



**WATER SERVICES ASSOCIATION
OF AUSTRALIA**

The Secretary
Senate Select Committee on Climate Policy
PO Box 6100
Parliament House
CANBERRA ACT 2600
Email: climate.sen@aph.gov.au

8 April 2009

**RE: WATER INDUSTRY SUBMISSION ON THE CARBON POLLUTION
REDUCTION SCHEME – EXPOSURE DRAFT LEGISLATION**

The Water Services Association of Australia (WSAA) thanks the Senate Select Committee on Climate Policy for the opportunity to comment on the Carbon Pollution Reduction Scheme (CPRS) Exposure Draft Legislation. WSAA is the peak body of the Australian urban water industry. WSAA's members provide water and sewerage services to more than 16 million Australians and New Zealanders as well as to many of Australia's largest industrial companies. WSAA was formed to communicate the urban water industry's views on issues of national importance.

WSAA Members support the introduction of the CPRS as a key policy tool to assist the reduction of Australia's greenhouse gas emissions. Our Members are already dealing with the impacts of climate change such as significantly reduced inflows into water storages but climate change impacts on almost all aspects of urban water systems.

Renewable Energy

WSAA Members have already made industry-leading progress to voluntarily reduce emissions through significant investment in renewable energy, energy efficiency measures, sequestration activities and the purchase of carbon offsets. For instance Sydney, Melbourne, Brisbane, Adelaide and Perth will all have operational desalination plants in the next 2-3 years: all with energy requirements purchased from renewable energy sources. The community now demands the water industry introduce sustainable options, such as renewable energy, when implementing large infrastructure projects. These desalination plants for drinking water are high profile projects where the water industry has moved ahead of the game to voluntarily reduce greenhouse gas emissions. WSAA Members are very concerned that these efforts to use 100% renewable energy cannot now be legally recorded as reducing greenhouse emissions under NGERs and WSAA will continue to advocate for change in this legislation.

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As the legislation stands there is no incentive for large energy intensive projects such as desalination to procure renewable energy. This is a perverse position as far as WSAA Members are concerned and the community and stakeholders will struggle to understand the logic of this position.

Carbon Pollution Reduction Scheme and other policies

WSAA Members have a major stake in ensuring that the CPRS and complementary measures are truly effective in reducing national greenhouse emissions. **In particular we seek a system where voluntary emissions reductions lead to national emissions reductions above and beyond what will be achieved through regulation through the CPRS.** The importance of finalising the policy detail and implementation of complementary measures and voluntary mechanisms (listed below) cannot be underestimated. WSAA believes that these measures should be available for consideration alongside the CPRS legislation in Parliament, so as to not create unnecessary confusion between the different elements of the greenhouse reduction effort.

- Completion of the National Renewable Energy Target Bill;
- A Policy and Bill that integrates mechanisms for voluntary renewable energy use and accounting with NGERs and the CPRS;
- Completion of the National Carbon Offsets Standard, that needs to reflect the above mechanism for voluntary renewable energy use.
- Adoption of a carbon neutrality definition for use in Australia's government accredited voluntary programs, and which accounts for purchase of renewable energy.
- A standard for revegetation, forestry, grassland management offsets for the voluntary scope 2 and 3 markets, for those organisations that have valid reasons to opt out of the CPRS, or for in-business use.

As some WSAA Members (e.g. Sydney Water, Melbourne Water) are likely participants in the CPRS, a further key issue for WSAA Members is the need to ensure that shortcomings in the official methodologies for determining direct fugitive emissions from wastewater treatment are resolved prior to the scheme's start in 2010. In general WSAA is concerned that the rapid adoption of flawed methodologies is not in the best interests of defining an accurate baseline of Australia's greenhouse gas profile. It is worth noting that failure to resolve these measurement issues could impose unfair permit liabilities on Australia's largest water facilities. This in turn could see costs passed on to customers unnecessarily because more permits were purchased than were actually required.

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If required, WSAA is available to present to the Senate Select Committee on Climate Policy on the issues raised in this submission. If you have any queries relating to the above submission, please don't hesitate to contact Adam Lovell, Manager, Science and Sustainability on (02) 9262 4179 or adam.lovell@wsaa.asn.au.

Yours sincerely,

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