

Greenhouse Gas Emissions Management for New and Expanding Large Emitters

**NOT GOVERNMENT POLICY
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Contents

- Purpose4
- Introduction4
 - Greenhouse Gas Emissions5
- Application of this Policy5
- Expected Management Action6
- Policy Review7

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Purpose

The Northern Territory (NT) Government's policy position on 'Greenhouse gas emissions management for new and expanding large emitters' identifies the Government's expectations for the management of greenhouse gas emissions of large industrial and land use development projects to contribute to the Northern Territory's target of net zero greenhouse gas emissions by 2050.

Introduction

The NT Government's 'Climate Change Response: Towards 2050' (Climate Change Response) identifies the Northern Territory's target to achieve net zero greenhouse gas emissions by 2050. This target recognises the role we play in the world-wide movement towards low carbon economies, which will help avoid the worst effects of climate change. A well-managed transition to a low-carbon economy is required to limit the Territory's exposure to economic risk, reduce costs, and drive innovation.

The Northern Territory has a distinct greenhouse gas emissions profile that reflects its growing economy as well as its unique, vast and primarily intact, landscape.

To allow the Northern Territory's economy to grow and evolve while pursuing the target of net zero emissions by 2050, the Territory needs to slow emissions growth in the short term, and encourage all sectors of the economy to reduce their emissions over time. The contribution to emissions reductions by different development projects will need to reflect the level of greenhouse gas emissions released into the atmosphere by the project, and the capacity to first avoid, and then mitigate emissions from the project.

To assist the Territory in slowing its emissions growth trajectory, new projects and expansion of existing projects must be planned and implemented in a manner that minimises greenhouse gas emissions to levels as low as reasonably practical. Mitigation actions and abatement plans must also be periodically reviewed and updated to enable further emissions reductions into the future.

The initial focus on managing greenhouse gas emissions from new and expanding projects recognises the underdeveloped state of the Territory and the likely development scenarios in the Territory's current phase of economic recovery and growth. There are differences between industrial activities and land use activities (primarily involving land clearing), including the timeframe over which greenhouse gas emissions are generated by a project, and the potential avoidance and mitigation techniques available to projects. Accordingly, this policy treats these two types of activities separately, with greater allowances initially being provided for land use activities. The Territory's policy positioning to manage greenhouse gas emissions will be systematically expanded and evolve over time to ensure all activities and sectors of the economy contribute to the delivery of the Territory's net zero emissions by 2050 target.

In performing its statutory obligations under the *Environment Protection Act 2019* (EP Act), the Northern Territory Environment Protection Authority (NT EPA) may undertake an environmental impact assessment on new projects or expanding projects. Depending on the project, the NT EPA may consider the predicted greenhouse gas emissions of the project during the assessment process and may recommend conditions in the draft Environmental Approval that address greenhouse gas emissions for the Minister for Environment's consideration.

The Minister for Environment will have regard to both the NT EPA's recommendations and this policy in considering the conditions under which projects may be approved.

Greenhouse Gas Emissions

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

For national reporting purposes, greenhouse gas emissions are classified into 'scopes' to delineate between sources and responsibilities¹:

1. Scope 1 – emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility level (e.g. production of electricity by the burning of gas or the burning of diesel in trucks)
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, but 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).

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

Application of this Policy

This policy applies to new projects and expanding projects that require environmental approval under the EP Act and are defined (below) as large greenhouse gas emitting projects.

This policy applies to scope 1 and scope 2 greenhouse gas emissions only. Estimated scope 1 emissions inform the application of this policy to relevant projects, however any required abatement plans must consider both scope 1 and scope 2 emissions. This policy does not apply to scope 3 emissions.

For the purposes of this policy, new projects are any of the 'actions' defined in section 5 of the EP Act. Expanding projects are any actions under the EP Act that are proposing a 'significant variation' as defined in section 12 of the EP Act.

As a guide, 'large greenhouse gas emitting actions' under this policy are either an industrial activity or a land use activity that meet the following emissions thresholds:

Industrial activity: Estimated scope 1 emissions of 100 000 tCO₂-e per annum² at any point in time over the life cycle of a proposal, not counting emissions generated from land clearing associated with the proposal.

Land use activity: Estimated scope 1 emissions of 500 000 tCO₂-e generated from a single land clearing action or cumulatively from multiple land clearing actions on a property.

¹ <http://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme/Greenhouse-gases-and-energy>

² per annum = Australian Government's greenhouse gas emissions reporting year

Greenhouse gas emissions estimates for industry type activities are to be calculated using Australian Government endorsed methodologies provided by the Clean Energy Regulator³. If the Australian Government's methodologies are not used, clear reasoning and justification for use of alternative method(s) must be demonstrated.

Emissions arising from the clearing of native vegetation are to be calculated utilising the Full Carbon Account Model (FullCAM) provided by the Australian Government. Any abatement that occurs post clearing as a result of land use changes (e.g. improved vegetation for carbon capture) can be used in emissions calculations. Emissions arising from livestock post clearing do not apply under this policy.

Emissions arising from the clearing of 'previously cleared vegetation' or 'regrowth', as per the phrase/term defined in the Northern Territory's Land Clearing Guidelines⁴, do not apply under this policy.

A property refers to land that is managed or would generally be considered as a single entity (i.e. pastoral lease or parcel of land with single lot title).

Expected Management Action

All new projects and expanding projects subject to this policy are expected to keep their emissions as low as reasonably practical. This should be achieved by ensuring new projects and expansions are designed and carried out in a manner that applies all reasonable avoidance and mitigation measures to minimise the potential release of greenhouse gas emissions in the first instance. In this context, application of a greenhouse gas emissions offset is not considered a mitigation measure.

For industrial type activities, avoidance and mitigation measures should be achieved through best practice design, technology, and continuous improvements that reduce emissions.

Activities involving land use change, including land clearing, should be conducted in a way that limits, to the greatest extent possible, the amount of greenhouse gas emissions released into the atmosphere and conform to the NT Land Clearing Guidelines.

All new projects and expansions subject to this policy are expected to develop and implement a Greenhouse Gas Abatement Plan (GGAP) that is tailored to the type of activity occurring and the options available to avoid and mitigate greenhouse gas emissions.

A Greenhouse Gas Abatement Plan should include, at a minimum:

- an estimate of the scope 1 and scope 2 emissions from the proposal or expanding project and how these emissions will contribute to the Territory's overall emissions profile
- a description of all strategies to avoid, mitigate and offset the proposal's scope 1 and scope 2 emissions
- demonstration that all reasonable and practical measures have been applied to avoid and mitigate emissions through best practice design, technology and management
- regular interim and long-term targets that reflect incremental reductions in emissions over the life of the proposal and how reductions will contribute to the Territory achieving net zero emissions by 2050

³ <https://www.industry.gov.au/strategies-for-the-future/australias-climate-change-strategies/tracking-and-reporting-greenhouse-gas-emissions>

⁴ <https://denr.nt.gov.au/rangelands/guidelines-and-management-plans2/land-clearing-guidelines-and-management-plans#:~:text=The%20Land%20Clearing%20Guidelines%20apply,or%20call%2008%208999%203631.>

- a commitment to periodic public reporting on implementation and progress against targets; and
- a timetable for review.

A Greenhouse Gas Abatement Plan may identify the use of greenhouse gas emissions offsets to manage residual emissions, however the use of greenhouse gas emissions offsets is only permitted in the Northern Territory after all avoidance and mitigation measures have first been applied and implemented. If a greenhouse gas emissions offset is proposed or required in accordance with an Environmental Approval issued by the Minister for Environment, the Proponent should refer to the NT Offsets Framework⁵ for guidance.

Policy Review

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

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⁵ <https://denr.nt.gov.au/environment-information/northern-territory-offsets-framework/northern-territory-offsets-framework>