



independent competition and regulatory commission

ACT Greenhouse Gas Abatement Scheme

**Compliance and Operation of the
Scheme for the 2011 Compliance Year**

**Report 5 of 2012
June 2012**

The Independent Competition and Regulatory Commission (the Commission) was established by the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act) to determine prices for regulated industries, advise government about industry matters, advise on access to infrastructure, and determine access disputes. The Commission also has responsibilities under the ICRC Act for determining competitive neutrality complaints and providing advice about other government-regulated activities. Under the *Utilities Act 2000*, the Commission has responsibility for licensing utility services and ensuring compliance with licence conditions.

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1 Introduction

The NSW Greenhouse Gas Reduction Scheme (GGAS) commenced on 1 January 2003 and is administered by the Independent Pricing and Regulatory Tribunal in NSW (IPART). It was one of the first mandatory greenhouse gas emissions trading schemes in the world. GGAS aims to reduce greenhouse gas emissions associated with the production and use of electricity. It achieves this by using project-based activities to offset the production of greenhouse gas emissions. The ACT joined GGAS in 2005.

This is the seventh annual compliance report on the ACT Greenhouse Gas Abatement Scheme (ACT GGAS). It covers the 2011 calendar compliance year.

Section 57 of the *Electricity (Greenhouse Gas Emissions) Act 2004* (ACT) provides that as soon as possible after 1 March (but before 1 July) in each year the regulator must prepare and give to the Minister a report on the extent to which benchmark participants have complied, or failed to comply, with greenhouse gas benchmarks in the previous calendar year. Without limiting that requirement, the report must contain:

- the name of each benchmark participant and the performance of the participant in relation to the participant's greenhouse gas benchmark
- the total number of abatement certificates surrendered for each kind of certificate.

This report comprises two main sections: section 3 provides an overview of ACT GGAS, while section 4 lists outcomes for the 2011 compliance year by all benchmark participants.

2 Summary of 2011 outcomes

- During 2011, there were 19 entities licensed to retail electricity in the ACT.
- The Commission assessed that all of the ACT benchmark participants met their obligations under the scheme in the 2011 compliance year.
- Fifteen participants surrendered sufficient abatement certificates to meet their greenhouse gas benchmarks.
- Four participants did not supply electricity in the ACT in 2011 and were not required to surrender any abatement certificates.
- No participant elected to carry forward part of their liability to 2012.
- Three participants who supplied small quantities of electricity to the ACT market in 2011 were exempted from the audit requirements.
- A total of 422,997 NSW greenhouse abatement certificates (NGACs) were surrendered under ACT GGAS in 2011. They were surrendered to the GGAS Registry, administered by IPART as part of its role as scheme administrator. NGACs surrendered comprised generation certificates and demand side abatement certificates.
- For 2011, the limit on the number of renewable energy certificates (RECs) was 5.62% of total energy acquisitions by the benchmark participant.
- A total of 4,972 carbon sequestration certificates were surrendered during 2011. In 2009, when they were first recorded, ActewAGL Retail surrendered just under 14,000 NGACs.
- In 2011, the total number of NGAC and NGAC equivalent certificates surrendered (588,899) increased by 8.39% from the previous year. This figure is 3.27% higher than the average for the six years since the ACT GGAS commenced.
- Certificates surrendered from generation activities (409,966 NGACs) made up the greatest proportion of the total number of abatement certificates surrendered in 2011.
- The number of demand side abatement certificates surrendered decreased again in 2011 from 10,978 in 2010 to 8,059 certificates in 2011. This is a 26.59% decrease and is primarily explained by the cessation of demand-side abatement activities under ACT GGAS with the introduction of the Energy Savings Scheme in July 2009.
- Seventy per cent of certificates surrendered in 2011 were generation certificates. The remainder were RECs (28%), demand side abatement certificates (1%), and carbon sequestration certificates (1%).
- In 2011, all but two benchmark statements were completed correctly and submitted with their associated audit reports by the due date (18 March).
- The Act allows the Commission to delegate its regulatory functions to a member of staff or anyone else approved by the Minister. No functions were delegated in 2011.

3 Overview of the ACT scheme

3.1 General principles

The ACT Government introduced GGAS in the ACT through the *Electricity (Greenhouse Gas Emissions) Act 2004* (the Act), to assist in addressing the climate change challenge. The operation of the ACT GGAS commenced on 1 January 2005 and mirrors the NSW scheme as it operated in that state until 30 June 2009. The ACT GGAS is legislated to run until 2020 and is mandatory for all licensed electricity retailers.

The scheme establishes annual territory greenhouse gas reduction benchmarks or targets and requires individual electricity retailers, known as ‘benchmark participants’, to meet those targets based on the size of their share of the electricity market. If a retailer fails to meet the benchmark, a penalty is assigned.

Responsibility for the operation of ACT GGAS rests with the scheme regulator, the ACT’s Independent Competition and Regulatory Commission (the Commission) and the scheme’s administrator, the Independent Pricing and Regulatory Tribunal (IPART) of NSW.

The policy objectives of the ACT GGAS are to:

- reduce greenhouse gas emissions associated with the production and use of electricity
- develop and encourage activities to offset the production of greenhouse gas emissions.

With the introduction of a national emissions trading scheme in the *Clean Energy Act 2011 (Cth)*, the *National Energy Retail Law (Consequential Amendments) Act 2012* amends the Act to bring the ACT GGAS to an end effective 1 July 2012.

3.2 Territory greenhouse gas benchmarks

Section 7 of the Act sets annual calendar per capita benchmarks for greenhouse gas emissions reductions by the ACT electricity sector as a whole (territory greenhouse gas benchmarks), which also correspond to those adopted in NSW. The levels have progressively dropped from the 2005 level of 7.96 tonnes of carbon dioxide equivalent (tCO₂-e) of greenhouse gas emissions per head of ACT population to 7.62 in 2006 and to 7.27 in 2007, and will remain at the 2007 level until the scheme terminates on 30 June 2012.

The ACT’s per capita greenhouse gas benchmark for a given calendar year is multiplied by the total territory population for that year, as determined by the Commission, to produce the annual electricity sector benchmark. This is the total amount of greenhouse gas emissions allowable from the consumption of electricity in the ACT.

Benchmark participants are allocated a share of the electricity sector benchmark based on the level of their electricity sales as a proportion of the total territory electricity demand for each year.

3.3 Abatement certificates and benchmark statements

Benchmark participants are required to reduce their emissions of greenhouse gases to the level of their greenhouse gas benchmark by offsetting their excess emissions through the surrender of abatement certificates created in either the ACT or NSW. The certificates are created by accredited abatement certificate providers and can be traded to benchmark participants. Under the ACT

GGAS, benchmark participants can also claim credit for the surrender of a portion of their renewable energy certificates (RECs) under the Australian Government's Renewable Energy Target arrangements.

Abatement certificate providers abate the emissions of greenhouse gases through eligible activities. They can achieve this through:

- reducing the greenhouse gas intensity of electricity generation exported to the National Electricity Market (NEM)
 - generating low emissions intensity electricity for export to the NEM
 - on-site cogeneration activities which reduce electricity consumption from the NEM
- or
- carbon sequestration activities.

Benchmark participants must submit an annual greenhouse gas benchmark statement to the Commission by 1 March each year to show how they have complied with their greenhouse benchmark for the previous compliance year. The Commission has, however, agreed to the later date of 18 March to align with NSW reporting requirements. The statement details their emissions and the abatement certificates being surrendered to the Commission to meet the greenhouse gas benchmark.

The Commission confirms whether the participant has achieved their benchmark or whether there is a shortfall and a liability for a penalty. 'Greenhouse shortfalls' are excess emissions remaining after the surrender of abatement certificates, and attracts a penalty per tonne of CO₂-equivalent.

A panel of approved auditors has been established by IPART to conduct investigations associated with accreditation. The panel is also certified to conduct pre- and post-regulation audits of abatement certificate creation and annual compliance reporting.

NGACs can be traded between scheme participants. The creation, trade and surrender of NGACs are registered on the GGAS registry maintained by IPART. The function of the registry is to track the ownership and status of certificates. Where a trade in NGACs has occurred outside the registry, whether bilaterally through brokers or through other trading platforms, the change in ownership of those NGACs is recorded on the registry. However, the registry is not a trading platform.

A greenhouse shortfall can be carried forward to the following compliance year but must be abated by surrendering additional abatement certificates in that year or the greenhouse penalty must be paid. Participants can carry forward a shortfall of up to 10% of their greenhouse gas benchmark.

3.4 Scheme coverage

The ACT GGAS imposes mandatory greenhouse gas benchmarks on all holders of ACT electricity retail supply licences. These are mandatory benchmark participants. The scheme also allows electricity users with electricity loads greater than 100 GWh (called 'elective benchmark participants') to elect to manage their own greenhouse gas benchmarks. At this stage, there are no elective benchmark participants in the ACT.

3.5 Implementation of the scheme

The ACT GGAS is implemented jointly by the scheme administrator, IPART, and its specialised body, the Greenhouse Gas Reduction Scheme Administrator, while the Commission performs the function of the scheme regulator.

The functions of the scheme administrator are to:

- accredit abatement certificate providers
- administer the online GGAS registry, which records the registration and transfer of certificates created from abatement projects
- monitor and report to the Minister on the extent to which accredited abatement certificate providers comply with the Act
- audit greenhouse gas abatement activities.

The functions of the scheme compliance regulator are to:

- establish greenhouse gas benchmarks for participants
- monitor benchmark participants' compliance, and report to the Minister on the extent to which benchmark participants comply with greenhouse gas benchmarks
- impose penalties if required.

3.6 Types of abatement certificates that can be surrendered

Five types of abatement certificates can be surrendered to offset a greenhouse shortfall:

- **Generation certificates** are created through the generation of electricity in a way that results in reduced greenhouse gas emissions.
- **Demand side abatement certificates** are created from on-site cogeneration activities which reduce electricity consumption from the NEM by the on-site end user. Until 1 July 2009, demand-side abatement activities were also created through activities that reduced, or increased the efficiency of, electricity consumption; however, those activities have now been transitioned into the NSW Energy Savings Scheme.
- **Large user abatement certificates** (LUACs) are non-tradeable certificates that can be created by large electricity customers to claim credit for reducing greenhouse gas emissions from non-electricity related industrial processes at sites that they own and control. LUACs are non-transferable and can only be generated by an elective large user in order to meet their benchmark target. However, there are no elective large users in the ACT (see section 3.5), and hence no LUACs have been created.
- **Carbon sequestration certificates** are certificates created through the storing of carbon in forest growth for a guaranteed 100 years.
- **Renewable energy certificates** (RECs) are created through the generation of electricity using eligible renewable means pursuant to the *Renewable Energy (Electricity) Act 2000* (Cwth). The number of RECs that may be surrendered is determined by the renewable power percentage published each year by the Australian Government Office of the Clean Energy Regulator. For 2011, the renewable power percentage was 5.62%.

Generation certificates, demand side abatement certificates, LUACs and carbon sequestration certificates are collectively known as NSW greenhouse abatement certificates (NGACs). IPART regulates the creation and sale of NGACs as part its role as scheme administrator.

Other than NGACs, the scheme also allows benchmark participants to count RECs, under the Australian Government's Mandatory Renewable Energy Target, towards meeting their greenhouse gas benchmark. Only RECs surrendered to the Office of the Renewable Energy Regulator for electricity sales in the ACT may be counted.

RECs are not equivalent to abatement certificates, and there is a limit on the number of RECs that may be counted towards a benchmark participant's greenhouse gas benchmark in any given year.¹ The Office of the Renewable Energy Regulator regulates the creation and sale of RECs.

The surrender of NGACs and RECs to the Commission is the means by which benchmark participants demonstrate their abatement of greenhouse gas emissions and reach their individual greenhouse gas benchmark levels. One NGAC represents the abatement of 1 tCO₂-e associated with the consumption of electricity in NSW and the ACT:

$$1 \text{ NGAC} = 1 \text{ tCO}_2\text{-e}$$

In the ACT, NGACs can be created from the low-emissions generation of electricity and from other activities that result in reduced consumption of electricity.

3.7 Audit of benchmark statements

An ACT benchmark participant that is also a retail supplier under the NSW scheme may engage a single auditor to audit both jurisdictions' benchmark statements. Auditors must be selected from IPART's Audit and Technical Services Panel, and must be authorised to undertake audits of statements. All panel members are listed on IPART's website.² The contract between the benchmark participant and the auditor, including the engagement process, must be consistent with IPART's Audit and Technical Services Panel Agreement.

To streamline the audit process, IPART is the main point of contact on audit proposals covering both ACT and NSW statements. Thus, the auditor should provide IPART with a single detailed 'scope of works' clearly indicating that it is for both the NSW and the ACT statements. The detailed scope of works should include information about the audit scope, audit team and procedures.

Two deed polls are required from the benchmark participant: one for the ACT and one for NSW. The NSW deed poll is accessible on IPART's greenhouse gas website, while the ACT deed poll is accessible on the Commission's website. A deed poll must be lodged with each compliance regulator (the Commission and IPART) before the audit commences.

Separate audit reports are required for the ACT and NSW. The audit report for the ACT statement must be addressed to the Senior Commissioner, ICRC. The audit report for the NSW statement must be addressed to the Chairman of IPART.

IPART's Audit Guideline, Audit Scope and Audit Report Template for Benchmark Statements set out the requirements for auditors and describe the audit arrangements and requirements for audit reports in detail. These documents are available on IPART's greenhouse gas website.

3.8 ACT GGAS compliance process

All ACT benchmark participants must demonstrate compliance with the scheme through the submission to the Commission of an annual greenhouse gas benchmark statement. The statement

¹ Act, s. 19(2); Electricity (Greenhouse Gas Emissions) Regulation 2004.

² <http://www.greenhousegas.nsw.gov.au/audit/members.asp>.

calculates a benchmark participant's greenhouse gas benchmark, shortfall and any consequent liability for a greenhouse penalty. As part of the compliance process, benchmark statements must be independently audited. Auditors must be selected from IPART's Audit and Technical Services Panel.

The Act requires that the reports be submitted to the Commission by 1 March of the year following the compliance year, or at a later date as set by the regulator. To align with the NSW reporting times, the Commission has agreed to a later submission date (18 March).³

Benchmark participants who exceed their greenhouse gas benchmark may abate their liability through the surrender of greenhouse gas abatement certificates. Benchmark participants, except in the 2007 compliance year and the final compliance year of the scheme, have the option of carrying forward a shortfall of up to 10% of their benchmarks to the next compliance year.⁴ Benchmark participants that do not supply electricity in the ACT during the compliance year will not be required to surrender abatement certificates and may demonstrate compliance by completing a declaration.⁵

Benchmark statements must be audited prior to submission to the ICRC. The statement will not be considered to be in a form approved by the ICRC without an audit report attached.

3.9 Penalties

If a benchmark participant does not comply with its allocated benchmark, a penalty is payable to the ACT.⁶ The amount payable for the 2011 compliance year is \$13.50/tCO₂-e for emissions above the allocated benchmark that were not offset by the submission of abatement certificates.⁷

Section 16 of the Act specifies that the penalty is the amount prescribed by regulation adjusted in accordance with the regulations, and may be adjusted in accordance with movements in the all groups consumer price index (CPI) for Canberra issued by the Australian Bureau of Statistics.⁸

Section 13 of the *Electricity (Greenhouse Gas Emissions) Regulation 2004* sets out a formula for adjusting the penalty in line with the CPI:

13 CPI adjustment to greenhouse penalty—Act, s. 16(3)

- (1) The amount of the greenhouse penalty is to be adjusted on 1 July each year, beginning 1 July 2005, by the following formula and rounded to the nearest half dollar:

$$\text{greenhouse penalty for the previous year} \times \frac{A}{B}$$

- (2) In this section:

A means the sum of the CPI numbers for each quarter of the year previous to the year beginning on 1 July when the adjustment is to be made.

3. *Guide to completing the 2011 annual greenhouse gas benchmark statement for benchmark participants in the ACT*, p. 3.

4. Act, s. 12(1), (6).

5. An electricity retailer supplier that has not supplied electricity in the ACT in a given compliance year may demonstrate compliance by completing an 'Annual greenhouse gas benchmark statement – form 2' (*Guide to completing the 2011 annual greenhouse gas benchmark statement for benchmark participants in the ACT*, pp. 20–21).

6. Act, s. 16(1).

7. *Electricity (Greenhouse Gas Emissions) Regulation 2004*, s. 12.

8. In November 2007, s. 16(6) of the Act (the section dealing with greenhouse penalties) was amended to change the definition of the CPI to use figures relevant to Canberra rather than Sydney.

B means the sum of the CPI numbers for each quarter of the year 2 years previous to the year beginning on 1 July when the adjustment is to be made.

A penalty adjustment series from commencement of the legislation from 2005 to 2011 is set out in table 1.

Table 1 ACT Greenhouse Gas Abatement Scheme—greenhouse penalties (by year)

Indexation year	Starting penalty (\$/tCO ₂ -e)	A ^a (index number)	B _b (index number)	CPI indexation factor (A/B as of 1 July)	Adjusted penalty (\$)	Adjusted penalty (\$ rounded)	Compliance year (calendar)
2004 ^c	10.50	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2004–05	10.50	586.6	573.5	1.023	10.74	10.50	2005
2005–06	10.50	607.7	586.6	1.036	10.90	11.00	2006
2006–07	11.00	625.5	607.7	1.029	11.32	11.50	2007
2007–08	11.50	648.0	625.5	1.036	11.91	12.00	2008
2008–09	12.00	670.1	648.0	1.034	12.41	12.50	2009
2009–10	12.50	684.5	670.1	1.021	12.77	13.00	2010
2010–11	13.00	703.1	684.5	1.027	13.35	13.50	2011
2011-12	13.50	tbd	703.1	tbd	tbd	tbd	2012

n.a. = not applicable; t.b.d. = to be determined.

a The sum of the CPI numbers for each quarter of the year previous to the year beginning on 1 July when the adjustment is to be made.

b The sum of the CPI numbers for each quarter of the year two years previous to the year beginning on 1 July when the adjustment is to be made.

c Section 12 of the Electricity (Greenhouse Gas Emissions) Regulation 2004 set the starting penalty at \$10.50/tCO₂-e of greenhouse shortfall.

3.10 Benchmark determination—key factors

Section 13 of the Act requires the Commission to make a determination of the following factors in writing before the beginning of the year (but, if practicable, before the end of November in the previous year):

- the ACT pool coefficient for greenhouse gas emissions
- the ACT electricity demand
- the ACT population
- the electricity sector benchmark.

This determination is a notifiable instrument and is made in accordance with the Electricity (Greenhouse Gas Emissions) Benchmark Compliance Rule. The rule is approved by the Minister and is also a notifiable instrument.⁹

The ACT pool coefficient is the same pool coefficient used in NSW, which is updated by IPART each year. The 2003 and 2004 NSW pool coefficients were set out in the *Greenhouse Gas Benchmark Rule (Compliance) No. 1 of 2003* (NSW) and are then calculated as a moving average every year.

The electricity sector benchmark is translated into annual benchmarks for each benchmark participant. The annual electricity sector benchmark represents the total amount of greenhouse gas emissions allowable from the consumption of electricity in the ACT. Benchmark participants are

⁹ Act, s. 61(1); Electricity (Greenhouse Gas Emissions) Benchmark Compliance Rule 2012; notifiable instrument NI2012-17.

allocated a share of the benchmark based on their electricity sales as a proportion of the total ACT electricity demand.

The benchmark for 2011 was 7.27 tCO₂-e per capita.¹⁰ The electricity sector benchmark was set at 2,630,286 tCO₂-e in the Electricity (Greenhouse Gas Emissions) Determination 2012.¹¹

The key factors determined since the commencement of the ACT scheme are set out in table 2. The estimate of electricity demand for the ACT is determined using the methodology developed by IPART. The estimate is based on the medium projections of end-use electricity consumption for NSW and the ACT, as estimated in the TransGrid NSW annual planning report for the compliance year. For 2011, the ACT's share is given as 3.9%.

The Commission estimates the total ACT population based on the estimates made by the Australian Bureau of Statistics in its publication, *Population Projections, Australia*. Data are provided for three main series of projections: series A (high growth), B (medium growth) and C (low growth). In 2005, the Commission used the series B projections to estimate the ACT population. Low-range data were used to estimate the ACT population from 2006 through to 2008. However, for 2009, 2010 and 2011, the high range values were used because those levels were more in line with actual population increases in the ACT.

How key factors impact on certificates surrendered

The key factors are inputs into calculations set out in the Electricity (Greenhouse Gas Emissions) Benchmark Compliance Rule that determine the number of certificates to be surrendered by a utility.

The calculations impacted by the key factors are outlined in the table below:

Key factor	Used to determine...
ACT pool coefficient for greenhouse emissions (tCO ₂ -e/MWh)	the utility's attributable emissions and the number of RECs converted to NGAC equivalents.
Total ACT electricity demand (GWh)	the greenhouse gas benchmark for the utility.
Total ACT population (number)	the electricity sector benchmark.
Electricity sector benchmark (tCO ₂ -e)	the greenhouse gas benchmark.
Territory greenhouse gas benchmark	the electricity sector benchmark.
Renewable power percentage	how many RECs can be surrendered to meet the utility's greenhouse gas benchmark.

Detail on the equations used to calculate benchmark participant requirements for the surrender of certificates is provided in the Electricity (Greenhouse Gas Emissions) Benchmark Compliance Rule.

¹⁰. Act, s. 7(1)

¹¹. Electricity (Greenhouse Gas Emissions) Determination 2012; notifiable instrument NI2012-74.

Table 2 Key factors, compliance years 2005 to 2011

Key factor	Compliance year ^a	Factor numbers
ACT pool coefficient for greenhouse emissions (tCO ₂ -e/MWh) ^b	2005	0.913
	2006	0.929
	2007	0.941
	2008	0.954
	2009	0.967
	2010	0.973
	2011	0.975
Total ACT electricity demand (GWh) ^c	2005	3,123
	2006	2,749
	2007	2,810
	2008	3,118
	2009	3,322
	2010	3,115
	2011	3,227
Total ACT population (number)	2005	329,900
	2006	325,500
	2007	326,400
	2008	327,300
	2009	345,034
	2010	355,700
	2011	361,800
Electricity sector benchmark (tCO ₂ -e) ^d	2005	2,626,004
	2006	2,480,310
	2007	2,372,928
	2008	2,379,471
	2009	2,508,397
	2010	2,585,939
	2011	2,630,286
Territory greenhouse gas benchmark ^e	2005	7.96
	2006	7.62
	2007	7.27
	2008	7.27
	2009	7.27
	2010	7.27
	2011	7.27
Renewable power percentage ^f	2006	2.17
	2007	2.70
	2008	3.14
	2009	3.64
	2010	5.98
	2011	5.62

a Calendar years.

b Levels supplied to ICRC by IPART.

c ACT electricity demand is the projected electricity demand for the compliance year being determined.

d Product of ACT population and territory greenhouse gas benchmarks.

e Tonnes of CO₂-e of greenhouse gas emissions per head of population; set in s.7 of the Act.

f Percentage of renewable power attributable to total power consumption.

4 2011 scheme outcomes

4.1 Benchmark participants for 2011

Nineteen entities were licensed to supply electricity in the ACT during 2011 (see table 3). An entity whose licence is suspended is still required to meet all of its statutory and other regulatory obligations, including, in the case of electricity retailers, to participate in the scheme. All participants in the ACT GGAS in 2011 were licensed electricity suppliers and, as such, were mandatory participants.

Table 3 Benchmark participants (licensed electricity suppliers), 2011

ACT licensed electricity suppliers

ActewAGL Retail
AGL Sales Pty Ltd
AGL Sales (Queensland Electricity) Pty Ltd
Australian Power and Gas Pty Ltd
Aurora Energy Pty Ltd
Ausgrid (formerly EnergyAustralia)^a
COzero Retail Pty Ltd (formerly Jackgreen (International) Pty Ltd)^b
Dodo Power & Gas Pty Ltd
Endeavour Energy (formerly Integral Energy Australia)^a
ERM Power Retail Pty Ltd
Essential Energy (formerly Country Energy)^a
Momentum Energy
Origin Energy Electricity Ltd
Powerdirect Pty Ltd
Red Energy Pty Ltd
Sanctuary Energy^c
SUN Retail Pty Ltd
TRUenergy Pty Ltd
TRUenergy Yallourn Pty Ltd

a Name change from 1 March 2011.

b Name change from 23 September 2011.

c Licence revoked on 2 September 2011.

Under the scheme, *large customers* can elect to become benchmark participants and manage their greenhouse gas emissions. Any person or customer who is likely to use at least 100 GWh of electricity at one or more sites over a calendar year qualifies as a large customer.¹² Currently, no user in the ACT operates on a scale large enough to qualify as a large customer.

The Act also provides for *market customers*—that is, customers whose electricity load qualifies as a market load and who supply that electricity to the ACT—to qualify as benchmark participants. There are currently no market customers in the ACT.

13. Act, s. 9(1)(c); Electricity (Greenhouse Gas Emissions) Regulation 2004, s. 8, s. 6(1).

4.2 Compliance outcomes for 2011

The Commission assessed that all of the ACT benchmark participants met their obligations under the scheme in the 2011 compliance year. Some key features were as follows:

- 15 benchmark participants surrendered sufficient abatement certificates to meet their greenhouse gas benchmarks—one of which was below the minimum threshold required to surrender certificates.
- 4 benchmark participants did not supply electricity in the ACT in 2011 and were not required to surrender any abatement certificates.
- No benchmark participant elected to carry forward part of their liability to 2012.

Table 4 provides a summary of benchmark participants that either surrendered certificates to meet their 2011 benchmarks or were not required to do so.

Table 4 Benchmark participants' compliance for 2011

Utilities that surrendered sufficient certificates to meet their 2011 benchmark	Utilities not required to surrender certificates in 2011
ActewAGL Retail Ltd	Australian Power & Gas Pty Ltd
AGL Sales Pty Ltd	Dodo Power & Gas Pty Ltd
AGL Sales (Queensland Electricity) Pty Ltd	COzero Pty Ltd (formerly Jackgreen (International) Pty Ltd) ^b
Aurora Energy Pty Ltd	Sanctuary Energy Pty Ltd
Ausgrid (formerly EnergyAustralia) ^a	
Endeavour Energy (formerly Integral Energy Australia) ^a	
ERM Power Retail Pty Ltd	
Essential Energy (formerly Country Energy) ^a	
Momentum Energy Pty Ltd	
Origin Energy Electricity Ltd	
Powerdirect Pty Ltd	
Red Energy Pty Ltd	
SUN Retail Pty Ltd	
TRUenergy Pty Ltd	
TRUenergy Yallourn Pty Ltd	

a Name change from 1 March 2011

b Name change from 23 September 2011

4.3 Number and types of abatement certificates surrendered in 2011

During 2011, 422,997 NGACs and 170,156 RECs were surrendered or counted towards meeting the greenhouse gas benchmark under the ACT scheme. The total number of certificates NGAC and NGAC equivalent certificates (588,899) increased by 8.39% from the previous year. There has also been an increase in certificates surrendered based on the six-year average since 2005 of 3.27%.

The NGACs surrendered comprised generation certificates and demand side abatement certificates. No LUACs or carbon sequestration certificates were surrendered in 2011.

For 2011, the renewable power percentage under the *Renewable Energy (Electricity) Act 2000* (Cwth) was given as 5.62%. This means that the limit on the number of RECs able to be counted was 5.62% of total energy acquisitions by the benchmark participant. This is the first year since the scheme started that the renewable power percentage has decreased.

A breakdown of all the categories of certificates surrendered for the years 2005 to 2011 is provided in table 5.

Table 5 Breakdown of abatement certificates surrendered, by compliance year, 2005 to 2011

Compliance Year	NSW greenhouse gas abatement certificates (NGACs)				RECS surrendered	RECs converted to NGAC equivalents ^a	Total NGACs and NGAC equivalents
	Generation certificates	Demand side abatement certificates (DSAs)	Carbon sequestration certificates	Total NGACs			
2005	96,336	174,315	0	270,651	45,702	41,726	312,377
2006	126,993	15,266	0	142,259	65,086	60,465	202,724
2007	268,400	54,697	0	323,097	79,893	75,179	398,276
2008	54,575	531,397	0	585,972	93,881	89,562	675,534
2009	64,642	557,713	13,857	636,212	110,588	106,939	743,151
2010	355,440 ^b	10,978	0	366,418	181,790	176,882	543,300
2011	409,966	8,059	4,972	422,997	170,156	165,902	588,899
Total to 31 December 2011	1,376,352	1,352,425	18,829	2,747,606	747,096	716,655	3,464,261

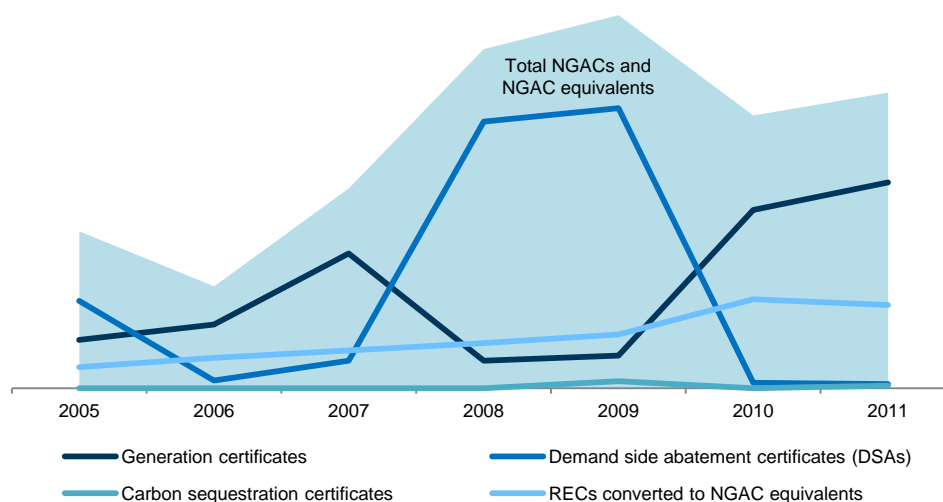
a RECs are not directly equivalent to NGACs. To calculate the equivalent number of NGACs, the RECs counted figure is multiplied by the pool coefficient for that year (for 2011 that number is 0.975 (tCO₂-e/MWh)).

b 294 certificates over-surrendered by Momentum Energy and returned to company's current holdings as live certificates.

Source: IPART GGAS registry and benchmark statements from licensed utilities.

Figure 1 shows the trend of how the different certificate type contribution has changed since 2005.

Figure 1 Total abatement certificates surrendered by certificate type since 2005



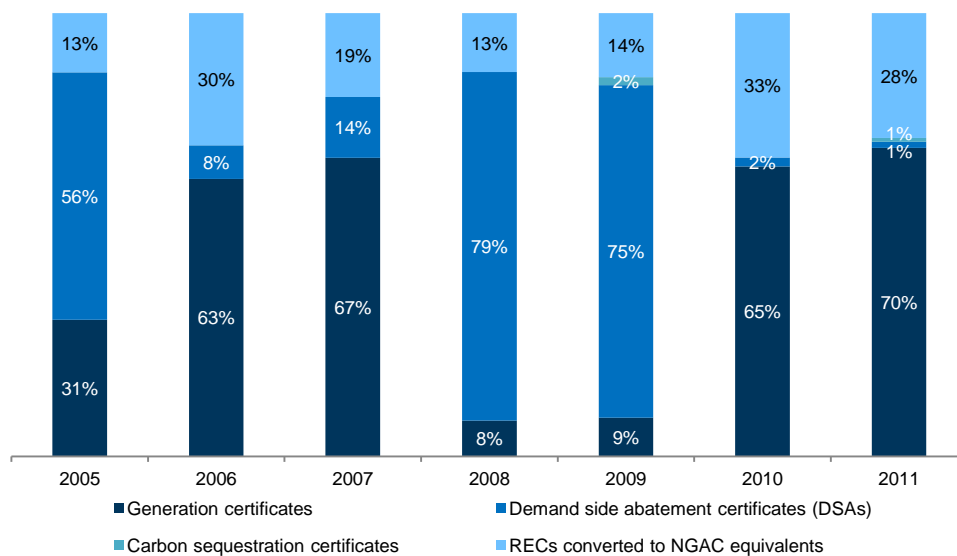
Some of the key features from table 5 and figure 1 include:

- there has been an increase in generation certificates of 54,526 (15.34% increase) since 2010
- there has been a slight decrease in NGAC equivalents of 10,980 (6.21% decrease) since 2010

- demand side abatement certificates decreased again in 2011 by 2,919 (26.59% decrease). This is largely due to the cessation of demand-side abatement activities under ACT GGAS with the introduction of the Energy Savings Scheme in July 2009
- carbon sequestration certificates being surrendered for the first time since 2009. There were 4,972 certificates surrendered this year, and 13,857 certificates surrendered in 2009.

Figure 2 shows the largest proportion of certificates surrendered in 2011 were generation certificates, representing 70% of certificates surrendered. RECs accounted for 28%, and demand side abatement certificates and carbon sequestration certificates the remaining 2%. The proportions of certificates surrendered in 2011 are similar to 2010.

Figure 2 Breakdown of abatement certificates since 2005



4.4 Regulation of the scheme in 2011

In 2011, with two exceptions, all benchmark statements were completed correctly and submitted by the due date (18 March).

4.5 Delegation of functions

The Act allows the Commission to delegate its regulatory functions to a member of staff or anyone else approved by the Minister.¹³ No functions were delegated in 2011.

17. Act, s. 50(3).

5 Abbreviations and acronyms

ACT	Australian Capital Territory
ACT GGAS	ACT Greenhouse Gas Abatement Scheme
Commission	Independent Competition and Regulatory Commission (ACT)
CPI	Consumer Price Index
GGAS	Greenhouse Gas Abatement Scheme (ACT) or Greenhouse Gas Reduction Scheme (NSW)
ICRC	Independent Competition and Regulatory Commission
ICRC Act	<i>Independent Competition and Regulatory Commission Act 1997</i> (ACT)
LUAC	large user abatement certificate
IPART	Independent Pricing and Regulatory Tribunal (NSW)
NEM	National Electricity Market
NGAC	NSW greenhouse abatement certificate
NSW GGAS	NSW Greenhouse Gas Reduction Scheme
REC	Renewable Energy Certificate
Utilities Act	<i>Utilities Act 2000</i>