



NORTHERN
TERRITORY
DIVISION

14 October 2021

Mr Paul Purdon,
Executive Director Environmental Assessment and Policy
Department of Environment, Parks and Water Security
GPO Box 3675 Darwin NT 0801
By email: paul.purdon@nt.gov.au

Re: Draft for Consultation – NT GHG Emissions Offsets Policy

Dear Mr Purdon, *Paul*

MCA NT supports action on climate change. The mining industry acknowledges that sustained global action is required to reduce the risks of human-induced climate change, and the sector supports a measured transition to a low emissions global economy.

Last month the MCA confirmed the industry's ambition to achieve net zero emissions by 2050 in support of the goals of the Paris Agreement.

In June 2020, the MCA released the MCA Climate Action Plan outlining how the MCA and its members are taking action on climate change as part of the minerals sector's collective commitment to the Paris Agreement and its goal of net zero emissions globally and in Australia.

MCA NT supports a nationally-coordinated, consistent and complementary regulatory approvals regime across all levels of government. Any actions by the Northern Territory Government should be aligned with national rules and practices to give investors consistency and certainty. This investor confidence is essential for encouraging the development in the Northern Territory of the minerals and metals that are essential to the securing a zero emissions future.

The Northern Territory Government has committed to achieving net zero greenhouse gas (GHG) emissions by 2050. Meeting this target will require significant effort to decarbonise the Northern Territory (the Territory) economy. The purpose of the GHG Emissions Offsets Policy and Technical Guidelines (the policy) is to establish how and when to use offsets in the Territory to compensate for emissions.

The policy works in conjunction with the GHG Emissions Management for New and Expanding Large Emitters policy (Large Emitters Policy) that has been developed to guide the management of emissions from new or expanding development projects that lead to a significant increase in emissions.

The Northern Territory Government considers the use of offsets to compensate for emissions in the assessment and approval stages of a development project. Under the NT Offsets Framework, offset

requirements can be applied to environmental approvals under the EP Act or statutory approvals under a Prescribed Act such as the Petroleum (Environment) Regulations 2016.

The following recommendations are consistent with the principle of integrating with national rules and practices to ensure efficiency and encourage investment.

Recommendation 1. The MCA NT recommends the Northern Territory Government ensure the policy aligns with the use of offsets in the Safeguard Regulations and National Greenhouse and Energy Reporting (NGER) Act.

The Safeguard Mechanism applies to scope 1 emissions and Australian Carbon Credit Units (ACCUs) are used to offset emissions above the Safeguard Mechanism baselines.

MCA NT supports the Northern Territory Government's position of preventing duplication. Any emissions that are offset to satisfy the Safeguard Mechanism may be subtracted from the amount of emissions required to be offset by an NT emissions offset approval condition; however, greater transparency and objectivity is needed for NT offset conditions.

Recommendation 2. MCA NT recommends that the Northern Territory Government avoid using subjective wording in the policy.

The draft policy has broad wording and is therefore open to subjective interpretation by both project proponents and regulators. For example the use of 'significant residual emissions' (p 5) is ill-defined and therefore open to interpretation and therefore misinterpretation. The MCA NT recommends the policy avoid terms that are open to interpretation that creates ambiguity and uncertainty.

The MCA NT does not support expanding offset requirements beyond scope 1 emissions as these are the emissions associated with the activity.

Recommendation 3. MCA NT recommends that an objective rule be set so that project proponents can assess their offset requirements and feed this into an assessment of project viability based on scope 1 emissions only.

Recommendation 4. MCA NT recommends that Northern Territory Government use the existing national registry infrastructure to track the ownership and use of ACCUs.

The Australian National Registry of Emissions Units (ANREU) is a secure electronic system designed to track the location and ownership of Australian Carbon Credit Units (ACCUs) issued under the Emissions Reduction Fund (ERF) and emission units issued under the Kyoto Protocol. Duplicating existing registry infrastructure unnecessarily increases compliance costs with no obvious benefits to the Territory in terms of achieving net zero.

The policy needs to clarify how the Northern Territory Government will handle ACCUs surrendered to it for compliance purposes.

Recommendation 5. MCA NT recommends that ACCUs surrendered to meet compliance obligations be cancelled on the ANREU to prevent them from being subsequently resold and double counted.

The best way to ensure the integrity of the scheme is to use the existing registry infrastructure.

Recommendation 6. The MCA NT recommends the policy allow ACCUs from any project in Australia in line with the ERF.

This will provide project proponents with access to least-cost ACCUs. In mandating ACCUs be produced from NT offset projects the Northern Territory Government's proposed policy is likely to increase compliance costs by limiting access to lower cost abatement opportunities. It does not matter from an

atmospheric perspective – and so should not matter from a policy perspective – where abatement takes place (i.e. same impact on global GHG concentrations).

Recommendation 7. MCA NT recommends that monitoring, adjustment and reporting of emissions align with NGER reporting dates to simplify compliance obligations for project proponents.

The MCA NT thanks the Department of Environment, Parks and Water Security for this opportunity to provide feedback on the proposed policy and is available to further discuss the development of this policy at any time. For clarification or further details, please contact Nicholas Linacre, MCA Principal Policy Adviser – Climate Change on 0477 440 708 or Nicholas.linacre@minerals.org.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Drew Wagner', is written over a light blue horizontal line.

Drew Wagner
Executive Director