.

Greenhouse Gas Emissions

Greenhouse gases include carbon dioxide, methane, nitrous oxide, sulphur hexafluoride, hydrofluorocarbons, and perfluorocarbons. The scale and duration of impact (i.e. the global warming potential) arising from these types of emissions vary, so to simplify comparison their individual effects are converted to a standard unit called a 'carbon dioxide equivalent' or CO₂-e.

¹ www.climatechange.nt.gov.au

² <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

³ Recommendation E4 of the Territory Economic Reconstruction Commission Final Report, Undated

For national reporting purposes, emissions are classified into 'scopes' to delineate between sources and reporting responsibilities⁴:

1. Scope 1 – emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility/site/project level (e.g. production of electricity by the burning of gas, or the burning of diesel in trucks operating on a project's site)
2. Scope 2 – emissions released to the atmosphere from the indirect consumption of an energy commodity (e.g. the use of electricity at an abattoir or mine site if the electricity is not generated on site)
3. Scope 3 – indirect emissions generated in the wider community other than scope 2 emissions. They occur as a consequence of the activities of a facility/project, but arise from sources not owned or controlled by that facility's business (e.g. emissions caused by a courier company that delivers materials essential to a facility's operation, or emissions caused by the combustion of gas purchased from a gas supplier and used for heating purposes in a customer's home).

To ensure a common understanding, and to maintain consistency with the national reporting framework for emissions, this policy adopts the terms scope 1, scope 2 and scope 3.

Application of this Policy

This Policy applies to all new projects and expanding existing projects likely to be large emitters that occur after commencement of this policy and which are required to obtain an environmental authorisation under Territory legislation to proceed.

Regulatory framework

Development projects in the Territory may be subject to a range of legislation that requires consideration of emissions and their impact on the environment. For example, the *Environment Protection Act 2019* (EP Act) requires the consideration of the impacts of a changing climate during the environmental impact assessment of a project to inform the decision on an environmental approval for that project; the *Petroleum (Environment) Regulations 2016* require all environmental impacts and risks of a regulated activity to be managed to a level that is as low as reasonably practicable and acceptable.

This Policy will be given effect through environmental authorisations granted under Territory environmental legislation. It clarifies the NT Government's minimum expectations for emissions management and how such requirements to manage emissions will be mandated through environmental authorisations.

⁴ <http://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme/Greenhouse-gases-and-energy>

Determination of large greenhouse gas emitters

As a guide, 'large greenhouse gas emitters' under this policy are either an industrial project (e.g. petroleum, mining, extractive, refining or manufacturing projects) **OR** a land use project that involve the clearing of native vegetation (e.g. agriculture or horticulture projects) that meet the following emissions thresholds:

Industrial project threshold:	Estimated scope 1 emissions of 100 000 tCO ₂ -e in any financial year over the life cycle of a project, not counting emissions generated from land clearing directly associated with the project.
Land use project threshold:	Estimated scope 1 emissions of 500 000 tCO ₂ -e generated from a single land clearing action OR cumulatively from multiple land clearing actions on a 'property' over time.

The industrial project threshold has been determined to align with the Australian Government's Safeguard Mechanism under the *National Greenhouse and Energy Reporting Act 2007* (Cth)⁵.

For onshore petroleum activities, the industrial project threshold applies cumulatively to scope 1 emissions from all activities of an interest holder⁶ occurring in a financial year and requiring approval under the *Petroleum (Environment) Regulations 2016*.

The land use project threshold has been determined in consideration of historical and predicted land clearing activities in the Territory, and in recognition of the potential avoidance and mitigation techniques available to different types of projects and the timeframes over which emissions are generated by a project.

The thresholds aim to guide decision making and increase certainty for proponents about what the NT Government considers to be a large emitting project in context of the Territory's target of net zero emissions by 2050.

Estimating emissions guidance

A proponent is to determine if their project meets one of the project thresholds by estimating the scope 1 emissions from their new or expanding project.

Industrial projects

For an industrial project, a proponent should:

- determine a project's estimate based on annual scope 1 emissions
- for onshore petroleum activities, determine the estimate based on the cumulative total scope 1 emissions for a financial year from all activities of an interest holder that require approval under the *Petroleum (Environment) Regulations 2016*
- ensure estimates reflect the residual scope 1 emissions of the project after all avoidance and mitigation measures have been accounted for

⁵ <http://www.cleanenergyregulator.gov.au/NGER/The-safeguard-mechanism>

⁶ For the purposes of this policy a petroleum interest holder is a person or body corporate that holds an exploration permit, retention licence, production licence, access authority or a lease granted under Northern Territory petroleum legislation.

- use emissions measurement factors and methodologies provided by the Australian Government's Clean Energy Regulator⁷ when estimating emissions.

Land use projects

For land use projects, a proponent should:

- determine estimates based on the full scope 1 emissions associated with the land clearing event
- account for abatement arising from land use activities after the clearing of native vegetation (e.g. improved vegetation for carbon capture) in the estimate of net scope 1 emissions
- not account for livestock emissions arising from the use of the land
- calculate emissions arising from the clearing of native vegetation by utilising the Full Carbon Account Model (FullCAM)⁸ provided by the Australian Government
- note that emissions arising from clearing for the purpose of maintaining regrowth⁹ on land previously cleared in accordance with a previously authorised clearing permit do not count towards a project's net scope 1 emissions
- note a 'property' refers to land that is managed or would generally be considered as a single entity (e.g. pastoral lease or parcel of land with single lot title)
- account for previous emissions arising from clearing on a property that occurred after commencement of this policy but prior to any subdivision of the property when the land use project is occurring on a subdivision of the property.

Management obligations

Proponents of all new projects and expansions of existing projects subject to this policy must develop and implement a greenhouse gas abatement plan (GGAP) that has been tailored specifically for their project. A project's GGAP should be submitted for assessment as part of the usual process for a project to obtain an environmental authorisation.

A GGAP is required to demonstrate how the project will contribute meaningfully to the Territory's target of net zero emissions by 2050. The NT Government's default position for a meaningful contribution is an expectation that projects commit to an overarching target of net zero emissions by 2050, or justify why an alternative target is appropriate.

⁷ <https://www.industry.gov.au/strategies-for-the-future/australias-climate-change-strategies/tracking-and-reporting-greenhouse-gas-emissions>

⁸ <https://www.industry.gov.au/data-and-publications/full-carbon-accounting-model-fullcam>

⁹ https://nt.gov.au/_data/assets/pdf_file/0007/236815/land-clearing-guidelines.pdf

GGAP content

A GGAP should include, at a minimum:

- a brief description of the project
- an estimate of the project's net scope 1 emissions and how these emissions will contribute to the Territory's overall emissions profile
- an estimate of the project's net scope 2 emissions and how these emissions will contribute to the Territory's overall emissions profile
- an estimate of the project's scope 3 emissions
- an overarching long-term emissions target for the project that represents a meaningful contribution to the Territory's net zero emissions target
- regular interim targets that establish a trajectory to achieving the overarching target and the methods that will be applied to achieve the interim targets
- an explanation of, and justification for, the proposed long-term and interim targets and how these will make a meaningful contribution to the Territory's emissions target
- a demonstration that all reasonable and practical measures have been applied to avoid and mitigate emissions through best practice design, process, technology and management¹⁰
- a description of all strategies proposed to avoid, mitigate and offset the project's scope 1 and scope 2 emissions
- flexibility to review mitigation actions and abatement plans so they can be improved and updated to enable further emissions reductions going forward
- a schedule for periodic public reporting on implementation and progress against the interim and overarching targets and any changes that have had to be made to the strategies proposed in the GGAP to deliver on the targets
- information about the project's obligations under the Australian Government's National Greenhouse and Energy Reporting Act 2007 and any expected baseline determinations
- a timetable for review that is considerate of the project's lifespan and the identified interim and overarching targets.

The Minister responsible for the administration of the Act that the project requires environmental authorisation under will consider the GGAP in deciding whether to grant an environmental authorisation and the conditions that may be applied to the project's approval. The Minister may apply a condition requiring implementation of the GGAP, thereby making the GGAP a statutory obligation that must be complied with.

A GGAP may identify the use of greenhouse gas emissions offsets to manage residual emissions, however appropriate avoidance and mitigation of emissions is expected in the first instance. If an emissions offset is

¹⁰ The term best practice implies the application of processes and technologies that result in least emissions intensive standard for production/operation

proposed or required in accordance with any conditions attached to an environmental authorisation, the Proponent should refer to the NT Offsets Framework¹¹ for guidance.

Policy Review

The policy will be reviewed in two years to ensure large emitters are effectively contributing to the Territory's target of achieving net zero emissions by 2050, and consideration can be given to any changes in international obligations and Australian Government policy.

¹¹ <https://depws.nt.gov.au/environment-information/northern-territory-offsets-framework/northern-territory-offsets-framework>