



# Safeguard Mechanism

Emissions-intensity  
determination application  
guideline

v1.1 – 26 February 2024





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## Disclaimer

This guidance has been developed by the Clean Energy Regulator (CER) to assist responsible emitters to apply for an emissions-intensity determination under the [National Greenhouse and Energy Reporting \(Safeguard Mechanism\) Rule 2015](#)<sup>1</sup> (the Safeguard Rule). This guidance must be read in conjunction with the [National Greenhouse and Energy Reporting Act 2007](#)<sup>2</sup> (the NGER Act), the [National Greenhouse and Energy Reporting Regulations 2008](#)<sup>3</sup> (the NGER Regulations), the Safeguard Rule, the [NGER Measurement Determination 2008](#), and any other legislative instrument referenced in this document in their current form at the time of reading.

Changes to the legislation may affect the information in this document. It is intended that this document will be updated in light of any legislative changes or if further clarity on a particular issue is required.

The information contained in this document is provided as guidance only.

This document is general in nature and does not cover every situation that may arise in relation to emissions-intensity determinations or the Safeguard Mechanism broadly.

Responsible emitters are responsible for determining their obligations under the Safeguard Rule, the NGER Regulations and the NGER Act and for applying the legislation to their individual circumstances. They should seek professional advice relevant to their particular circumstances if they have any concerns.

This document does not contain legal advice and is not a substitute for independent legal advice.

The CER and the Commonwealth of Australia will not be liable for any loss or damage from any cause (including negligence) whether arising directly, incidentally, or as consequential loss or damage, out of or in connection with, any use of this guideline or reliance on it, for any purpose.

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<sup>1</sup> <https://www.legislation.gov.au/Series/F2015L01637>

<sup>2</sup> <https://www.legislation.gov.au/Series/C2007A00175>

<sup>3</sup> <https://www.legislation.gov.au/Series/F2008L02230>



## Definitions and abbreviations

Term	Meaning
<b>Australian Carbon Credit Unit (ACCU)</b>	Each ACCU represents one tonne of carbon dioxide equivalent (tCO <sub>2</sub> -e) emissions stored or avoided by an eligible offsets project.
<b>Basis of Preparation (BoP)</b>	A Basis of preparation document illustrates the methodology by which an application has been prepared, including details such as data sources, calculation methods, adjustments, assumptions and decisions applied.
<b>Borrowing adjustment</b>	<p>To help manage compliance obligations a facility can 'borrow' from its future baseline.</p> <p>The responsible emitter for a facility may borrow up to 10% of a facility's baseline for a financial year with an adjustment made to the baseline for the following year that is initially 102% of the initial borrowing amount, increasing to 110% from 1 July 2026.</p>
<b>Controlling corporation</b>	<p>An entity that must register and report under the NGER Act, as defined in section 7 of the NGER Act.</p> <p>A controlling corporation is a constitutional corporation that does not have a holding company in Australia. It is generally the corporation at the top of the corporate hierarchy in Australia. It can be a 'non-operational' holding company. It may also be a foreign incorporated entity that operates directly in Australia (that is, does not operate through an Australian incorporated subsidiary).</p>
<b>Covered emissions</b>	<p>Covered emissions are defined as scope 1 emissions of one or more greenhouse gas, including direct emissions from fugitive emissions and emissions from fuel combustion, waste disposal and industrial process such as cement and steel making.</p> <p>Some scope 1 emissions are not covered by the Safeguard Mechanism, such as emissions from landfills associated with pre 1 July 2016 waste.</p>
<b>Designated historical information</b>	<p>The following is the designated historical information about a historical production variable for a facility:</p> <ul style="list-style-type: none"> <li>the quantity of the production variable in each historical financial year that is measured in accordance with any measurement requirements or procedures specified in Schedule 1 of the Safeguard Rule in relation to the production variable.</li> <li>the amount of covered emissions of greenhouse gases (in tCO<sub>2</sub>-e) relevantly associated with the production variable in each historical financial year.</li> </ul>



<b>Eligible facility</b>	<p>For a facility to be considered an eligible facility under subsection 58B(1) of the Safeguard Rule it must:</p> <ul style="list-style-type: none"> <li>• have been a designated large facility, as defined in the NGER Act, for a financial year within the previous 10 years (not including the current financial year) (the last covered financial year), and</li> <li>• not have been a designated large facility for any of the financial years beginning after the last covered financial year, and</li> <li>• have been a designated large facility in at least 3 historical financial years or 2 of the 4 financial years immediately preceding the last covered financial year, and</li> <li>• have an emissions-intensity determination for the current financial year or be a new facility, and</li> <li>• not have had Australian Carbon Credit Units issued in relation to covered emissions at the facility for the current financial year.</li> </ul> <p>Separate criteria to be an eligible facility apply to financial years from 2028-29 under section 58B(2) of the Safeguard Rule.</p> <p>Being an eligible facility allows a facility whose emissions drop below the coverage threshold to be issued Safeguard Mechanism Credits, subject to meeting the requirements for issuance under section 56 of the Safeguard Rule.</p>
<b>Existing facility</b>	<p>A facility is an existing facility if one or more historical production variables were applicable to the facility in any historical financial year, or one or more transitional production variables applicable in the 2022-23 financial year.</p>
<b>Emissions-intensity (EI)</b>	<p>Emissions-intensity for a production variable means the emissions released, in tCO<sub>2</sub>-e, per unit of the production variable; production variables are set out in Schedule 1 of the Safeguard Rule.</p>
<b>Executive officer (EO)</b>	<p>An executive officer is defined as a:</p> <ul style="list-style-type: none"> <li>• Director</li> <li>• Chief Executive Officer (however described)</li> <li>• Chief Financial Officer (however described)</li> <li>• Company Secretary.</li> </ul>
<b>Facility</b>	<p>Under section 9 of the NGER Act a facility is an activity, or a series of activities (including ancillary activities), that involve greenhouse gas emissions, the production of energy or the consumption of energy and that:</p> <ul style="list-style-type: none"> <li>• form a single undertaking or enterprise and meet the requirements of the NGER Regulations, or</li> <li>• are declared to be a facility under section 54, 54A or 54B of the NGER Act.</li> </ul>
<b>Historical financial year</b>	<p>A historical financial year is:</p> <ul style="list-style-type: none"> <li>• the financial year beginning on 1 July 2017, or</li> <li>• the financial year beginning on 1 July 2018, or</li> <li>• the financial year beginning on 1 July 2019, or</li> <li>• the financial year beginning on 1 July 2020, or</li> <li>• the financial year beginning on 1 July 2021.</li> </ul>



<b>Historical production variable</b>	<p>A historical production variable, for a facility, is a production variable that:</p> <ul style="list-style-type: none"> <li>was applicable to the facility, in accordance with Schedule 1 of the Safeguard Rule, at any time during a historical financial year (that is, any financial year between 2017-18 and 2021-22 (both inclusive)), and</li> <li>was not a non-commercial production variable for the facility for a historical financial year.</li> </ul>
<b>Net emissions number</b>	<p>The net emissions number for a facility for a period is the total amount of covered emissions in tCO<sub>2</sub>-e for the facility during the period <b>plus</b> any ACCU issued in relation to the facility during that period <b>minus</b> any ACCUs and/or SMCs surrendered for the facility for that period.</p>
<b>NGER Report</b>	<p>An NGER report is a submission of energy and emissions information required under the NGER Act.</p>
<b>Operational control</b>	<p>A person is considered to have operational control over a facility if that person has authority to introduce and implement operating, health and safety, and/or environmental policies, or if the CER declares the person has operational control over the facility under section 55 or 55A of the NGER Act.</p> <p>If there is uncertainty about which person has operational control over a facility and the agency has not made a declaration under section 55 or 55A of the NGER Act, the person having operational control over the facility will be the one with the greatest authority to introduce and implement operating and environmental policies in relation to the facility.</p> <p>If among 2 or more persons neither has the greatest authority to introduce and implement operating and environmental policies in relation to a facility, and the CER has not made a declaration under section 55 or 55A of the NGER Act nor have those persons nominated one of themselves, each of those persons will be taken to have operational control over the facility.</p>
<b>Prescribed carbon unit</b>	<p>For the purposes of the NGER Act a prescribed carbon unit means:</p> <ul style="list-style-type: none"> <li>an Australian carbon credit unit, or</li> <li>a Safeguard Mechanism credit unit.</li> </ul>
<b>Production variable</b>	<p>A production variable is a metric that generally represents the productive output of the facility. In some cases the output may be an intermediate product or waste product.</p> <p>Only production variables listed in Schedule 1 of the Safeguard Rule (previously known as ‘prescribed’ production variables listed in Schedule 2 and 3) can be used in an emissions-intensity determination application for financial years commencing on or after 1 July 2023.</p>
<b>Responsible emitter</b>	<p>The person with operational control of a Safeguard facility. The responsible emitter is responsible for meeting the Safeguard Mechanism requirements if the facility exceeds its safeguard threshold for a financial year.</p> <p>The responsible emitter may be an individual, a body corporate, a trust, a corporation sole, a body politic or a local governing body.</p>
<b>Safeguard threshold</b>	<p>The number beyond which covered emissions produced by a facility in a financial year would cause it to be covered by the Safeguard Mechanism (100,000 tonnes of CO<sub>2</sub>-e in a financial year).</p>



<b>Safeguard Mechanism credit units (SMCs)</b>	<p>SMCs are a type of credit unit that may be issued for each tonne of emissions (CO<sub>2</sub>e) that a facility's covered emissions are below its baseline. These credits can be surrendered to meet Safeguard compliance obligations, sold, or retained for future use.</p> <p>SMCs incentivise facilities to reduce their emissions when cost-effective emissions reduction opportunities exist. SMC generation creates a financial incentive for all facilities to reduce the emissions-intensity of their product, not just those facilities above their baseline.</p>
<b>Safeguard Mechanism document</b>	<p>The <a href="#">Safeguard Mechanism: Prescribed production variables and default emissions-intensities</a><sup>4</sup> document, published on the Department of Climate Change, Energy, the Environment and Water's website, provides further details on the production variables set out in Schedule 1 of the Safeguard Rule and associated emissions-intensity values and forms part of the Safeguard Rule.</p>
<b>Scope 1 emissions</b>	<p><a href="#">Scope 1 emissions</a><sup>5</sup> are emissions released into the atmosphere as a direct result of the activity or activities at a facility level such as fuel combustion for electricity generation or cement production.</p>

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<sup>4</sup> <https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document#:~:text=The%20Safeguard%20Mechanism%20and%20National,report%20and%20manage%20their%20emissions.>

<sup>5</sup> <http://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme/Greenhouse-gases-and-energy#n2>



## Revision history

Date	Description
<b>26 February 2024</b>	<ul style="list-style-type: none"><li>• Include definition of an ACCU (page 4)</li><li>• Update to the net emissions number definition (page 6)</li><li>• Add information regarding late applications (pages 13-14)</li><li>• Add 'Organisation Administrator' to the list of user roles that can access and prepare an emissions intensity determination application (page 15)</li><li>• Updated guidance in relation to the audit of the amount of covered emissions for the facility in each historical financial year (page 31).</li><li>• Updated guidance in relation to use of previous audit reports where the previous audit report does not specify the facility as the audit subject (page 40-41).</li><li>• Removal of section indicating CER can refuse an application and required resubmission (page 42).</li></ul>





## Who is this guideline for?

This document provides guidelines about applying for an emissions-intensity determination for an [existing facility](#) under the section 14 of the Safeguard Rule. An emissions-intensity determination (determination) is available for financial years commencing on or after 1 July 2023.

The Clean Energy Regulator (CER) recommends that parties involved in an emissions-intensity determination application process consider this guideline document. In particular, this guideline is for:

- responsible emitters for existing Safeguard facilities (excluding landfills and new facilities) that expect to exceed the Safeguard threshold of 100,000 tCO<sub>2</sub>-e of covered emissions in a financial year on or after 1 July 2023.
- responsible emitters for eligible facilities that have previously been a Safeguard covered facility and may be eligible to receive SMCs
- auditors who are undertaking audits of emissions-intensity determination applications
  - » for specific information relating to audits see [Part 3.8 Audit report](#)
- any other parties assisting a responsible emitter in preparing an application.

The following facility types are not eligible to apply and have separate baseline setting arrangements:

- facilities that commenced commercial production during financial years commencing on or after 1 July 2023
- landfill facilities
- grid-connected electricity generator facilities covered by the sectoral baseline where the sectoral baseline has not been exceeded.

Shale gas extraction facilities may apply for an emissions-intensity determination, however due to section 10(2) of the Safeguard Rule, they will be subject to a 'zero' baseline regardless of a determination.

For the 2022-23 financial year, Safeguard facilities are still required to have a baseline in place or use default baseline of 100,000 tCO<sub>2</sub>-e. Baseline determinations in place on 30 June 2023 continue to apply to financial years to which they apply where those financial years ended on or before 30 June 2023.

Visit [The Safeguard Mechanism for financial years commencing on or after 1 July 2023](#) for more information about the Safeguard Mechanism including how baselines are calculated.

All references to legislative provisions in this guideline document relate to the Safeguard Rule unless otherwise indicated.



## Important information

- This application guideline is **not** applicable for new facilities, landfill facilities and grid-connected generator facilities (subject to a sectoral baseline).
- Shale gas extraction facilities may apply for a determination, however section 10(2) of the Safeguard Rule sets shale gas extraction baselines to 'zero' regardless of a determination.
- The Department of Climate Change, Energy, the Environment and Water (DCCEEW) has completed a review of production variables. This was to ensure a comprehensive set of production variables for the reformed Safeguard Mechanism. A further production variable review is set for late 2023. A current list of production variables under review is available on page 1 of the online application in the [Online Services](#)<sup>6</sup>.
- If the facility has a form of production that is not captured by the production variables found in Schedule 1 of the Safeguard Rule, please contact DCCEEW ([Safeguard.Mechanism@dcceew.gov.au](mailto:Safeguard.Mechanism@dcceew.gov.au)) to discuss if a new variable is needed.
- Apply using the [Online Services](#)<sup>7</sup>.
- For an emissions-intensity determination for the 2023-24 financial year, a facility must apply by 30 April 2024.
- **If you believe that you may be unable to meet this deadline, contact the CER as soon as possible** (see pages 13-14 for more information).
- An application must be submitted with an audit report that meets the requirements of the Safeguard Rule and it is recommended that responsible emitters engage an auditor as soon as feasible. See [Part 3.8 Audit report](#) for audit report requirements.



# Part 1 Overview of the 2023 Safeguard Mechanism reforms

The Safeguard Mechanism has been reformed following a consultation process undertaken by the Department of Climate Change, Energy, the Environment and Water. New obligations and reporting requirements apply to Safeguard facilities for financial years commencing on or after 1 July 2023.

Apart from the sectoral baseline for grid-connected electricity generators, baseline determinations made before 1 July 2023 will cease to be in force from 1 July 2023.

The reformed Safeguard Mechanism scheme includes new baselines, flexible mechanisms to manage net -emissions and additional publication requirements. Baselines will decline each year in line with Australia's legislated commitments to reduce net greenhouse gas emissions by 43 percent below 2005 levels by 2030 and to achieve net-zero by 2050.

Safeguard facilities that exceed their annual baseline for financial years commencing on or after 1 July 2023 must manage their emissions before the first 1 April following the end of the financial year by using the available options for managing excess emissions.

## 1.1 Safeguard baseline calculation

Any facility that exceeds the Safeguard Mechanism threshold of 100,000 tCO<sub>2</sub>-e of covered emissions in a given financial year will have a baseline emissions number calculated for that financial year. This baseline emissions number is annually adjusted for production, based on production quantities of production variables reported under the NGER scheme multiplied by an emissions-intensity number for each applicable production variable, which is either:

- A hybrid emissions-intensity number for existing production variables at existing facilities – this is a combination of facility-specific emissions-intensity numbers as set out in an emissions-intensity determination and industry-average 'default' emissions-intensity numbers. This combination will be initially weighted towards facility-specific emissions-intensity numbers, but will progressively transition to default emissions-intensity numbers by the financial year commencing 1 July 2029.
- The international best-practice emissions-intensity number, if applicable, for new facilities or for new production variables at existing facilities; if best-practice values are not applicable, industry-average default values apply.

Facility-specific emissions intensities are calculated based on recent historical production and emissions data at the facility, whereas industry-average 'default' emissions intensities are fixed values determined by analysis conducted by the Department of Climate Change, Energy, the Environment and Water of historical emissions performance of like facilities across Australia. These latter values are set out in Schedule 1 of the Safeguard Rule.

International best-practice emissions intensities are fixed values determined by analysis conducted by the Department of Climate Change, Energy, the Environment and Water of comparative historical emissions performance of like facilities internationally then adjusted for an Australian context.

A decline rate is also applied to the initial baseline emissions number to arrive at the baseline emissions number for the facility for a financial year. Baselines are set at a minimum of 100,000 tCO<sub>2</sub>-e unless there is a borrowing adjustment in which case a baseline can be less than 100,000 tCO<sub>2</sub>-e in a financial year. This annual baseline emissions number is calculated by the CER, following the submission and assessment of production data, and is issued to a facility as part of an annual position statement which also sets out the facility's covered emissions and net emissions number for the year.



## Emissions-intensity determination

An emissions-intensity determination will set out a facility-specific emissions-intensity number for an existing production variable at an existing facility. This emissions-intensity number will be used in annual baseline emissions number calculations for the first financial year for which an emissions-intensity determination application is made, and will apply for each subsequent financial year.

In order to calculate facility-specific emissions-intensity numbers for each historical production variable, facilities are required to provide, amongst other information, historical production quantities and apportioned covered emissions for each production variable for the historical financial years. See [Part 3.6 Facility historical emissions and production data](#) for more detail on what is required to calculate a facility-specific emissions-intensity number.

Factors that will affect baseline emissions numbers include the annual quantity of each type of production, the changing weights used in the hybrid-emissions-intensity model, the baseline decline rate and possible flexibility measures such as 'borrowing' of baselines or updated decline rates as a result of a Trade-exposed baseline adjusted determination.



## Part 2 Application requirements

### 2.1 Eligibility and application deadlines

The responsible emitter for an existing facility (see definition below) can apply for an emissions-intensity determination, using the [Online Services](#)<sup>7</sup>.

#### 2.1.1 Eligibility

Any facility that expects to exceed the Safeguard threshold of 100,000 tCO<sub>2</sub>-e covered emissions in 2023-24 (or a later financial year specified in the application as the first financial year to which the determination would apply) and meets the definition of an *existing facility* under section 12 of the Safeguard Rule may have an emissions-intensity determination application made for it by its responsible emitter.

Existing facilities that meet the *eligible facility criteria* under section 58B(2) of the Safeguard Rule will need an emissions-intensity determination to receive Safeguard Mechanism Credits (SMCs).

##### 2.1.1.1 Definition of an existing facility

A facility is an existing facility if it had outputs that correspond with production variables as set out in Schedule 1 of the Safeguard Rule in any of the historical financial years between 2017-18 and 2021-22 (both inclusive) or the 2022-23 financial year. See [Part 3.5 Production variables](#) for more information on production variables.

Existing facilities also include facilities that were operating but not covered under the Safeguard Mechanism, or did not have a baseline in force, during some or all of the historical financial years or the 2022-23 financial year.

#### 2.1.2 Application deadlines

For determinations commencing from the 2023-24 financial year, the deadline to submit an application is 30 April 2024.

For emissions-intensity determinations commencing from 2024-25 or a later financial year, the deadline to submit an application is by the first 31 October after the end of that financial year (for example, 31 October 2025 for a determination commencing from the 2024-25 financial year).

Note that if a submission deadline falls on a Saturday, Sunday or Public Holiday in the Australian Capital Territory then the application can be submitted on the next business day, in accordance with subsection 36(2) of the *Acts Interpretation Act 1901*.

##### 2.1.2.1 Late applications

The CER expects all responsible emitters to endeavour to meet the application deadline of 30 April 2024 for emissions-intensity determinations commencing from the 2023-24 financial year. This is the legislated deadline for this application.

If you believe that you may be unable to meet this deadline, contact the CER as soon as possible.

The Safeguard Mechanism legislation gives the CER discretion to accept an emissions-intensity determination application submitted after the deadline.

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<sup>7</sup> <https://www.cleanenergyregulator.gov.au/OSR/client-portal-beta>



The CER will consider granting an extension of up to 45 calendar days after the deadline of 30 April 2024, if the applicant can demonstrate that they have taken reasonable steps to progress their application and have engaged an auditor, but the required audit report will not be finalised by the deadline.

The CER considers that an extension of up to 45 calendar days is sufficient time for an application and audit to be completed. If an extension is granted, the CER expects that the submitted application will be complete, supported by additional evidence where needed and accompanied by a finalised audit report.

It should be noted that applications will be assessed based upon the date they are received by the CER. Responsible emitters that are seeking early assurance about the result of their applications are encouraged to provide complete applications by or before the 30 April deadline.

### **To seek an extension**

The applicant must nominate the length of extension that is required, from 1 to 45 calendar days, and provide information to support the extension request such as a statement covering:

- factors that have impacted the applicant's ability to source the required data and complete any associated calculations
- difficulties in securing relevant external advice, including auditors
- any other factors impacting the application that are outside of the control of the applicant
- why the specified extension will allow a complete, audited application to be made.

Further, the applicant must provide the CER with evidence that they have engaged an auditor for the emissions-intensity determination application. Evidence can be a letter from the auditor stating:

- name of the responsible emitter and facility
- date engaged to complete the emissions-intensity determination audit
- that they cannot finalise the audit report by the 30 April deadline.

Alternatively, other evidence can be provided confirming the applicant has engaged an auditor for the application.

The extension request should be emailed to [cer-safeguardbaselines@cer.gov.au](mailto:cer-safeguardbaselines@cer.gov.au) by the [nominated contact person](#) for the applicant.

### **An extension request must be submitted by the 30 April 2024 application deadline.**

On receipt of an emissions-intensity determination application extension request, the CER will review the request and notify the contact person of the decision within 5 business days.

### **2.1.3 What happens if I do not apply for an emissions-intensity determination?**

An existing facility which does not have an emissions-intensity determination for a financial year will use the best-practice emissions-intensity (if legislated) for each relevant production variable to calculate their annual baseline for that financial year, or the industry-average 'default' emissions-intensity if best practice emissions-intensity is not legislated.

Best-practice values are likely to be lower than the actual emissions-intensity levels of the facility and as a consequence, it is far more likely that the facility will need to undertake emissions-intensity reducing projects or purchase and surrender ACCUs or SMCs.

Note that if a facility does not have an emissions-intensity determination for a financial year the facility will not meet the *eligible facility criteria* under section 58B(3) of the Safeguard Rule for that financial year. Being



an eligible facility allows a facility whose emissions drop below the coverage threshold to be issued Safeguard Mechanism Credits, subject to meeting the requirements for issuance under section 56.

## 2.2 Preparing and submitting the application

An application for an emissions-intensity determination is submitted online by the responsible emitter for a facility.

### 2.2.1 Accessing the application form

The application form is accessed through the [Online Services](#)<sup>8</sup>.

An Online Services user with any of the access roles listed below linked to the responsible emitter will be able to prepare and edit a draft of the application form before it is submitted:

- NGER Contact Person
- NGER Executive Officer
- NGER Coordinator
- NGER Data Provider
- Organisation Administrator

For information on these roles and how to update user access and roles please see the [NGER Client Portal User Guide](#)<sup>9</sup>.

The application form can be saved at any point and to come back to later, and a copy of the application form can be saved as a PDF and printed at any stage.

### 2.2.2 Application information requirements

The application consists of 3 parts:

- **Application form** consisting of information and data required to calculate facility-specific emissions-intensity values for the facility's production variables (see [Part 3.6 Facility historical emissions and production data](#) for more information). This information is entered directly into the online application form.
- **Supporting information document(s)** covering other information and evidence requirements (see [Part 3.1 supporting information requirements](#) for more information). These documents are attached to the online application form.
- **Audit report** containing an auditor's conclusion on the required reasonable and limited assurance matters (see [Part 3.8 Audit report](#) for more information). The audit report is attached to the online application form.

[Part 3 Detailed application requirements](#) provides further details on each application requirement.

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<sup>8</sup> <https://www.cleanenergyregulator.gov.au/OSR/client-portal-beta/Pages/Client-Portal-Beta.aspx>

<sup>9</sup> <https://www.cleanenergyregulator.gov.au/OSR/CP/Pages/default.aspx>



## Summary of application form information and data requirements

The applicant is required to provide the following preliminary information in the online application form:

- Responsible emitter for the facility

The application will be pre-filled with responsible emitter details. If an applicant needs to change to a different responsible emitter, see [Part 3.2 Responsible emitter](#) for more information.

- Facility name

If a facility isn't listed, first check that the correct responsible emitter has been selected. Contact the CER if the relevant facility is not listed.

- The first financial year to which the determination is to apply (for example, 2023-24)

Once the applicant has entered the above information, they will need to provide the following historical production variable and emissions data in the online application form:

- Production variables applicable to the facility (see [Part 3.5 Production variables](#) for more information), including:

- » historical production variables (if any)
- » related production variables (if any)
- » transitional production variables (if any)

- Facility historical total covered emissions data, see [Part 3.6 Facility historical emissions and production data](#) for more information

*Note* – this will be automatically calculated for confirmation for each historical financial year based on entered covered emissions associated with each production variable (see below)

- Historical production variable information ('designated historical information')

- » production quantities for each historical production variable produced in each historical financial year (that is, 2017-18 to 2021-22), see [Part 3.7.2 Production quantities](#) for more information
- » the amount of covered emissions relevantly associated with each historical production variable in tCO<sub>2</sub>-e in each historical financial year, see [Part 3.7.3 Covered emissions relevantly associated with each historical production variable](#) for more information

- Where applicable, an explanation for why any designated historical information **has not** been included, see [Part 3.7.1 Exclusion of designated historic information](#) for more information.

- The amount of any non-carbon dioxide (CO<sub>2</sub>) greenhouse gas emissions relevantly associated with each historical production variable in tCO<sub>2</sub>-e in each historical financial year (only required if a non-CO<sub>2</sub> greenhouse gas accounts for more than 1% of covered emissions for a production variable in a historical financial year), see [Part 3.7.3.2 Non-carbon dioxide greenhouse gas emissions](#) for more information.

Once the applicant has entered all historical production and emissions data in the application, draft facility-specific emissions-intensity values for each production variable will be provided in





advance of the CER considering and approving the application. See [Part 3.7.4 Calculating facility-specific emissions intensities](#) for more information.

### 2.2.3 Submitting the application

Once all sections of the application are complete and the required audit report and supporting information has been attached, an executive officer is required to acknowledge and sign the declaration that, among other things, the information supplied is true and not misleading.

There are 2 options to sign and submit the application form:

- An executive officer of the responsible emitter with Online Services access can log in to the [Online Services](#)<sup>10</sup> open a draft version of the application, review the declaration then submit the application directly.
- An Online Services user for the responsible emitter can open the draft form and print a PDF copy of the application. An executive officer can then sign the form (electronic signature is acceptable) and the signed PDF is attached to the online application form for the client portal user's submission.

If you are having difficulty accessing, completing or submitting the online form please contact the CER.

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<sup>10</sup> <https://www.cleanenergyregulator.gov.au/OSR/client-portal-beta>



## Part 3 Detailed application requirements

Part 3 provides detailed guidelines on application requirements including for each requirement:

- what supporting information and evidence is required, and
- whether the requirement is an assurance matter for auditors and the type of assurance required (that is, reasonable or limited).

### 3.1 Supporting information requirements

The CER can only approve an application if satisfied that information in the application is correct and certain aspects of the application and data are reasonable and meet legislative requirements. See [Part 4.1.2 Decision to make an emissions-intensity determination](#) for more information.

To assist the CER in making its decision, supporting information and evidence is required to be submitted with an application. The CER will use this information in conjunction with responses to the application questions and audit report to make a decision on the application.

The exact content and format of the supporting information and evidence is at the discretion of the applicant. However, generally supporting information and evidence should be in the form of a 'Basis of preparation' document with relevant data and calculations in an excel spreadsheet. These documents should be attached to the application form before submission in Online Services. Accepted formats are Microsoft Word (.doc and .docx), Microsoft Excel (.xls and .xlsx) and PDF documents.

The level of detail required in relation to each matter will vary depending on the complexity of activities at the facility.

If additional information is required at any point to inform the decision-making process, the CER may request such information. See [Part 4.1.1.1 Requests for further information](#) for details.

Responsible emitters must retain all supporting information and evidence, make it available to auditors before submission, and retain these records. The NGER Act requires responsible emitters to retain records of their activities that are relevant to compliance and allow for accurate reporting, for five years from the end of the year in which the activity took place.

### 3.2 Responsible emitter

The application must be submitted by the current responsible emitter for the facility. The responsible emitter for a facility is the person (individual, body corporate, trust, corporation sole, body politic or local governing body) with [operational control](#)<sup>11</sup> of the facility.

The application form will be pre-filled with responsible emitter details based on the organisation identified in the user and organisation profile icon in top right-hand corner of the Client Portal page. If an applicant needs to change to a different responsible emitter, click on the user and organisation profile icon and select 'Switch Organisations'. If the required responsible emitter doesn't appear, contact someone in the organisation that already has access, they can give access (see [NGER client portal user guide](#)<sup>12</sup> for more information).

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<sup>11</sup> <https://www.cleanenergyregulator.gov.au/NGER/Reporting-cycle/Assess-your-obligations/Reporting-thresholds#n3-2>

<sup>12</sup> <https://www.cleanenergyregulator.gov.au/DocumentAssets/Pages/NGER-Client-Portal-User-Guide.aspx>



If a responsible emitter is not already registered under the NGER Act, and it is not a controlling corporation, it must apply to register under section 15B of the NGER Act. For more information on how to identify the responsible emitter for a facility and apply for registration please see [Registration](#)<sup>13</sup>.

Note that if a facility has changed responsible emitters during the historical financial years (that is, 2017-18 to 2021-22) the responsible emitter is still required to provide all historical production and emissions data unless it is not reasonably practical to do so. Generally the CER is able to provide historical NGER reports for a facility, under sub-section 71(4) of the Safeguard Rule, to the entity that submitted the report and also to applicants that did not submit the NGER report. See [Part 3.7.1 Exclusion of designated historic information](#) for more information.

### Supporting information requirement

If there has been a change in responsible emitter for a facility since 1 July 2017, please provide a brief explanation of the change.

## 3.3 Facility name and details

The application form will provide a list of safeguard facilities under the selected responsible emitter for the facility to choose from. If you need to make an application for a facility that is not listed, please contact the CER.

### Supporting information requirement

Please give a brief description of the facility including activities undertaken, location and boundary.

If there have been any significant changes to the facility's activities and/or boundaries since 1 July 2017 (for example, the facility has merged with another facility or has been split into separate facilities) the application should explain the changes and why they were made.

Note that if there have been significant changes at a facility, the application may need to take these changes into account when providing historical information for production variables, production quantities and covered emissions.

### 3.3.1 Anti-avoidance measures

New anti-avoidance measures have been introduced in the NGER Act (section 54B) to prevent a business from defining, or redefining, a facility with the sole or substantial purpose of avoiding or reducing Safeguard Mechanism obligations. The CER may, on its own initiative, declare that an expected undertaking or enterprise is a facility under these circumstances.

These provisions include scenarios such as (re)defining facility boundaries for the sole or substantial purpose of achieving the below results:

- avoiding the safeguard threshold (that is, 100,000 tCO<sub>2</sub>-e) for one or more facilities so that the relevant activities are not a designated large facility, as defined in the NGER Act
- achieving a higher baseline emissions number, or reduced amount of covered emissions, or
- changing the industry sector the facility is attributed to.

## 3.4 Start date

Select 2023-24 if the emissions-intensity determination is to commence from 1 July 2023.

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<sup>13</sup> <https://www.cleanenergyregulator.gov.au/NGER/Reporting-cycle/Register-and-deregister>



## 3.5 Production variables

The following section provides information to assist in identifying the relevant production variables for a facility and what information needs to be provided in an application.

### 3.5.1 Production variable introduction

Production variables are metrics that generally represent the productive output of the facility. In some cases the output may be an intermediate product or waste product.

Only production variables listed in Schedule 1 of the Safeguard Rule (previously known as ‘prescribed’ production variables listed in Schedule 2 and 3) can be used in an emissions-intensity determination application.

These production variables have been developed by the Department Climate Change, Energy, the Environment and Water (DCCEEW) in consultation with industry using the principles that they should be effective, consistent, practical, and robust.

The [Safeguard Mechanism: Prescribed production variables and default emissions-intensities](#)<sup>14</sup> document (Safeguard Mechanism document), published on the DCCEEW website, provides further details on production variables and associated emissions-intensity values, and forms part of the Safeguard Rule.

### 3.5.2 Production variable categories

There are four categories of production variables – historical, related, transitional, and new. Only the first three are applicable to an emissions-intensity determination application.

#### 3.5.2.1 Historical production variables

A production variable is historical if it was produced by the facility during any of the historical financial years (that is, 2017-18 to 2021-22) and it was not in non-commercial production for any historical financial year.

Non-commercial production involves production where the product is not produced for sale but is only produced in the course of testing and pilot activities. Examples include production where the facility is in exploration phase, plant commissioning, piloting or testing of a new product.

Historical production variables will have a facility-specific emissions-intensity value set out in the emissions-intensity determination, using historical production and emissions data provided in the application.

#### 3.5.2.2 Related production variables

An emissions-intensity determination application may include a request that a facility’s emissions-intensity determination states that a particular production variable for the facility is a *related* production variable, and another specified production variable for the facility is a *comparative* production variable for that *related* production variable. A related production variable has the same facility-specific emissions-intensity number as the comparative production variable. The CER determines whether to include the requested statement in the emissions-intensity determination.

A related production variable may be applicable where a facility starts producing a new production variable (related production variable) that is substantially similar to an existing production variable produced by the facility (comparative production variable). The related production variable concept is intended to allow a new related production variable to have its facility-specific emissions-intensity set to the same value as the existing production variable due to its similar nature.

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<sup>14</sup> <https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document>



If the new (related) production variable is *tonnes of reservoir CO<sub>2</sub> from new gas fields* then the Safeguard Rule (see sub-section 20(5)) requires the CER to set the facility-specific emissions-intensity value to zero.

For a production variable to be a related production variable the following criteria must be met:

- the production variable is not a historical production variable, or, if it is a historical production variable – it was not reasonably practical to include the designated historical information about that production variable, including historical production and emissions data, for the facility in the emissions-intensity determination application, and
- the related production variable is substantially similar to another production variable applicable to the facility (the comparative production variable), and
- both production variables are measured using the same units or mutually convertible units, and
- the facility's production of the related production variable does not involve the installation of new equipment that is likely to increase the facility's capacity to increase total production of both production variables by more than 20% (relative to the quantity in the last financial year before the equipment is installed) in any of the years to which the emissions-intensity determination is to apply.

### Related production variable examples

If a facility that produces ethanol-95 starts producing beverage grade ethanol, the two products are both concentrated ethanol and have similar material properties and are produced using similar methods, so can be considered 'substantially similar'. Provided all relevant related production variable criteria are met, the responsible emitter can request a statement that the beverage grade ethanol is a related production variable, with the ethanol-95 being the comparative production variable. The statement will enable the facility-specific emissions-intensity value for ethanol-95 to also be applied to the beverage grade ethanol.

An example of two production variables that are not substantially similar would be iron ore and manganese ore. These production variables have some similarities, for example they both are applicable to facilities that conduct an activity through the physical extraction of mineral ores that contain a metal; they both are measured in tonnes; and they both must be of a saleable quality. However, they are not substantially similar because they consist of different elements.

If a facility commences production of a new production variable that is substantially similar to a historical or transitional production variable when an emissions-intensity determination is already in force, the responsible emitter may request that the emissions-intensity determination is varied to include a statement that the new production variable is a related production variable and the substantially similar production variable is the comparative production variable. If the CER makes the variation, subject to meeting the requirements, the related production variable can use the facility-specific emissions-intensity of the comparative production variable. See [Part 3.7.4 Calculating facility-specific emissions intensities](#) for more information.

### 3.5.2.3 Transitional production variables

A production variable is transitional if it was first commercially produced by the facility in the 2022-23 financial year.

For a production variable to be a transitional production variable it must:

- not have been applicable to the facility at any time in a historical financial year
- be applicable to the facility at any time in the 2022-23 financial year, and



- not be a non-commercial production variable in the 2022-23 financial year.

The facility-specific emissions-intensity value for a transitional production variable, other than ROM coal, is set to the default value applicable for the 2022-23 financial year according to Schedule 1 of the Safeguard Rule. For ROM coal, the default emissions-intensity value used is the value applicable for the 2023-24 financial year.

If an application includes a transitional production variable you need to provide supporting information demonstrating the production variable was produced commercially for the first time in the 2022-23 financial year.

#### 3.5.2.4 New production variables

For the purpose of the emissions-intensity determination application, a production variable is 'new' if it was first commercially produced at an existing facility in the financial year commencing on or after 1 July 2023. This includes where a production variable was produced in the 2016-17 financial year or earlier, but was not produced in the financial years between 2017-18 and 2022-23 (both inclusive).

A new production variable will use the best-practice emissions-intensity if one is in force for the financial year, and otherwise will use the industry-average 'default' emissions-intensity value.

New production variables do not need to be identified in the emissions-intensity determination application. Instead, from 2023-24 onwards the CER will use production variable data provided in the relevant NGER report to incorporate new production variables into the facility's annual baseline emissions number. The CER may request that the responsible emitter provide relevant information to inform this action.

Note that a new facility that commenced first commercial production in a financial year commencing on or after 1 July 2023 will be classified as a new facility (as opposed to an existing facility) and its production variable(s) will be classified as new production variables.

### 3.5.3 Other important information

Note that:

- facility-specific (also known as site-specific) production variables that have been utilised for other baseline types cannot be used in an emissions-intensity determination application. Only production variables set out in Schedule 1 of the Safeguard Rule can be used.
- a production variable can be applicable to a facility in a historical financial year even if the facility was not covered under the Safeguard Mechanism at the time or did not have a baseline in force.
- a production variable is applicable to a facility in a historical financial year even if the production variable was not listed in the Safeguard Rule at that time.
- many facilities will produce minor outputs, intermediate products, by-products and waste products that are not a production variable specified in Schedule 1 of the Safeguard Rule. These products do not need to be identified in an emissions-intensity determination application, and generally emissions related to these products are accounted for in the included covered emissions for the production variables applicable to the facility. The [Safeguard Mechanism document](#)<sup>15</sup> provides a list of included emissions sources for each production variable. See [Part 3.7.3.1 How to apportion covered emissions](#) for more information.

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<sup>15</sup> <https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document>



- DCCEEW is undertaking a review of production variables to ensure Schedule 1 of the Safeguard Rule includes a comprehensive set of suitable production variables to support the reformed Safeguard Mechanism.

The review includes finalising and publishing a small number of remaining production variables and associated industry-average ‘default’ emissions-intensity values and reviewing existing production variables to ensure they are suitable in the context of crediting and declining baselines.

Due to the potential for significant changes to some of the existing production variable definitions, you will not be able to apply for an emissions-intensity determination using any of production variables under review until the review process is complete and any resulting changes are published in the Safeguard Rule. You will also not be able to apply for an emissions-intensity determination if the production variable relevant to your facility is yet to be made. A current list of production variables under review is available on the Before you start page of the online application in [Online Services](#)<sup>16</sup>.

For more information on the review, including scope and timing please contact [Safeguard.Mechanism@dcceew.gov.au](mailto:Safeguard.Mechanism@dcceew.gov.au).

- If a responsible emitter is unable to find a production variable for its facility or is unsure if the facility produces a product that meets the specifications of a production variable please contact the CER as soon as possible via [cer-safeguardbaselines@cer.gov.au](mailto:cer-safeguardbaselines@cer.gov.au).

### 3.5.4 Production variable application information

An application must identify:

- the production variables relevant to the facility
- what type each production variable is (that is, historical, or transitional, or a request for a production variable to be a related production variable)
- the historical financial years where production occurred.

In the application form, historical production variables are identified on the Production Variables page and transitional production variables are identified on the Additional Information page.

If a facility has previously had a baseline (for example, a calculated or production-adjusted), historical production variables may be pre-filled in the application. However, this information should be reviewed and can be edited if it needs to be updated.

#### 3.5.4.1 Identifying production variables applicable to a facility

There are 3 steps to identifying production variables applicable to a facility.

##### Step 1 – Identify all applicable production variables

The first step is to identify all the production variables applicable to the facility.

A production variable can be included in an application if applicable to the facility and if it matches the facility’s product in terms of the metric, description, units, and measurement requirements set out in Schedule 1 of the Safeguard Rule.

Note that some production variables specify certain grade or concentration specifications, and some are restricted for use by facilities that undertake certain specified activities.

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<sup>16</sup> <https://www.cleanenergyregulator.gov.au/OSR/client-portal-beta/Pages/Client-Portal-Beta.aspx>



As noted above, the [Safeguard Mechanism document](#)<sup>17</sup> provides further details on production variables.

### Examples of a Schedule 1 production variable

#### *Iron Ore production variable*

**Applicable to a facility that:** conducts the activity of mining iron ore.

Emissions included in this activity may be from the physical extraction of mineral ores containing iron metal, and the processing of the extracted ores to produce an iron ore product of saleable quality.

**Metric:** tonnes of saleable quality iron ore measured on a wet basis that is produced as part of carrying on the iron ore mining activity.

**Unit of measurement:** tonnes

#### *Ammonia production variable*

**Applicable to a facility that:** Conducts the activity of producing ammonia through the chemical transformation of hydrocarbons (or other hydrogen feedstock) to hydrogen (H<sub>2</sub>) that is subsequently reacted with nitrogen (N<sub>2</sub>) to produce anhydrous ammonia (NH<sub>3</sub>) that has a concentration of ammonia (NH<sub>3</sub>) equal to or greater than 98%.

Emissions included in this activity may be from the chemical process of creating ammonia, refrigerated storage of ammonia, vehicle and machinery used, and processing waste materials from conducting the activity and other emissions sources relevantly associated in ammonia production.

**Metric:** Tonnes of 100% equivalent anhydrous ammonia (NH<sub>3</sub>) contained within anhydrous ammonia that has a concentration of ammonia equal to or greater than 98%, is of saleable quality, and is produced as part of carrying on the ammonia production activity at the facility.

**Unit of measurement:** tonnes

### Step 2 – Identify production variable category

The second step is to identify the category of each production variable (that is, historical or transitional), and any production variables to request to be declared a related production variable. Use the information above to assist in identifying the category of each production variable.

### Step 3 – Identify historical financial years of production

The third step is to identify the historical financial years (that is, 2017-18 to 2021-22) where the facility was commercially producing each applicable historical production variable.

### Audit requirement

Whether, in all material respects, an application correctly specifies the historical and transitional production variables is a 'reasonable assurance' matter for auditors.

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<sup>17</sup> <https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document>





## Supporting information requirements

For all historical and transitional production variables please provide supporting information showing:

- how the production variables selected in the application are applicable to the facility.
- that the facility's product(s) match the relevant production variable(s) in terms of the metric, description, units, and any measurement requirements specified in Schedule 1 of the Safeguard Rule.
- that each production variable is either a historical, transitional or related (noting the additional information requirements for a related production variable noted above).

### 3.5.5 Next steps

Once you have identified applicable historical production variables for a facility and the applicable historical financial years you need to calculate facility total covered emissions, production quantities and associated covered emissions for each historical production variable for all historical financial years.

## 3.6 Facility historical emissions and production data

If a production variable was produced commercially by the facility in any historical financial year (that is, 2017-18 to 2021-22) the application will need to provide the following information:

- facility total covered emissions in tCO<sub>2</sub>-e for each historical financial year (that is, 2017-18 to 2021-22) even if there was no commercial production occurring at the facility in a particular financial year (see [Part 3.6.1 Facility total covered emissions data](#)), calculated in accordance with section 15 of the Safeguard Rule
- information about any estimates and assumptions made in accordance with section 15(3) of the Safeguard Rule in the calculation of facility total covered emissions
- for each historical production variable for each historical financial year (see [Part 3.7 Historical production variable information](#))
  - » production quantities of each historical production variable (see [Part 3.7.2 Production quantities](#))
  - » the amount of covered emissions relevantly associated with each historical production variable in tCO<sub>2</sub>-e (see [Part 3.7.3 Covered emissions relevantly associated with each historical production variable](#))

### 3.6.1 Facility total covered emissions data

The application must provide facility level total covered emissions for each historical financial year even if there was no commercial production occurring at the facility in a particular historical financial year.

Covered emissions must be calculated consistently across historical financial years to ensure that facility-specific emissions-intensity values are calculated on the same basis as which covered emissions are reported in an NGER report.

Section 15 of the Safeguard Rule requires that historical covered emissions must be calculated using:

- the most recent version of the [NGER Measurement Determination](#)<sup>18</sup> (see [Part 3.6.1.1 NGER Measurement Determination adjustments](#))
- the most up-to-date global warming potentials (GWP) in the [NGER Regulations](#)<sup>19</sup> (see [Part 3.6.1.2 Global warming potential \(GWP\) adjustments](#))

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<sup>18</sup> <https://www.legislation.gov.au/Series/F2008L02309>

<sup>19</sup> <https://www.legislation.gov.au/Series/F2008L02230>



- the same method (that is, method 1, 2, 3, or 4) of calculating covered emissions as in the most recent NGER Report submitted for the facility (see [Part 3.6.1.3 Method adjustments](#))

For the avoidance of doubt, these calculations must be made using currently in force versions of the relevant legislative instruments, and not the versions that were in force during the applicable historical financial years.

This means that the applicant may be required to make adjustments to historical covered emissions data.

If the facility has more than one production variable it is recommended that the applicant makes the required adjustments to covered emissions at the facility level first before apportioning emissions to the relevant production variables. See [Part 3.7.3 Covered emissions relevantly associated with each historical production variable](#) for more information.

When making adjustments to covered emissions for historical years, each calculated amount of a greenhouse gas type under a method should be rounded to the nearest whole number (converted to CO<sub>2</sub>-e), consistent with rounding of calculated emissions under section 1.16 of the NGER Measurement Determination. Note under this approach, a number is to be rounded up to the next whole number if the number at the first decimal place equals or exceeds 5.

### **Facility restructure adjustments**

If a facility has restructured since the 2017-18 financial year, submitted data should align with the current facility structure. For example, if part of the facility was split-off and sold, the historical data associated with the sold portion does not need to be included in the application. This will ensure that facility specific emissions-intensity values are set consistently with the current facility structure.

### **Making estimates and assumptions**

If required, estimates and assumptions may be made when making any of the adjustments noted above to historical covered emissions. An example of where estimates and assumptions may be required is where a facility has moved to a higher order method (for example, from method 1 to method 2 for combustion of a fuel type) and the required data doesn't exist (or only partially exists) to adjust historical covered emissions so that it is calculated using method 2.

Note that if the required data is available to make the required adjustment, that data must be used, and alternate adjustments relying on estimates and assumptions are not acceptable.

Where estimates and assumptions have been made, the application should explain the estimates and assumptions made and why they were required. Further information is below to assist in identifying what adjustments (if any) are necessary and how the adjustments can be made.

### **Adjustments that are not considered reasonable**

Note that applicants are not permitted to make adjustments to historical facility covered emissions for other reasons such as:

- changes in fuel types (that is, new fuel type used, no longer being used, or a replacement of one fuel type with another fuel type) unless the change in fuel types was required due to change in fuel types in the NGER Measurement Determination (for example, where a fuel type is split into different fuel types or a new fuel type replaces and old fuel type)
- any of the reasons listed as not eligible for exclusion under [Part 3.7.1 Exclusion of historical information](#) with the exception of changes in NGER reporting methods

Further information is below to assist in identifying what adjustments (if any) are necessary and how the adjustments can be made.



### 3.6.1.1 NGER Measurement Determination adjustments

Covered emissions for each historical financial year (that is, 2017-18 to 2021-22) must be calculated using the most recent version of the [NGER Measurement Determination](#)<sup>20</sup>.

This means if an application is submitted between 1 July 2023 and the deadline of 30 April 2024 for a determination commencing in the 2023-24 financial year, the application must use the version of the NGER Measurement Determination applicable to the 2023-24 reporting period (that is, the version identified with a start date of 1 July 2023) unless the version applicable to the 2024-25 financial year is available.

#### What is the NGER Measurement Determination

The NGER Measurement Determination provides methods, criteria and measurement standards for calculating and reporting greenhouse gas emissions and energy data under the NGER Scheme. It covers scope 1 and scope 2 emissions and energy production and consumption.

Scope 1 emissions sources are categorised under:

- fuel combustion
- fugitive emissions
- industrial processes
- waste.

Each scope 1 emissions source generally has various sub-sources – for example fuel combustion is split into the following sub-sources: emissions from combustion of solid fuels, from gaseous fuels and from liquid fuels.

Sub-source can then be further categorised – for example liquid fuel combustion for the purpose of producing electricity, for transport and for other stationary purposes.

Generally, the calculation of emissions is made at various sub-source levels. To calculate emissions, the Measurement Determination provides a hierarchy of emissions calculation methods to accommodate the circumstances of individual reporters (that is, methods 1, 2, 3 and 4) – see [Part 3.6.1.3 Method adjustments](#) for further information.

The Measurement Determination is updated annually to reflect improvements in emission estimation methods. Amendments, compilations and explanatory memoranda for each year can be found on the on the [NGER legislation](#)<sup>21</sup> page or on the [Federal Register of Legislation](#)<sup>22</sup>.

For the purpose of calculating the updated covered emissions for each historical financial year, relevant changes to the NGER Measurement Determination include changes to:

- emissions sources (including sub-sources)
- emissions calculation methodologies and formulas to calculate emissions for particular emissions sources/sub-sources
- energy content, emissions and other factors/values used in calculating emissions.

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<sup>20</sup> [National Greenhouse and Energy Reporting \(Measurement\) Determination 2008 \(legislation.gov.au\)](#)

<sup>21</sup> <https://www.cleanenergyregulator.gov.au/NGER/Legislation>

<sup>22</sup> <https://www.legislation.gov.au/>



If the facility has been affected by a NGER Measurement Determination change that requires an adjustment to historical covered emissions for a particular emissions source/sub-source, all historical covered emissions for that source/sub-source will need to be calculated/estimated using the latest version of the NGER Measurement Determination.

If there has been more than one NGER Measurement Determination change to an emission source/sub-source, the applicable methodology or factor etc. in the latest version of the NGER Measurement Determination should be used.

Note that updates to the NGER Measurement Determination for the 2020-21 reporting period contains a large number of changes to emissions calculation methodologies and emissions factors to account for changes in global warming potential values (GWPs) of some non-carbon dioxide greenhouse gases. Further information on GWP adjustments and available methods to adjust for GWP changes is below.

The CER publishes a summary of annual changes to the NGER Measurement Determination on the [Measurement Determination](#)<sup>23</sup> page. Details of all changes to the NGER Measurement Determination for each financial year are published on the [Federal Register of Legislation](#)<sup>24</sup>. The Explanatory Statement for each year's amendments provide further information on each year's changes.

### **3.6.1.2 Global warming potential (GWP) adjustments**

GWPs are values that allow direct comparison of the impact of different greenhouse gases (for example, methane or nitrous oxide) in the atmosphere by comparing how much energy one tonne of a gas will absorb compared to one tonne of carbon dioxide.

These values are periodically updated by amendment to the legislation for the purpose of reporting scope 1 emissions under the NGER Scheme. For further information on GWP values and updates see [Global warming potentials](#)<sup>25</sup>.

GWP values (also known as carbon dioxide equivalence) are set out in the NGER Regulations. Note that GWP value updates are generally accounted for in updates to any emissions calculation methodologies and/or emissions factors for non-carbon dioxide greenhouse gas such as methane and nitrous oxide.

For the 2020-21 reporting period, GWP values for methane, nitrous oxide and other minor greenhouse gases were updated in the NGER Regulations and accounted for in updates to methodologies and emissions factors in the NGER Measurement Determination.

This update in 2020-21 reporting period means that any facility that emitted a non-carbon dioxide greenhouse gas will likely be required to make adjustments to their 2017-18, 2018-19 and 2019-20 covered emissions as reported in the facility's NGER report. This is to ensure that historical covered emissions used to set production variable facility-specific emissions-intensity values are calculated using the same GWP value.

In order to make adjustments to historical covered emissions for the 2017-18, 2018-19 and 2019-20 financial years to account for GWP value changes two methods can be used: the ratio method and the calculation method.

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<sup>23</sup> <https://www.cleanenergyregulator.gov.au/NGER/Legislation/Measurement-Determination>

<sup>24</sup> <https://www.legislation.gov.au/Series/F2008L02309>

<sup>25</sup> <https://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme/global-warming-potentials>



## The ratio method

The ratio method is suitable where only GWP adjustments are required to historical covered emissions. Information on using the ratio method is available on our website (see [How to convert historical emissions data to the current GWPs for trend analysis](#)<sup>26</sup>).

Before using this method it is recommended to determine if any other adjustments are required relating to non-GWP value updates. If other adjustments are required, it is recommended that *the calculation method* is used, see below.

## The calculation method

This method should be used where there are GWP and other non-GWP NGER Measurement Determination changes requiring adjustments to historical covered emissions for a facility.

This method requires any GWP adjustments to be made to historical covered emissions by using the updated 2020-21 methodology, formula, factors etc for each particular emissions source/sub-source as set out in the 2020-21 NGER Measurement Determination.

This is the same method used to make other non-GWP change updates to historical covered emissions resulting from changes to the NGER Measurement Determination. See [Part 3.6.1.1 NGER Measurement Determination adjustments](#) for more information.

It is important to ensure that when making adjustments to historical covered emissions all applicable changes relevant to the emissions sources/sub-sources are identified and reported in the facility's application. As noted above in Part 4.1.1, if there has been more than one NGER Measurement Determination change to an emission source/sub-source the latest version of the NGER Measurement Determination should be used.

### 3.6.1.3 Method adjustments

To calculate emissions for NGER reporting purposes, the NGER Measurement Determination provides a hierarchy of emissions calculation methods to accommodate the circumstances of individual NGER reporters:

- Method 1 – the default method and specifies the use of default emission factors in the estimation of emissions
- Method 2 – where available, is a facility-specific method, for example using industry sampling and Australian or international standards to provide more accurate estimates of emissions at facility level
- Method 3 – where available, is a higher-level facility-specific method, for instance using Australian or international standards for both sampling and analysis of fuels and raw materials
- Method 4 – where available, provides for direct monitoring of emission systems, either on a continuous or periodic basis.

NGER reporters have flexibility in choosing which method they use to calculate and report emissions and an NGER reporter may after a period of time move from a lower order method (for example, method 1) to a higher order method (for example, method 2).

When calculating historical covered emissions for an application, the same method (that is, method 1, 2, 3, or 4) of calculating emissions as was used in the most recently submitted NGER Report must be used (for

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<sup>26</sup> <https://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme/global-warming-potentials>



example, if an application is submitted for a facility before its 2022-23 NGER report, covered emissions in the application must be calculated using the same method as in the 2021-22 NGER report).

Changes in methods can in some instances significantly impact the reported emissions profile of a facility. Therefore, it is important that historical covered emissions are adjusted to align with the method used in the most recently submitted NGER report.

There may be cases where data is not available to adjust historical covered emissions to align with the current method. This is particularly the case when a facility moves from a lower order method to a higher order method (for example, from method 1 to method 2).

If a facility does not have all available data required to calculate covered emissions for a historical financial year using the current method, reasonable estimates and assumptions can be made as noted above – see *Making estimates and assumptions* under [Part 3.6.1 Facility total covered emission data](#) for more information.

Where estimates and assumptions have been made, the application will need to explain what estimates and assumptions have been made and why they were required, and why they are reasonable.

### **Supporting information requirements**

Sufficient information and evidence must be provided to allow the CER to be satisfied that the totals of covered emissions in the application form meet the requirements of section 15 of the Safeguard Rule. This includes details of any required adjustments made as well as any estimates and assumptions made. The applicant may wish to provide this information in an excel spreadsheet setting out historical covered emissions data, adjustments and calculations and adjusted historical covered emissions data.

The level of supporting information needed will depend on the complexity of the facility's activities and emissions sources. In particular, where multiple adjustments, estimates and assumptions have been made, the CER will need sufficient information to determine that these are reasonable.

Generally, supporting information should include:

- identification of applicable emissions sources and values as reported in the relevant NGER report for each historical financial year
- information regarding any adjustments required to be made to historical covered emissions sources including:
  - » the type of adjustment (referencing the relevant section of the NGER Measurement Determination if applicable)
  - » description of the adjustment and calculations
  - » the adjusted covered emissions values
- where there has been a change in method (for example, method 1 to 2), a description of how the current method was used to calculate historical covered emissions
- if any estimates and assumptions were made to adjust historical covered emissions data:
  - » an explanation as to what estimates and assumptions were required and why
  - » information describing how the adjustments were made and what data was used to make the estimates
  - » why they are reasonable.
- if an error has been identified in historically reported covered emissions and the figure has been updated for the purpose of this application – please provide an explanation regarding the differences and why the new figure is correctly stated. Note that where an error has been detected in historically reported covered emissions, the reporting entity may be required to resubmit the relevant NGER report.



If this is the case the CER will may request further information and will notify the responsible emitter of any requirement to resubmit an NGER report to correct any errors.

### **Audit requirement**

Whether, in all material respects, an application correctly specifies the amount of covered emissions for the facility in each historical financial year is a 'reasonable assurance' matter for auditors.

Whether, in all material respects, calculations of amounts of covered emissions of greenhouse gases for the facility that are included in the application meet the requirements specified in section 15 of the Safeguard Rule is a 'limited assurance' matter for auditors.

Note the reasonable assurance matter refers to the amount of covered emissions in the application calculated under section 15 of the Safeguard Rule. It does not relate to the historical 'as reported' in an NGER report covered emissions amount.

On that basis, if the audit covers the reasonable assurance matter for covered emissions for the facility in each historical financial year, then it also covers the related limited assurance matter.

## **3.7 Historical production variable information**

As noted above, for each historical production variable that was commercially produced in a historical financial year (that is, 2017-18 to 2021-22) the applicant is required to provide the following 'designated historical information':

- production quantities for each historical production variable produced in each historical financial year
- the amount of covered emissions associated with each historical production variable in tCO<sub>2</sub>-e in each historical financial year

This information is required to determine the facility-specific emissions-intensity value for each historical production variable identified in the application.

### **3.7.1 Exclusion of designated historical information**

Under limited circumstances, where it is not reasonably practical to include certain historical production variable information in an application it can be excluded from the application.

The scenarios in which historical information can be excluded are limited and primarily relate to where the relevant historical data is not available to the applicant.

Some examples include where the information:

- has been lost and attempts to locate and retrieve the information is not reasonably practical
- is materially incomplete
- is not held by the applicant and the applicant has no right of access to the data (for example, due to a change in ownership or responsible emitter for the facility).

There may be other scenarios where an applicant determines that it is not reasonably practical to provide historical information – for example, where a facility has undergone a significant change in activities or restructure. However, the CER generally expects that an applicant has access to historical production and emissions data for the facility(s).

The CER can generally provide historical NGER reports and related information for facilities to the organisation that submitted the NGER report. Section 71 of the Safeguard Rule permits the CER to disclose historical NGER data to applicants that are not the organisation that submitted the NGER report for the purpose of preparing a baseline application. If you are having difficulty locating or accessing data required for an application, please contact the CER.



The CER does not consider the following to be acceptable reasons for excluding designated historical information:

- where the facility underwent significant shutdowns and/or maintenance periods (planned or unplanned) in a financial year
- where production and/or emissions and/or emissions intensities were not representative of normal steady state operations at the facility
- equipment failures
- natural variability in emissions (for example, gas content in coal)
- environmental or operating factors
- changes in activities at the facility (that is, new equipment, change in fuel types, changes in NGER reporting methods).

The above list is non-exhaustive. If the applicant is unsure about excluding historical information please contact the CER.

If the applicant decides to exclude information on the basis that it is not reasonably practical to provide the information, the application must include an explanation of why the information has not been included. Any explanation should cover the following:

- why it is not reasonably practical to provide the information
- why the applicant does not have the required information
- what if any steps have been taken to gain access to the data
- any estimates if available of the impact of not providing certain information on the facility specific emissions-intensity of each production variable
- any other information the applicant feels is necessary to explain why it was not reasonably practical to provide the information.

Note that before making a determination, the CER needs to be satisfied that the explanation is reasonable (see [Part 4.1.2 Decision to make an emissions-intensity determination](#) for more information). If the CER is not satisfied with the explanation, further information will be requested before making a decision.

### 3.7.2 Production quantities

For each historical production variable, the applicant will need to provide the total quantity produced at the facility in each historical financial year.

Production quantities must be in the same units and measured according to any requirements specified in Schedule 1 of the Safeguard Rule. The [Safeguard Mechanism document](#)<sup>27</sup> provides additional information regarding measurement requirements and standards for some production variables.

For some production variables, production is measured in accordance with NGER legislative requirements (for example, coal industry production variables).

Unless otherwise specified in the legislation, measurement of production variables is generally expected to be based on records of the quantity of product produced using calibrated instruments or other industry

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<sup>27</sup> <https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document>





standards as applicable. Evidence of the measurement would generally be internal company production records but could also include other evidence such as third-party transport bill of lading records.

For some production variables such as manganese ore, run-of-mine coal and bauxite, production is based on the amount of saleable product produced in a financial year where the product has been physically extracted and subsequently processed (if required) at the facility. Ore that is extracted from a different facility and processed at the facility should not be counted.

Note that in the online application form:

- historical production variables may be pre-filled based on information the CER has about the facility. However, this information can be edited if it needs to be updated.
- if there was no production in a historical financial year(s) please delete the production variable for that financial year
- if there was non-commercial production in a historical financial year(s) and there are covered emissions associated with that production please enter a value of zero for production and the value for covered emissions.
- production quantities can be entered to 3 decimal places if required.

### **Saleable quality**

Production for most production variables is measured on a saleable quality basis. A product is of saleable quality if it is produced to a level at which it would ordinarily be considered by participants in the relevant market:

- to be the output of a process carried on as part of the relevant activity the constitutes the facility, and
- to have a commercial value as that output.

Note that:

- saleable quality may be based on particular industry standards or specifications (either general specifications or those set by particular customers). It may also meet internal standards by which it can be used by the business as part of another process conducted by the business.
- products that are of saleable quality do not need to be sold in the year of production. Therefore, an output that is produced and entered on an inventory can be of saleable quality.

The following production is not considered of saleable quality and must not be included in an amount of product used in an application:

- product that is sub-standard and discarded.
- product that is recycled back into the same activity to produce the same product if it has already been counted as a saleable quality amount. For example, paper that is reinputted into a paper making process.
- product of saleable quality but is scrapped or lost before packaged.

### **Audit requirement**

Whether, in all material respects, an application correctly specifies the historical production quantities of each historical production variable for each historical financial year is a 'reasonable assurance' matter for auditors.



### Supporting information requirements

Applications need to provide supporting information demonstrating that production is measured in accordance with Schedule 1 of the Safeguard Rule and that production amounts are accurate. This should include:

- a brief description of how production is measured at the facility, what measurement equipment and standards are used, and how measurement of the product meets the requirements in Schedule 1
- a brief explanation as to how company records of production are prepared, maintained and verified
- information regarding any estimates, assumptions, conversions or unit changes applied
  - » generally, estimates of production are not acceptable – the CER can discuss specific scenarios with applicants
- if production differs from figures provided to the CER in any previous application and/or NGER report, an explanation is required for the differences
- if production differs from figures provided to other Government entities or to figures publicly reported by the applicant or a related entity, provide an explanation for the differences
- if the measurement method has changed in a way that materially impacts production figures (but continues to meet the requirements in Schedule 1 of the Safeguard Rule) an explanation of this
- if production is measured in different ways for different purposes, explain why a particular method was selected for the application and advise of any production variance to the other methods.

### 3.7.3 Covered emissions relevantly associated with each historical production variable

In order to calculate facility-specific emissions-intensity values for historical production variables, covered emissions relevantly associated with each production variable need to be identified and apportioned.

Applicants are required to apportion emissions between production variables consistently with how emissions were apportioned when industry-average ‘default’ emissions-intensity values were calculated. This ensures facility-specific emissions-intensity values are calculated in the same way as the industry-average ‘default’ values and reflect actual emissions related to production of the production variable.

The [Safeguard Mechanism Document](#)<sup>28</sup> sets out the emissions sources that were either included in, or excluded from, industry-average emissions-intensity calculations, and specify which emissions sources can be included in the calculation of facility-specific emissions-intensity value for a production variable.

It is intended that all scope 1 NGER reported emissions from a facility can be assigned to a production variable.

Where an emissions source spans multiple production variables, emissions must be apportioned between production variables. See [Part 3.7.3.1 How to apportion covered emissions](#) for more information.

If a facility has minor emissions sources not associated with any production variables, they can be apportioned to one or more production variables applicable to the facility, see *Step 4 – minor emissions sources* section on page 36 for more information.

Note that if there was no commercial production in a historical financial year but the facility still emitted covered greenhouse gas emissions, those emissions should still be identified against the relevant production variable in the online application form when prompted. These emissions will appear in the facility emissions

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<sup>28</sup> <https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document>



totals for that financial year in the online application form but will not be included in calculating a facility-specific emissions-intensity for a production variable.

### 3.7.3.1 How to apportion covered emissions

There are 4 steps to apportion covered emissions between historical production variables:

#### Step 1 – adjust facility total covered emissions

If a facility has more than one production variable it is recommend that any required adjustments to facility total covered emissions are applied first (see [Part 3.6.1 Facility total covered emissions data](#)).

#### Step 2 – identify included emissions sources

Identify included emissions sources for each production variable referring to the [Safeguard Mechanism document](#).

If an emissions source is only associated with one production variable then all emissions from that source are apportioned to that production variable (for example, all diesel fuel combustion emissions related to generating electricity are apportioned to the electricity generation production variable).

If an emissions source spans multiple production variable, then emissions sources need to be apportioned between the production variables – see **Step 3**.

If an emissions source is not listed as an included emissions source in the [Safeguard Mechanism document](#) for any production variables applicable to the facility and it is a minor emissions source, it may possible to allocate those minor emissions to one or more applicable production variables – see **Step 4**.

#### Step 3 – apportioning an emissions source relevantly associated with more than one production variable

Where an emissions source spans multiple production variables, emissions must be apportioned to production variables in a justifiable manner, making sure no emissions are counted more than once.

Apportioning of emissions must fairly represent the actual emissions attributable to the production variable. For example, covered emissions should not be attributed to a production variable when they could with greater justification be attributed to another of the facility’s production variables.

Methods of apportionment may be based on normal industry practice, internal processes or consistent with the method used in a previous baseline application.

Note, that if a facility has previously had a baseline determination with a facility-specific emissions-intensity value for a prescribed production variable (from 1 July 2023 known as a production variable) emissions should continue to be apportioned between production variables on the same basis unless a different method results in more accurately apportioned emissions.

The applicant may choose the method for apportioning an emissions source between production variables unless the [Safeguard Mechanism document](#) specifies a method for apportioning an emissions source between production variables (for example, oil and gas industry production variables).

The chosen method must fairly represent the actual emissions related to producing the production variables. If there are multiple methods that could be used, then the one chosen must most accurately represent the actual emissions related to a production variable.



### **Example of emissions source that spans multiple production variables**

A manufacturing facility combusts natural gas in a boiler to produce steam, heat, and electricity for use in production lines to produce different production variables (product A and product B).

Firstly, natural gas use and associated emissions is apportioned between electricity generation and other stationary purposes (that is, steam and heat) consistent with requirements under NGER legislation to identify what purpose a fuel is being used for.

Emissions from natural gas combustion related to generating electricity are apportioned to the electricity generation production variable.

The remaining emissions from natural gas combustion to generate steam and heat need to be apportioned between product A and product B using a method that results in emissions be apportioned such they fairly represent the actual emissions attributable to the production variable.

### **Step 4 – minor emissions sources**

Minor emissions sources are emissions that:

- are not included emissions sources for any production variable applicable to a facility as set out in the [Safeguard Mechanism document](#), and
- when added together account for less than 10% of the facility’s total covered emissions in that financial year.

If a facility has any minor emissions sources to account for, these should be allocated to production variables in such a way that the emissions fairly represent the actual emissions from the production of that production variable, that is, apportioned to whichever production variable the emissions are mostly directly related to or generated by.

If an applicant believes that a facility produces emissions not relevant to the setting of any production variable default emissions-intensity value that total more than 10% of the facility’s covered emissions in a historical financial year, this should be discussed with the CER prior to submitting the application.

### **Audit requirement**

Whether, in all material respects, an application correctly specifies the covered emissions relevantly associated with each historical production variable for each historical financial year is a ‘limited assurance’ matter for auditors.

Whether, in all material respects, any estimates and assumptions made in accordance with section 15(3) of the Safeguard Rule are reasonable is a ‘limited assurance’ matter for auditors.

### **Supporting information requirements**

If a facility has more than one production variable, the application must provide supporting information to allow the CER to be satisfied that the amounts of covered emissions apportioned to each production variable are accurate, including that:

- all emissions sources relevant to calculating the default emissions-intensity for a production variable are assigned to that production variable
- where an emission source spans multiple production variables, the apportioned emissions are reasonable



- any minor emissions sources are attributed to the most appropriate production variable(s).

The level of supporting information that should be provided will depend on the complexity of the facility's activities and emissions sources.

In particular, where emissions sources have been apportioned between multiple production variables, the CER will need sufficient information to determine if the method of apportionment is reasonable and the resulting emissions allocation fairly represents actual emissions for each production variable.

Generally, supporting information should include:

- brief descriptions of the facility's emissions sources and what production variables they relate to
  - » this could be presented in the form of a table listing each emissions source, relevant production variable and the name of the 'included' emission source as set out in the [Safeguard Mechanism document](#)<sup>29</sup>
  - » it is recommended that each emissions source is labelled with the relevant NGER Measurement Determination source/sub-source name
- information regarding calculations and measurements, including estimates and assumptions, used to apportion an emission source to production variables
- a description of any minor emissions sources that have been allocated to a production variable
  - » this should include the basis for allocating this source to a production variable, and
  - » information that demonstrates that the sum of all minor emissions source combined is less than 10% of the facility's covered emissions, in each given financial year.

### 3.7.3.2 Non-carbon dioxide greenhouse gas emissions (if required)

If a greenhouse gas other than carbon dioxide (for example, methane and nitrous oxide) comprises more than 1% of the covered emissions relevantly associated with a production variable in a historical financial year, the application will need to separately provide the amount of that gas in tCO<sub>2</sub>-e.

This information will enable the CER to vary an emissions-intensity determination if there is a future change to the Global Warming Potential (GWP) values of any non-carbon dioxide greenhouse gas (see [Part 4.2 Variations, remaking or replacing emissions-intensity determinations](#) for more information).

The amount of covered emissions of the non-carbon dioxide greenhouse gas must be the adjusted covered emissions amount (see [Part 3.6.1 Facility total covered emission data](#) for more information).

This information can be provided in the online form in a free text field response. The following format must be used: facility name/production variable name/financial year for example, 2020-21/greenhouse gas type/emissions amount in tCO<sub>2</sub>-e.

Alternatively, this information can be provided in a supporting information document(s).

### 3.7.4 Calculating facility-specific emissions intensities

Facility-specific emissions-intensity values are set by the CER as part of making an emissions-intensity determination (see [Part 4.1.2 Decision to make an emissions-intensity determination](#) for more information).

If the CER decides to make a determination it will use data provided in the application in conjunction with the calculation rules specified below to calculate a facility-specific emissions-intensity value for each historical production variable.

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<sup>29</sup> <https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document>



The application does not require an estimate of the facility-specific emissions-intensity for each production variable and it is not an audit matter. However, a draft facility-specific emissions-intensity value for each historical production variable will be provided in the application form automatically based on the data provided.

Facility-specific emissions-intensity values will be rounded to four significant figures in the application form.

Note that if an application has a transitional production variable, the CER will set a facility-specific emissions-intensity value to the industry-average 'default' value applicable to the 2022-23 financial year according to Schedule 1 of the Safeguard Rule.

#### **3.7.4.1 Calculation rules**

The facility-specific emissions-intensity value for a historical production variable is calculated depending on the number of historical financial years for which information is provided in the application.

If the required information on all 5 historical financial years is provided, the facility-specific emissions-intensity value for a historical production variable is determined as follows:

*Step 1.* Calculate the emissions-intensity for each financial year

*Step 2.* Exclude the years with the highest and lowest emissions-intensity values

*Step 3.* Add production quantities for the three remaining financial years

*Step 4.* Add the relevant covered emissions for that production variable for the three remaining financial years

*Step 5.* Divide the sum of relevant covered emissions by the sum of production quantities

If information for any historical years has not been provided (that is, due to exclusion of certain information or the facility was only producing for 1 to 4 historical financial years), the facility-specific emissions-intensity is determined according to the following:

- *4 years available:* exclude the financial years with the highest and lowest emissions-intensity, sum the production and relevant covered emissions of the remaining two years and divide the sum of covered emissions by the sum of production.
- *3 years available:* exclude the financial year with the highest emissions-intensity, sum the production and relevant covered emissions of the remaining two years and divide the sum of covered emissions by the sum of production.
- *2 years available:* exclude the financial year with the highest emissions-intensity and take the emissions-intensity of the remaining year.
- *1 year available:* take the emissions-intensity of that financial year.

## **3.8 Audit report**

An application must be accompanied by an audit report, which can be attached to the application form in the [Online Services](#)<sup>30</sup>.

The audit must be carried out by an audit team led by a registered Category 2 auditor under sub-regulation 6.25(3) of the NGER Regulations. See [Register of Auditors](#)<sup>31</sup> for a list of accredited Greenhouse and Energy auditors and information on engaging an audit team.

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<sup>30</sup> <https://www.cleanenergyregulator.gov.au/OSR/client-portal-beta>

<sup>31</sup> <https://www.cleanenergyregulator.gov.au/Infohub/Audits/register-of-auditors>



The matters to be audited and covered by the audit report are the reasonable and limited assurance matters outlined below. The audit report must also comply with the relevant requirements for reasonable and limited assurance engagements under the National Greenhouse and Energy (Audit) Determination 2009.

The audit report should also contain details of checks carried out by the auditor, and of any issues with the application that were identified and investigated or corrected by the auditor in the process of preparing the report.

For additional information relating to the preparation of the audit report including an audit template see the [Safeguard Mechanism - Emissions-intensity audit report template](#)<sup>32</sup>.

### 3.8.1 Reasonable assurance matters

The audit report must include a conclusion in relation to each of the following matters:

- Whether, in all material respects, the application correctly specifies the historical production variables (if any) for the facility.
- If the application includes the designated historical information about a historical production variable for the facility for a historical financial year—whether, in all material respects, the application correctly specifies the quantity of the historical production variable in the historical financial year.
- Whether, in all material respects, the application correctly specifies the amount of covered emissions for the facility in each historical financial year.
- Whether, in all material respects, the application correctly specifies the transitional production variables (if any) for the facility.

Note that for each matters listed above, the audit report must contain a reasonable assurance conclusion (or qualified reasonable assurance conclusion). If there is an adverse conclusion or the auditor is unable to form an opinion about any matter, the CER cannot make the determination. See [Part 4.1.3 Decision to refuse to make an emissions-intensity determination](#) for more information.

### 3.8.2 Limited assurance matters

The audit report must include a conclusion in relation to each of the following matters:

- If the application specifies one or more historical production variables for the facility—whether, in all material respects, the application correctly specifies the amount of covered emissions of greenhouse gases from the operation of the facility that are relevantly associated with each of those production variables
- Whether, in all material respects, calculations of amounts of covered emissions of greenhouse gases from the operation of the facility that are included in the application meet the requirements specified in section 15
- If the application includes estimates and assumptions made in accordance with subsection 15(3)—whether, in all material respects, those estimates and assumptions are reasonable.

Note that for each matters listed above, the audit report must contain a limited assurance conclusion (or qualified limited assurance conclusion). If there is an adverse conclusion or the auditor is unable to form an opinion about any matter, the CER cannot make the determination. See [Part 4.1.3 Decision to refuse to make an emissions-intensity determination](#) for more information.

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<sup>32</sup> <https://www.cleanenergyregulator.gov.au/DocumentAssets/Pages/Safeguard-Mechanism---Emissions-intensity-audit-report-template.aspx>



## Previously audited matters

If the responsible emitter for a facility has previously provided the CER with an audit report that includes a reasonable assurance conclusion for any of the reasonable assurance matters listed above and/or a limited assurance conclusion for any of the limited assurance matters listed above, the emissions-intensity determination application does not need to include a conclusion on those matters.

If an application decides to rely on a previous audit report for any of the emissions-intensity determination audit matters, the applicant should provide the CER with copies of the previous audit reports and indicate what matters they cover.

Note that:

- qualified conclusions in audit reports previously provided to the CER are not acceptable
- if the audit matter for the application requires a reasonable assurance conclusion then the previously provided audit must contain a reasonable assurance conclusion
- if the audit matter for the application requires a limited assurance conclusion then the previously audit may contain either a limited or reasonable assurance conclusion
- the audit matter in the previous audit report must be the same as the emissions-intensity determination audit matter.

For example, the audit of scope 1 emissions in a previous audit report will not be on the same basis as scope 1 covered emissions in an emissions-intensity determination application where adjustments were made under section 15 of the Safeguard Rule

- the previous audit report can be an audit report:
  - » for an individual facility or NGER Scheme reporting entity, which has been voluntarily provided to the CER
  - » resulting from a section 73 or 74 NGER Act audit
  - » submitted with a historical application for a production-adjusted or calculated baseline determination
- if the previous audit report does not specify the facility as the audit subject (for example, the audit refers only to the facility's NGER Scheme reporting entity as the audit subject) but the audit did cover the facility's emissions and energy data as part of the reporting entity level assurance, the auditor should use their professional judgement in determining whether the level of testing undertaken for the previous audit was sufficient to cover the matters in the emissions-intensity determination application audit. The auditor should consider such factors as whether:
  - » the level of materiality applied to the reporting entity was appropriate to cover the matters in the emissions-intensity determination application specific to the individual facility, and
  - » as part of the audit of the reporting entity there was sufficient sampling and detailed testing undertaken for the facility such that the auditor has confidence it supports the conclusion over the matters in the emissions-intensity determination application for the facility.
- if the previous audit report does not specify a certain emissions-intensity determination audit matter but the audit did cover that matter, then provided the audit team leader provides a letter to the CER confirming that the matter(s) was covered, the previous audit report can be used.

For example, tonnes of run-of-mine coal extracted at a coal mine facility is required to be reported in an NGER report and is a production variable listed in Schedule 1 of the Safeguard Rule. If tonnes of run-of-mine coal is not specified as an audit matter in the previous audit report, then provided the audit team leader provides a letter to the CER confirming that the matter was covered, the previous audit report can be used.





- if as a part of a previous audit, components of individual application assurance matters were subject of the audit then the auditor can use their professional judgement in determining whether the component needs to undergo a re-audit.

For example, one reasonable assurance matter is whether, in all material respects, the application correctly specifies the amount of covered emissions for the facility in each historical financial year. Covered emissions required to be provided in the application is based on NGER Scheme reported covered emissions and then adjusted to the latest Global Warming Potential (GWP) values, the latest the NGER (Measurement) Determination and most recently used method in an NGER report. If the NGER Scheme reported covered emissions data is subject to a previous reasonable assurance audit then the auditor may be satisfied that the un-adjusted NGER Scheme covered emissions data is accurate meaning the assurance process can focus on providing assurance over the necessary adjustments. Note that in this example, the auditor would still be required to provide a reasonable assurance conclusion on the matter and wouldn't be able to exclude the NGER Scheme covered emissions component.



## Part 4 Other matters

### 4.1 Processing, decision-making and publication

#### 4.1.1 Application receipt and processing timeframes

On receipt of the application, the CER will then check the application to ensure that it is complete. If the application is not complete, the CER may give the responsible emitter a notice to provide further information, so that a formal assessment of the application can begin (See Part 4.1.1.1 Requests for further information).

If the application is complete, the CER will begin the formal assessment process and take all reasonable steps to ensure a decision is made by **31 January 2025** for applications for an emissions-intensity determination commencing in the 2023-24 financial year, or otherwise **60 days after** the CER receives an application for a determination to commence in financial years commencing on or after 1 July 2024.

Note that a responsible emitter may, by written notice to the CER, withdraw an application at any time before a decision is made on the application.

##### 4.1.1.1 Requests for further information

If additional information is required at any point to inform the decision-making process, the CER may request more information. The request may be made through an informal request or, if the information required is substantial, through a more formal request made under section 18 of the Safeguard Rule. The request will specify the period in which the information must be provided, and this is typically within 14 days.

For an application commencing in the 2023-24 financial year, once the additional information has been received, the CER will take all reasonable steps to ensure a decision is made by the later of 31 January 2025 or by the day that is 60 days after the end of the specified period to provide additional information under section 18 (whichever is later).

For applications for an emissions-intensity determination commencing in the 2024-25 financial year onwards, the CER will take all reasonable steps to ensure a decision is made by 60 days after receiving the application or 60 days after the end of the specified period to provide additional information if a request for further information was made under section 18.

If the requested information is not provided within the specified period, the CER may refuse to consider the application or refuse to take any action, or any further action, in relation to the application.

#### 4.1.2 Decision to make an emissions-intensity determination

The CER can approve the application and make an emissions-intensity determination under section 19 of the Safeguard Rule if satisfied that:

- the audit report accompanying the application contains the required reasonable and limited (or qualified) assurance conclusions in accordance with section 17
- the information included in the application is correct
- any explanation of why designated historical information has not been included in the application is reasonable
- calculations of amounts of covered emissions from the facility meet the requirements of section 15
- any estimates and assumptions used to calculate an amount of covered emissions in accordance with subsection 15(3) are reasonable.



If a determination is made, the responsible emitter will be notified by email shortly after the decision has been made. The notification will include the following details of the determination:

- the first financial year in relation to which the determination will apply
- the facility-specific emissions-intensity number for any historical, transitional and related production variables (if any) applicable to the facility.

The notification will also provide information regarding:

- what determination information will be published on the CER website (see below)
- a 'hybrid emissions-intensity schedule' setting out the transition proportion and hybrid emissions-intensity to apply for each financial year after the commencement of the determination through to the 2029-30 financial year.

#### **4.1.3 Decision to refuse to make an emissions-intensity determination**

Before deciding to refuse to make an emissions-intensity determination, the CER will notify the responsible emitter of its intention and its preliminary reasons for the decision, and give the responsible emitter time to respond. If the CER subsequently decides to refuse to make an emissions-intensity determination, written notice of the decision, including reasons, will be provided to the responsible emitter.

#### **4.1.4 Review rights**

A person whose interests are affected by a decision of the CER to make or refuse to make an emissions-intensity determination and is not satisfied with the decision may apply to the Administrative Appeals Tribunal for review of the decision.

The CER will notify the responsible emitter of their review rights when making a decision in the Notice of Decision (refer to section 56 of the NGER Act for more details).

#### **4.1.5 Publication of details of the determination**

The CER is required under section 19(6)(b) of the Safeguard Rule to publish emissions-intensity determinations on its website. The determination will be published as soon as practical to do so and will include the following information:

- the name of the facility
- the responsible emitter for the facility
- any historical, transitional and related production variables applicable to the facility and their facility-specific emissions-intensity values
- the first financial year which the determination will commence.

If the determination is varied in any way (see below), details of the variation will also be published.

The CER must also publish a range of information about facilities specified under section 72 of the Safeguard Rule, including the annual baseline emissions number, covered emissions of facilities, and information on units issued or surrendered under the scheme.

##### **4.1.5.1 Request not to publish information in an emissions-intensity determination**

Under specific circumstances responsible emitters can apply under section 25 of the NGER Act to request that some information included in an emissions-intensity determination not be published.

A request can only be made in relation to information which reveals or could be capable of revealing:

- trade secrets, or



- any other matter having a commercial value that would be, or could reasonably be expected to be, destroyed or diminished if the information were disclosed about a specific facility, technology or corporate initiative relating to the corporation or person.

In assessing an application, the CER will consider whether the applicant has demonstrated that there are real and substantial grounds to find that publishing the information will (or could reasonably) reveal a trade secret or affect the commercial value of a specific facility, technology, or corporate initiative. Grounds that are speculative, hypothetical, or theoretical will not be sufficient.

For more information about how to make a request for information not to be published see [Application for information not to be published](#)<sup>33</sup>.

## 4.2 Variations, remaking or replacing emissions-intensity determinations

The CER can vary, remake, or replace an emissions-intensity determination under certain circumstances, such as:

- variation due to regulatory changes (changes to methods or emissions factors in the NGER Measurement Determination or NGER Regulations, or change in reporting method used by the facility)
- remaking an emissions-intensity determination in the case of error
- replace a previous emissions-intensity determination when a facility restructure occurs
- variation to include a statement regarding a related production variable.

If the CER proposes to make a variation, it will notify the responsible emitter for the facility with a proposed varied emissions-intensity number and invite the responsible emitter to provide a written response to the proposed variation within a specified period and/or request further information. Please see section 28 of the Safeguard Rule for more information. A responsible emitter may make a request for a variation to include a related production variable directly to the CER.

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<sup>33</sup> <https://www.cleanenergyregulator.gov.au/NGER/Forms-and-resources/Forms#Application-for-information-not-to-be-published>