

NEMW CONSULTATIVE FORUM

FOR NOTING	
SUBJECT:	NEM POWER STATION EMISSION INTENSITIES
AGENDA ITEM:	3.2
PAPER#:	2
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1. EXECUTIVE SUMMARY

AEMO relies on emission data for use in planning and in the calculation of the carbon dioxide equivalent intensity index (CDEII). This data is currently sourced from estimates; however, actual emission data through the National Greenhouse Energy Reporting (NGER) scheme will become publicly available through the Clean Energy Regulator (CER) on 28 February 2014.

AEMO has undertaken an impact assessment of the NGER data to confirm it can be used for planning and CDEII purposes. The result of analysis using 2011-12 NGER data was that the CDEII would have been an average of 2.2% higher over the 2011-12 financial year.

AEMO proposes to consult on the use of NGER data through the forthcoming planning consultation, and has developed a proposed process for the integration of NGER data in planning studies and the CDEII by May 2014.

2. PURPOSE

The purpose of this paper is to:

- Provide the results of the impact assessment associated with changing the data source for the CDEII from consultant estimates to NGER data.
- Communicate proposed next steps for integrating the NGER data in AEMO's planning studies, and calculation of the CDEII.

3. BACKGROUND

AEMO currently relies on consultant estimates for greenhouse gas emissions data. This data is used for planning studies and calculating the CDEII.

National Electricity Market (NEM) participants and other parties (such as large industrial customers and financial intermediaries) use the CDEII as a basis for calculating carbon pass through costs in hedging and customer contracts.

In July 2012, the National Greenhouse and Energy Reporting (NGER) legislation was amended to enable greenhouse gas emissions and energy production data to be released for each generating facility. 2012-13 data will be published from 28 February 2014.

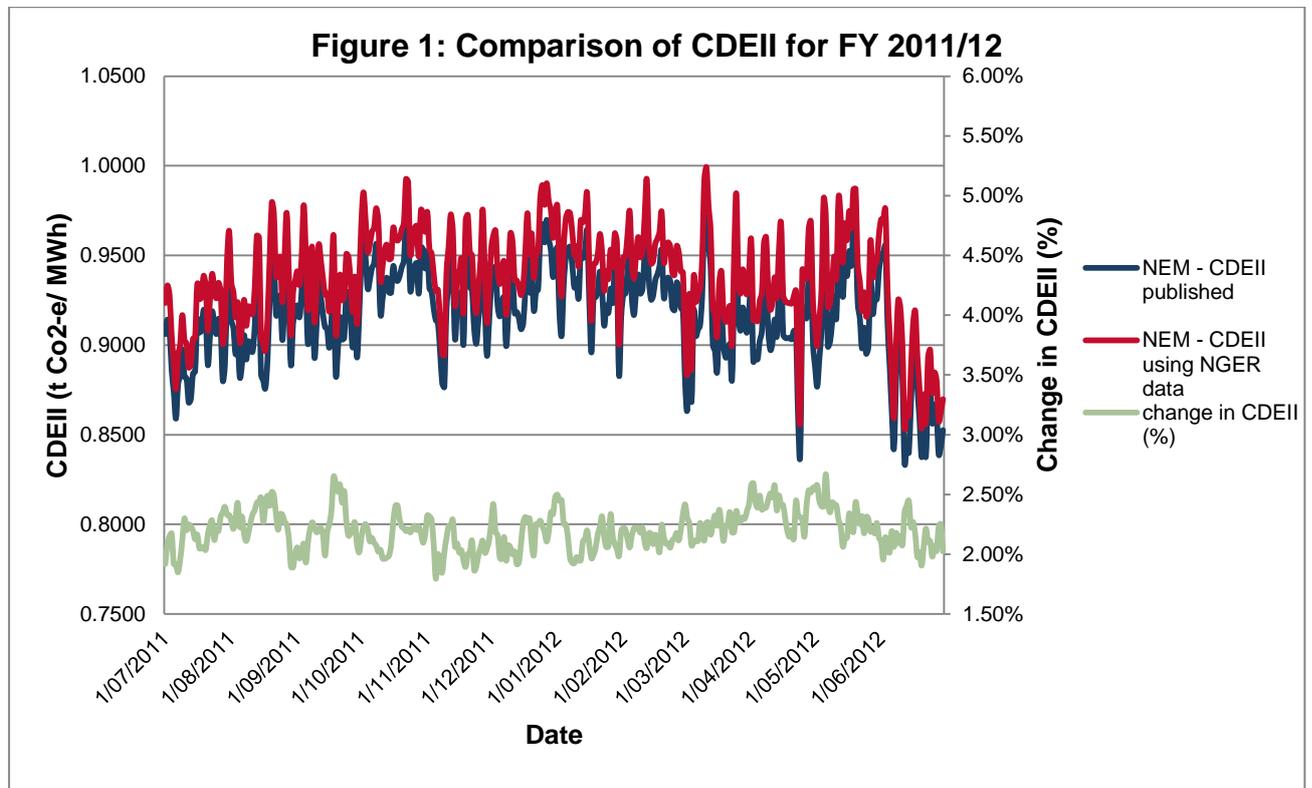
In September 2013, a paper on this topic was presented to the NEMW-CF where the approach of undertaking an impact assessment of the CDEII using NGER data for a previous period was discussed.

4. DISCUSSION

4.1. Re-calculation of the CDEII using NGER data

The CDEII has been re-calculated using NGER data for 2011-12, which was obtained confidentially from the Clean Energy Regulator for the purpose of this impact assessment. Approximately 87% of units (by capacity) were available and used for mapping in the NGER dataset. Figure 1 compares the published CDEII outcomes (blue line) and those using the NGER data (red line) over 12 months, the green line displays the daily percentage increase. For the period, this resulted in a 2.2% average increase in the CDEII.

AEMO's National Electricity Rules (NER) obligations require that it update the emission factors used in the CDEII if new data becomes publicly available from a reliable source.¹



4.2. Next steps

The proposed next steps to implement the new data source:

- On 30 January 2014, publish the next steps in the Planning Studies - 2014: Information and Consultation Paper. AEMO encourages stakeholders to provide feedback on the use of NGER data within this consultation, and notes that some of the steps below are dependent on the consultation outcomes

¹ NER clause 3.13.14(l)(2)

- Align the NGER 2012-13 reporting year dataset, published on 28 February 2014, to AEMO's registered generators through a mapping exercise.
- During Planning's regular review of technology costs and parameters in March 2014, review the NGER dataset and substitute data values that are missing or unable to be used.
- During April 2014, reproduce the above impact assessment for 2012-13 to provide stakeholders with the outcomes of the mapping and an indication of whether the 2.2% increase is still expected.
- On 23 May 2014, publish the reviewed dataset for planning studies.
- By 30 May 2014, load the updated emission factors for use in the CDEII from 1 June 2014. The CDEII will then be published with the integrated NGER data on 16 June 2014 with the NEM Preliminary Settlement for week 23 (which will include 1 June 2014).

A change from AEMO's previous discussions with the stakeholders is that AEMO does not currently intend to change the CDEII Procedure. If the published planning assumptions dataset in the National Transmission Network Development Plan (NTNDP) are updated to incorporate NGER data, AEMO considers that modification to the CDEII Procedure is not required, as emission factor data will continue to be sourced from the NTNDP. This approach aligns with stakeholder feedback to not invest significant effort on the CDEII, given the uncertainty over the carbon tax legislation. The NGER scheme is not part of the proposed repeal and hence emissions would continue to be reported and published by the CER.

5. RISKS / FINANCIALS

Any change in the index will have the potential to create financial winners and losers.

6. RECOMMENDATIONS

It is recommended that the NEMW-CF note the :

- Results of the impact assessment associated with changing the data source for the CDEII.
- Proposed next steps for integrating the NGER data in AEMO's planning studies, and calculation of the CDEII.