



NSW Government Emissions Trading Forum

10 November 2006

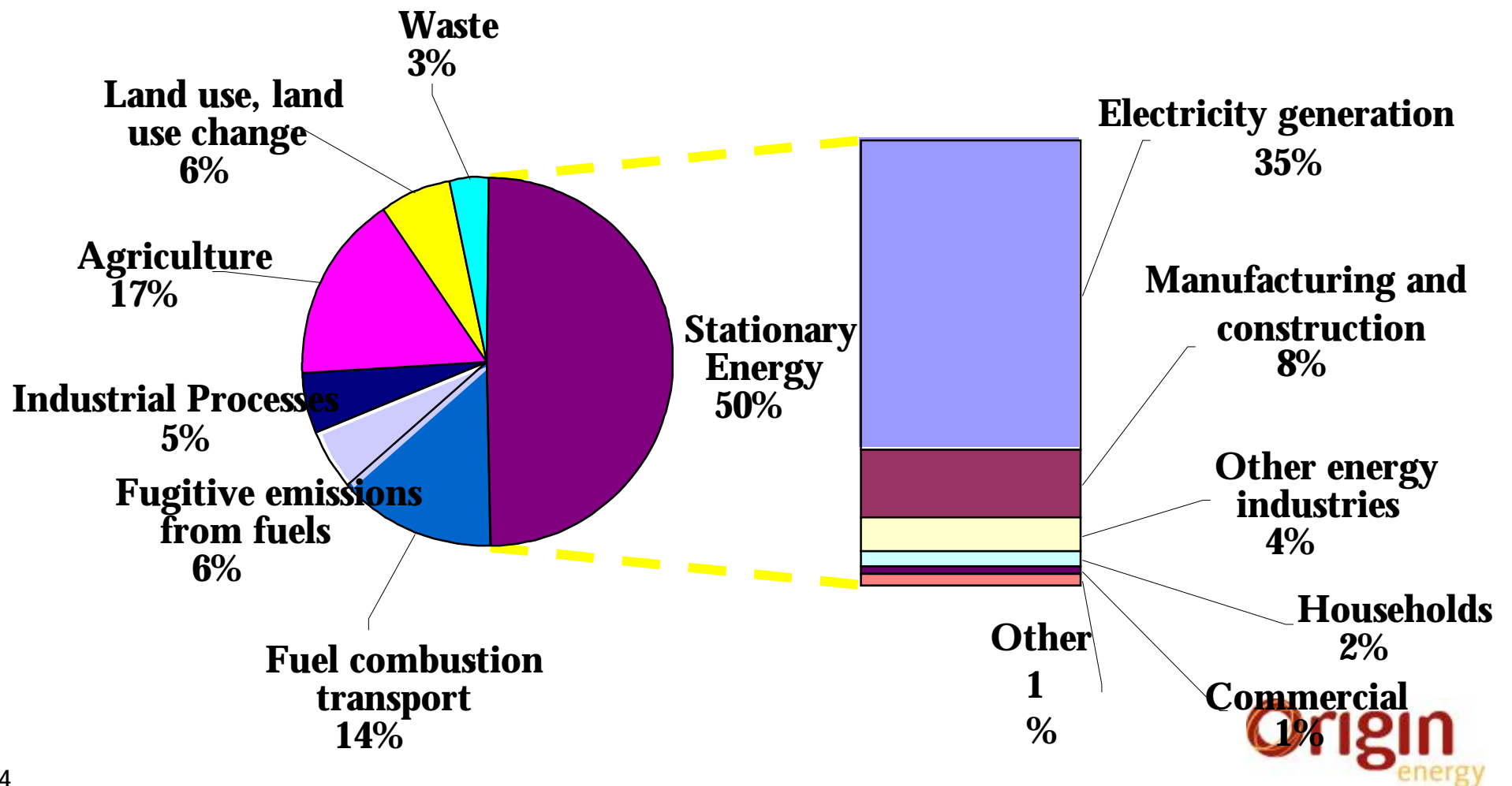
NETT Proposal - Initial Coverage Option

- NETS covers all 6 GHGs under the Kyoto Protocol
 - Liable parties required to acquit for CO₂/CH₄/N₂O
- All power generation facilities at least 30 MWe
- After 5 years, expand to include:
 - all stationary energy > 25 kt CO₂e per year
 - fugitive emissions from gas transport/distribution
 - gas retailers (imputed emissions)

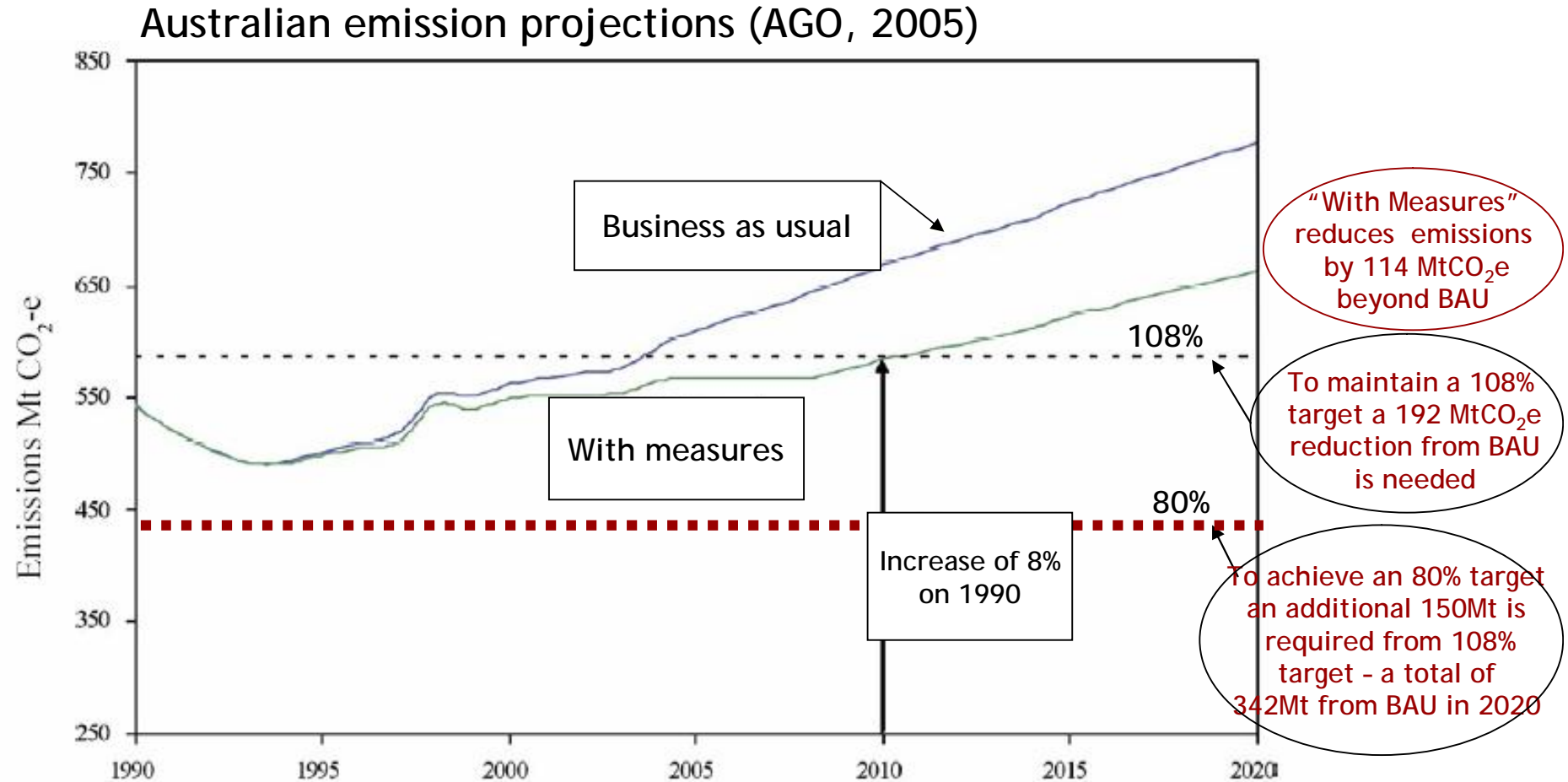
NETT Proposal - Further Expansion of Coverage

- Phase-in of additional sectors according to legislative process
 - minimum period of notice (eg 5 years)
 - consultation process
- Could include in the future
 - industrial processes, waste sector
 - other fugitive emissions (coal, oil & gas production),
 - refineries, transport

Australia's Greenhouse Gas Emissions in 2004



The challenge to the energy supply sector is acute



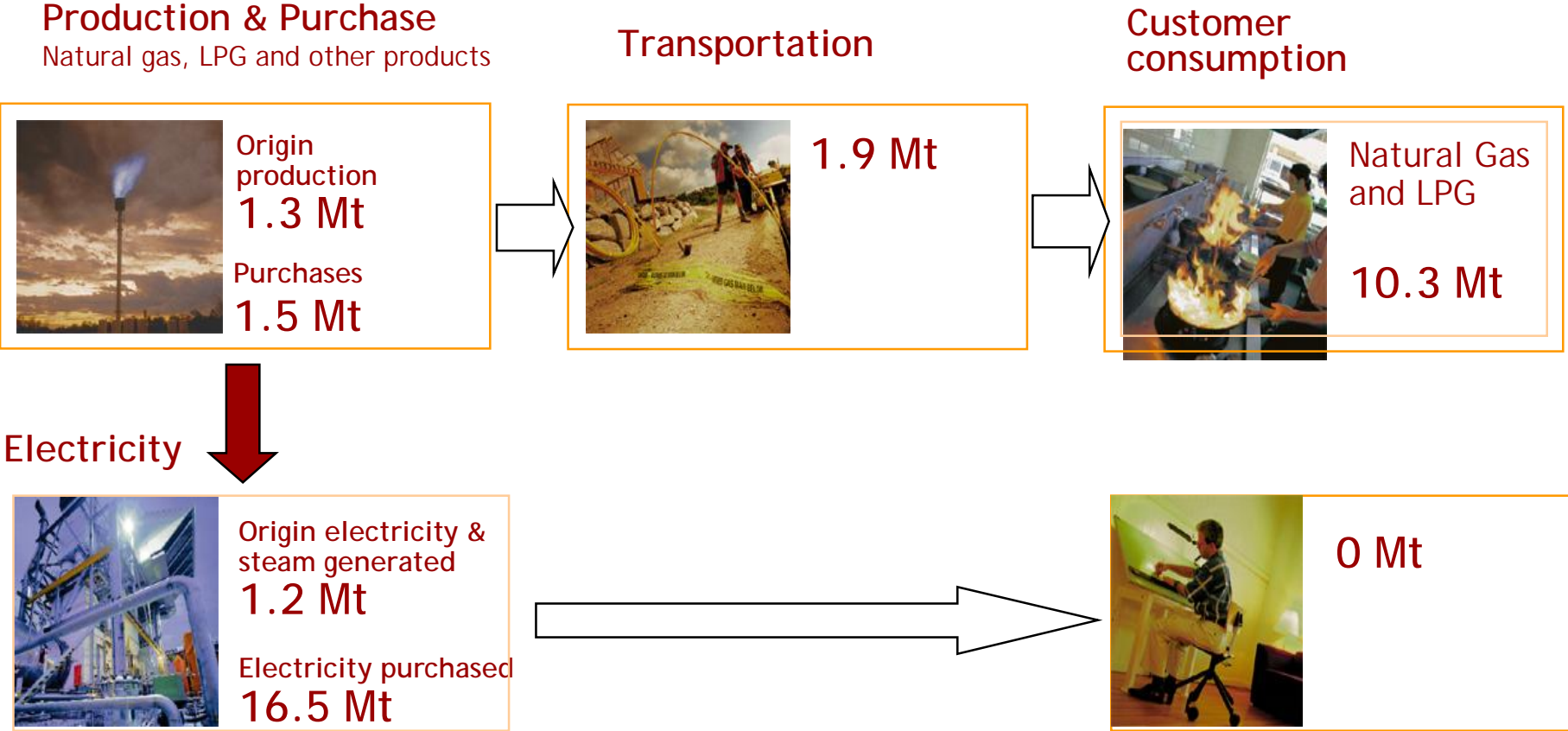
Australia's 2020 greenhouse emission forecast shows significant growth - 90% of which comes from the stationary energy sector.

Origin's Proposal for Coverage

Principles:

- **Comprehensive coverage**
 - All sources; all gases; all sinks
- **Efficient market operation**
- **Administrative simplicity**
 - Acceptable transaction costs
 - Monitoring and measurement that is technically feasible

Origin's Greenhouse Inventory 2005 - Australia



32.8Mt across supply chain - 12% Australian stationary energy emissions



Origin Proposal for Coverage

For pragmatic reasons, a phased approach:

1. Initially electricity generation

- easily measured
- strong history of reporting emissions - accurate data
- currently operating in trading environment

2. Remaining stationary energy + fugitive emissions

- to cover full supply chain for fuels
- time to build appropriate methodologies for all sources
- industry cooperation to increase accuracy of measurement

3. Additional sectors - focus on agriculture and transport

BUT.....offsets from non-covered sectors available from the start of the scheme

NETT's Preferred Option for Coverage

- Origin supports the NETT's preferred model for coverage
 - Some further discussion around the timing for inclusion of different sources of fugitive emission
- Much work will be required to develop robust methodologies for key emission sources across the supply chains for gas and coal
- Important to promote offsets from non-covered sectors from the start of the scheme to increase supply, to build experience and to drive least cost abatement

THANK YOU

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