Regulatory Statement: Regulation of Greenhouse Gas Emissions in the NT

Greenhouse gas (GHG) emissions from the Northern Territory's large emitting facilities and development activities are regulated through a combination of Australian and NT laws and requirements.

National regulation

The Australian Government has committed to reducing national GHG emissions to 43% below 2005 levels by 2030 and to net zero emissions by 2050.

The *National Greenhouse and Energy Reporting Act 2007* (NGER Act) establishes a framework for industry to report on GHG emissions, energy consumption and energy production. Companies that meet the NGER scheme thresholds of 25 000 tonnes carbon dioxide equivalent (tCO_2-e) per year for a facility, or 50 000 tCO_2-e per year for a corporation, are required to register and report on their GHG emissions annually.

The Safeguard Mechanism

The NGER Act also establishes a framework for Australia's largest emitters to manage and report on their GHG emissions. This is the Safeguard Mechanism administered by the Clean Energy Regulator.

The Safeguard Mechanism establishes a nationally consistent approach to reducing GHG emissions from Australia's largest industrial emitters.

The Safeguard Mechanism applies to industrial facilities emitting more than 100,000 tCO_2-e of scope 1 emissions[1] per year. This includes:

- mining
- oil and gas production
- manufacturing
- transport
- waste facilities.

The Safeguard Mechanism sets legislated limits - known as baselines - and industrial facilities must keep their net emissions at or below their designated baseline. These emissions baselines decline annually at rates set consistent with achieving Australia's emission reduction targets.

Baselines for facilities covered by the Safeguard Mechanism will generally reduce by 4.9% each year to 2030. Operators of these facilities must ensure their scope 1 emissions remain at or below the baseline, or they may purchase recognised carbon credits to offset any exceedance of the baseline.

The Safeguard Mechanism imposes these obligations on the NT's largest emitters, including Liquefied Natural Gas facilities and larger mining facilities.

[1] Scope 1 emissions, or 'direct emissions', are GHG emissions released directly into the atmosphere as a result of the activities at a facility.

The Safeguard Mechanism establishes requirements aligned with international best practice for petroleum exploration and production facilities. These special requirements include the requirement for all new onshore petroleum facilities in the Beetaloo Sub-basin to have net zero scope 1 emissions from entry (i.e. once their annual emissions exceed 100,000 tCO_2-e per year). Also, all new gas fields supplying gas to an existing Liquefied Natural Gas facility are treated as new facilities and are required to have net zero reservoir emissions from entry.

Northern Territory regulation

The Northern Territory Government has committed to a target of net zero emissions by 2050. Development proposals may be required to consider their management of GHG emissions to contribute to this target through environmental impact assessment and approval processes.

Environment Protection Act 2019

The *Environment Protection Act 2019* (EP Act) requires proposals that have the potential to have a significant impact on the environment to be referred to the Northen Territory Environment Protection Authority (NT EPA). Where the NT EPA determines that environmental impact assessment is required the impacts of a changing climate must be taken into account in the environmental impact assessment.

To support the environmental impact assessment process under the EP Act, the NT EPA has established a system of environmental factors and objectives. The environmental factor: Atmospheric processes is supported by the environmental objective to 'minimise GHG emissions so as to contribute to the NT Government's target of achieving net zero emissions by 2050'.

Following changes to Australian Government and NT policy and regulation relating to GHG emissions, the NT EPA has withdrawn its guidance for the environmental factor: 'Atmospheric Processes' and will prepare new guidance in consideration of developments in national and NT policy and regulation.

Until the NT EPA publishes new guidance, proponents are encouraged to consult with the Environmental Assessments team of the Department of Lands, Planning and Environment on expectations in assessing proposals, including when a proposal should be referred to the NT EPA based on GHG emissions, and how to meet requirements under the EP Act.

In determining whether a proposal has the potential to have a significant impact on the environment (and therefore, whether environmental impact assessment is required) the NT EPA may consider other statutory decision-making processes that mitigate the potential environmental impacts of the proposal[2].

The NT EPA may, for example, consider a proponent's obligations to manage and report GHG emissions under the Safeguard Mechanism in deciding whether a proposal requires assessment under the EP Act, or in its assessment of the proposal and advice to the Minister for Lands, Planning and Environment.

The NT EPA may recommend to the Minister for Lands, Planning and Environment conditions for an environmental approval that address the emissions associated with the proposal.

Petroleum (Environment) Regulations 2016

The Petroleum (Environment) Regulations 2016 require the approval of an Environment Management Plan (EMP) that sets out how all environmental impacts and risks of an onshore gas activity will be managed to levels that are as low as reasonably practicable and acceptable.

[2] Section 55(4) of the *Environment Protection Act 2019*.

An EMP may be required to provide an estimate of GHG emissions from the relevant activity, and outline measures to manage those emissions to levels that are as low as reasonably practicable and acceptable.

The petroleum industry must comply with a Code of Practice established under petroleum legislation which provides minimum standards for that industry. The Code establishes minimum standards for reporting on GHG emissions from upstream infrastructure. This Code is being amended to incorporate requirements to consider scope 1 and scope 2 emissions, and to recognise the role of the Safeguard Mechanism in managing emissions from onshore gas activities emitting greater than 100,000 tCO_2-e per year.

Waste Management Pollution Control Act 1998

The *Waste Management and Pollution Control Act 1998* (WMPC Act) is designed to regulate pollution and waste, rather than GHG emissions. While GHGs are not classified as listed waste, the WMPC Act applies to gas processing facilities, meaning that facilities such as LNG plants are regulated for their environmental impacts, including some incidental coverage of fugitive emissions.

However, the WMPC Act's primary focus is waste management, pollution control, and preventing environmental harm, rather than the direct regulation of GHG emissions. Any consideration of GHG emissions under the WMPC Act occurs as part of broader facility regulation.

For more information on the regulation of LNG facilities see the regulatory statement on the NT EPA website Regulatory statement: Regulation of LNG and other emissions

GHG offsets

Avoiding or mitigating GHG emissions is the preferred approach to managing the emissions from a proposal. Where emissions cannot be avoided or mitigated, the residual emissions may be required to be offset.

The NT Greenhouse Gas Emissions Offsets Policy and Technical Guidelines guide the consistent and transparent use of GHG emissions offsets under NT legislation, including the *Environment Protection Act 2019* and Petroleum (Environment) Regulations 2016.

The Policy establishes the types of GHG emissions offsets that may be recognised in the NT, with a preference for Australian Carbon Credit Units (ACCUs) regulated under the Commonwealth *Carbon Credits (Carbon Farming Initiative) Act 2011*.

More information

For more information on the matters addressed in this regulatory statement, please visit the relevant website or contact the relevant organisation.

National Greenhouse and Energy Reporting Act 2007 / Safeguard Mechanism	Clean Energy Regulator enquiries@cer.gov.au Supporting Australia to reduce, offset and track our emissions | Clean Energy Regulator Safeguard Mechanism Safeguard Mechanism | Clean Energy Regulator

Petroleum Act / Petroleum (Environment) Regulations 2016	Petroleum Regulation Branch Department of Lands, Planning and Environment Onshoregas.dlpe@nt.gov.au Onshore gas | Department of Lands, Planning and Environment
Environment Protection Act 2019 - Environmental Impact Assessment	Environment Division Department of Lands, Planning and Environment, Eia.ntepa@nt.gov.au Environmental impact assessment | NTEPA
GHG Offsets	Greenhouse Gas Emissions Offsets Policy and Technical Guidelines Department of Lands, Planning and Environment, Eia.ntepa@nt.gov.au