

# Discussion Paper: Possible Design for a National Greenhouse Gas Emissions Trading Scheme

## Information Sheet No. 11

### Institutional Arrangements

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#### Institutional needs

Setting up a National Emissions Trading Scheme (NETS) would require institutions to administer and develop the scheme.

These institutions would need to manage the scheme's evolution over time to ensure it meets the objectives of the scheme.

The following three institutions are proposed for a NETS:

- A **Ministerial Council** to:
  - set and change the policy framework (legislative and regulatory)
  - undertake policy oversight and determine future strategic directions, including scheme review
  - oversee policy and regulatory bodies.
- A **Scheme Developer** to design and draft recommendations for consideration by the Ministerial Council regarding:
  - permit allocation
  - scope of the scheme
  - future caps and gateways
  - scheme reviews.
- A **Scheme Regulator** to:
  - establish and maintain a permit registry
  - allocate permits including running of auctions and distribution of revenues

- register offset projects and offset credits
- accredit auditors and perform spot checks of verified monitoring reports
- compile scheme compliance reports
- enforce compliance obligations.

#### Institutional options

There are two main options for the legislative and institutional implementation of the scheme:

- **Option 1:** Commonwealth Government participation
- **Option 2:** No Commonwealth Government participation

The clear preference of all State and Territory Governments and stakeholders is for the Commonwealth Government to be involved.

This would enable existing institutional arrangements to be used and the legislative process may be simplified.

However, in the event that the Commonwealth Government chooses not to become involved the States and Territories could potentially operate the scheme on their own. This would require an intergovernmental agreement setting out how the scheme would be established, governed, and implemented consistently across jurisdictions.

## Proposed Implementation

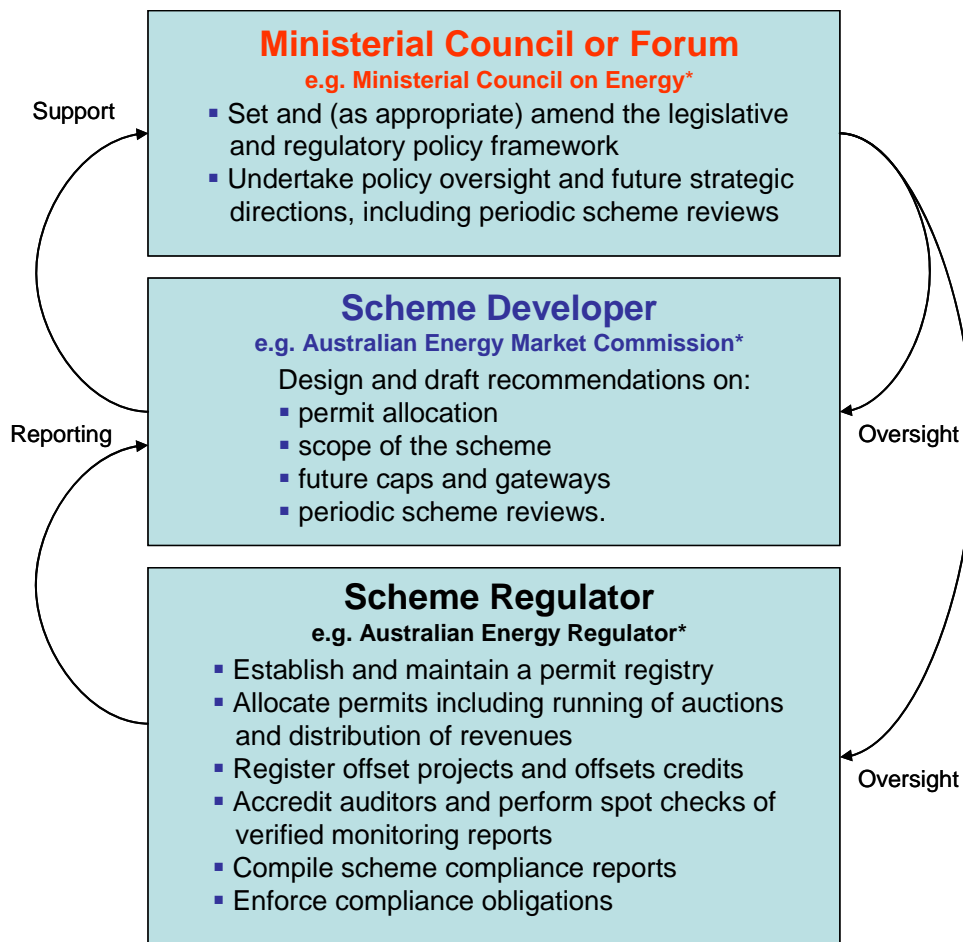
With Commonwealth Government participation, the required institutions could, for example, be those already created for governance of Australia's energy market:

- the Ministerial Council on Energy,

- the Australian Energy Market Commission (as Scheme Developer)
- the Australian Energy Regulator (as Scheme Regulator).

Without Commonwealth Government participation, the required institutions would need to be established.

Figure 1: Proposed institutional arrangements



\* Proposed institutions if the Commonwealth Government is involved