

What is the NSW Greenhouse Gas Abatement Scheme?

The NSW Greenhouse Gas Abatement Scheme is a State Government initiative to progressively reduce greenhouse gas emissions over the next 10 years.

The Scheme aims to reduce greenhouse gas emissions per capita in NSW to 7.27 tonnes by 2007 and maintain this level until 2012. This is 5 per cent below emissions recorded in 1989-90.

The scheme was brought into law by the NSW State Government through the *NSW Electricity Supply Amendment (Greenhouse Gas Emission Reduction) Act 2002* (the Act). This Act was passed in December 2002 and applies from 1 January 2003 until 31 December 2012.

Who does it apply to?

Participation in the scheme is mandatory for all electricity retailers who have customers in NSW. This therefore applies to Origin Energy and its NSW customers.

How will greenhouse gas emissions be reduced?

Each year a NSW per capita emissions target will be set by the scheme administrator. This target will then be used to set NSW electricity retailers specific targets of their own.

NSW electricity retailers such as Origin Energy are obliged to undertake activities to meet these targets, or pay penalties imposed by the scheme administrator, IPART (Independent Pricing and Regulatory Tribunal).

Targets will be measured in tCO₂-e abated (tonnes carbon dioxide

emissions or equivalent prevented from being emitted).

Retailers meeting their targets will help achieve the overall NSW per capita tCO₂-e target for that year which in turn will help achieve the scheme's 7.27 tCO₂-e per capita target.

How will Origin meet its greenhouse gas abatement targets?

Origin Energy will meet its greenhouse gas emissions reduction targets by purchasing *NSW Greenhouse Abatement Certificates* (NGACs).

These NGACs represent greenhouse gas reduction activities such as cleaner generation, energy efficiency or sequestration projects.

How much abatement of CO₂ emissions does each NGAC represent?

Each NGAC represents 1 tonne of CO₂ (or equivalent) abated (1tCO₂-e).

How will this scheme affect Origin Energy NSW customers?

Meeting these targets will result in an additional pass-through cost that Origin Energy will need to apply to its NSW customers.

Origin Energy intends to minimise cost impact on customers through obtaining competitive sources of NGACs and thus avoid paying costly penalties arising from non-compliance.

From January 2003 onwards, a charge of 0.02762 c/kWh (excluding energy losses and GST) will apply to all contracted Origin Energy NSW customers. This will first appear on February bills with an adjustment for January (the scheme is effective from 1 January 2003).

How does this relate to the REC Levy ?

Retailers are provided concessions within the scheme based on the amount of RECs (Renewable Energy Certificates) they are currently purchasing as part of the Federal Government's Mandatory Renewable Energy Target (MRET).

These concessions effectively reduce Origin Energy's retail target and as such will be incorporated within the NGAC charge appearing on bills.

Special considerations for large users of electricity

Under the scheme, large users of electricity are defined as customers who:

- consume >100 GWhs per annum per site
- or consume >100 GWhs per annum across a number of NSW sites, with at least one site consuming >50 GWhs PA

Large users of electricity can elect to undertake measures to reduce their own greenhouse gas emissions, thereby obtaining exemptions from NGAC charges.

If your business is a large user of electricity, please contact your Account Manager for more information about exemptions.

This information is provided to Origin Energy customers as a summary of the *NSW Green House Gas Abatement Scheme*.

For more detailed information, please visit:
www.greenhousegas.nsw.gov.au