Australian Government
Clean Energy Regulator

Safeguard Mechanism

Borrowing adjustment application guideline

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CLEAN ENERGY REGULATOR

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Disclaimer

This guideline has been developed by the Clean Energy Regulator (CER) to assist responsible emitters to apply for a borrowing adjustment determination under section 48 of the National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015[1] (the Safeguard Rule). This guideline must be read in conjunction with the *National Greenhouse and Energy Reporting Act 2007*[2] (the NGER Act), the National Greenhouse and Energy Reporting Regulations 2008[3] (the NGER Regulations), the Safeguard Rule, 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 line with 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 borrowing adjustment 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.

[1] https://www.legislation.gov.au/Series/F2015L01637
[2] https://www.legislation.gov.au/Series/C2007A00175
[3] https://www.legislation.gov.au/Series/F2008L02230

Definitions and abbreviations

Term	Meaning
Australian Carbon Credit Unit (ACCU)	Each ACCU represents one tonne of carbon dioxide equivalent (t CO_2-e) emissions stored or avoided by an eligible offsets project.
Controlling corporation	An entity that must register and report under the NGER Act, as defined in section 7 of the NGER Act[4]. 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).
Covered emissions	Scope 1 emissions of one or more greenhouse gas, including: • direct emissions from fugitive emissions • emissions from fuel combustion • waste disposal and industrial process such as cement and steel making. Some scope 1 emissions are not covered by the Safeguard Mechanism, such as emissions from landfills associated with pre-1 July 2016 waste and emissions related to the production of electricity at a grid-connected electricity generation facility.
Designated large facility	For the purposes of the Safeguard Mechanism, a facility is a designated large facility for a financial year if operations during that financial year produce more than 100,000 t CO_2-e of covered emissions.
Excess emissions situation	Where the net emissions number for a facility for a monitoring period exceeds the facility's baseline emissions number for that monitoring period.
Executive officer (EO)	An executive officer is defined as a: • Director • Chief Executive Officer (however described) • Chief Financial Officer (however described) • Company Secretary

[4] https://www.legislation.gov.au/Series/C2007A00175

Term	Meaning
Facility	Under section 9 of the NGER Act[5] 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: • form a single undertaking or enterprise and meet the requirements of the NGER Regulations[6] • are declared to be a facility under section 54, 54A or 54B of the NGER Act.
Net emissions number	The total amount of covered emissions in t CO_2-e for a facility during a monitoring period, plus any ACCUs issued in relation to the facility during that period minus any ACCUs and/or SMCs surrendered for the facility for that monitoring period.
NGER Report	A submission of energy and emissions information required under the NGER Act.
Operational control	A person is considered to have operational control over a facility if: • that person has authority to introduce and implement operating, health and safety, or environmental policies • the CER declares the person has operational control over the facility under section 55 or 55A of the NGER Act. 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. If there is no greater authority between 2 or more persons in relation to a facility, and a nomination by those persons is in force, then the nominated person will be taken to have operational control. If there is no nomination in force, each of those persons will be taken to have operational control over the facility.
Prescribed carbon unit	For the purposes of the NGER Act a prescribed carbon unit is: • an Australian carbon credit unit (ACCU) • a Safeguard Mechanism credit unit (SMC).

[5] https://www.legislation.gov.au/Series/C2007A00175
[6] https://www.legislation.gov.au/F2008L02230/latest/text

Term	Meaning
Responsible emitter	The person with operational control of a Safeguard facility. The responsible emitter is responsible for meeting the Safeguard Mechanism requirements if the facility exceeds the safeguard threshold for a financial year and its net emissions number for the responsible emitter's monitoring period exceeds its baseline for that period. The responsible emitter may be an individual, a body corporate, a trust, a corporation sole, a body politic or a local governing body.
Safeguard Mechanism credit unit (SMCs)	A type of credit unit that may be issued to a responsible emitter for each tonne of emissions (CO_2-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. SMCs incentivise facilities to reduce their emissions below their baselines, including ongoing emissions reduction once a facility has dropped below the safeguard threshold. SMCs are not offsets.
Safeguard threshold	The number beyond which covered emissions produced by a facility in a financial year would cause it to be a designated large facility and therefore covered by the Safeguard Mechanism. The threshold is currently 100,000 tonnes of CO_2-e in a financial year.
Scope 1 emissions	Emissions of greenhouse gases 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[7]. Some scope 1 emissions are not covered by the Safeguard Mechanism (see definition of covered emissions).

[7] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/about-emissions-and-energy-data/emissions#types-of-emissions

Revision history

Date	Description
4 September 2025	• Updated guidance in relation to user access permissions for completing, signing, and submitting the form. (pages 11 – 13).
31 August 2026	• General updates throughout guideline to improve clarity and usability for responsible emitters.

Who this guideline is for

This guideline document provides information about applying for a borrowing adjustment (BA) determination for a safeguard facility under section 48 of the Safeguard Rule.

The Clean Energy Regulator (CER) recommends that responsible emitters applying for a BA determination for a facility consider this guideline.

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

Part 1 Introduction

1.1 Borrowing adjustment determinations

A BA determination is an excess emissions management option available to the responsible emitter of a facility whose net emissions number for a financial year exceeds its baseline.

It allows a responsible emitter to increase their baseline for the financial year (the **first financial year** of the BA determination) by borrowing an amount of their facility's baseline emissions number from the **following financial year**. The maximum amount of baseline that can be borrowed is 10% of the facility's unadjusted baseline emissions number for the first financial year.

Where a BA determination is made for a financial year, the facility's baseline emissions number for the following financial year will be decreased by the borrowed amount, plus a further decrease (sometimes called 'interest' on the amount of borrowed baseline). The amount of this further decrease depends on when the BA determination was made:

- If the first financial year is 2024–25 or earlier, the decrease from the following financial year's baseline will be the borrowed amount plus 2% of the number of t CO_2-e borrowed.
- If the first financial year is 2025–26 or later, the decrease from the following financial year's baseline will be the borrowed amount plus 10% of the number of t CO_2-e borrowed.

For example, a BA to increase a facility's baseline for 2025–26 would result in the facility's baseline for 2026–27 being decreased by the borrowed amount plus 10%.

The amounts by which the first financial year's baseline is increased, and the following financial year's baseline is reduced are referred to as the **borrowing adjustment number** for their respective financial year.

Example of a borrowing adjustment

Metalcraft is a designated large facility that for the 2025–26 financial year has an 'unadjusted baseline' (without a borrowing adjustment) of 200,000 t CO_2-e and covered emissions of 220,000 t CO_2-e. This results in an excess emissions situation of 20,000 t CO_2-e.

When applying for a BA determination, a facility can borrow a maximum of 10% of its baseline emission number for a financial year. This means Metalcraft may borrow up to 20,000 t CO_2-e (10% of its unadjusted baseline of 200,000) from the following financial year's baseline.

If Metalcraft obtains a BA determination for 2025–26 specifying a borrowing adjustment number of 20,000, its baseline emissions number for the 2025–26 financial year is increased to 220,000 t CO_2-e. Metalcraft's baseline is now equal to its net emissions number, so there is no longer an excess.

Before the BA determination, Metalcraft's baseline emissions number for the following financial year (2026–27) would be 195,000. The BA determination from the 2025–26 financial year reduces Metalcraft's 2026–27 baseline by the 20,000 t CO_2-e that was borrowed, and by an additional 10% on the borrowed amount, resulting in a total reduction of 22,000 t CO_2-e. This means Metalcraft's baseline for 2026–27 is now 173,000.

1.2 Impact on other excess emissions management options

1.2.1 Multi-year monitoring period

A BA determination cannot be made if the first financial year is included in a multi-year monitoring period (MYMP) declaration for the facility.

If a BA determination is made by the CER and an MYMP declaration is made at a later date which includes the first financial year, the CER must revoke the BA determination.

1.2.2 Safeguard Mechanism credits

A BA determination cannot be made if Safeguard Mechanism credits (SMCs) have been issued in relation to the facility for the first financial year.

SMCs can also not be issued to a facility for a financial year if it is in the first financial year of a BA determination. This means a facility cannot become eligible for SMCs simply by 'borrowing' an amount that results in the baseline emissions number being greater than the net emissions number.

1.2.3 Trade-exposed baseline-adjusted facilities

A trade-exposed baseline-adjusted (TEBA) determination for a facility cannot be made if the first financial year of the TEBA determination is also the first or the following financial year of a BA determination.

However, if the facility has an existing TEBA determination in place, the responsible emitter for the facility may then apply for a BA determination.

TEBA determination applications are due by **31 October**, which is before the BA determination application deadline on 28 February.

1.3 Eligibility and application deadline

1.3.1 Eligibility

To receive a BA determination for a financial year, the responsible emitter must satisfy the CER that:

- the facility has not been issued any SMCs for the first financial year
- the facility does not have an MYMP declaration in place that includes the first financial year
- the proposed borrowing adjustment number is not greater than 10% of the facility's unadjusted baseline for the first financial year
- the facility is likely to be a designated large facility for the following financial year.

1.3.2 Application deadline

Applications must be received no later than the **28 February** immediately following the end of the first financial year of the proposed BA determination. For example, 28 February 2027 is the deadline of a BA determination for the proposed 2025–26 financial year.

If the 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*.

Part 2 Application requirements

2.1 Preparing the application

The application form is accessed through Online Services.[8]

An Online Services user linked to the responsible emitter with the 'manage facilities' permission can prepare and edit a draft application. This permission is found in the 'NGER' permissions tab within the 'manage user' function in Online Services. For more information, see the NGER Online Services User Guide[9].

The application form can be saved at any point and it can be converted to PDF and printed at any stage.

Summary of information to provide in the BA application form

- Responsible emitter for the facility
- Facility name
- The financial year to which the BA determination is to apply
- Borrowing adjustment number
- Evidence demonstrating the facility is likely to be a designated large facility

See detailed application requirements for further information.

2.2 Signing and submitting the application

Once all sections of the application are complete, an executive officer of the responsible emitter must sign the form. This includes a declaration that, among other things, the information supplied in the application is true and not misleading.

There are 2 options outlined below to sign and submit the application form in Online Services[10].

If you are having difficulty accessing, completing or submitting the online form, please contact the CER via cer-safeguardbaselines@cer.gov.au.

2.2.1 Online submission

An Online Services user with both the executive officer relationship to the responsible emitter and the 'manage facilities' user permission can:

1. log in to Online Services
2. open the draft version of the application
3. review the declaration
4. submit the application directly online.

[8] https://cer.gov.au/online-systems#online-services
[9] https://cer.gov.au/document_page/nger-online-services-user-guide
[10] https://cer.gov.au/online-systems#online-services

2.2.2 Print and upload

1. An Online Services user with the 'manage facilities' user permission for the responsible emitter can log in and open the draft form and print a PDF copy of the application.
2. The person with an executive officer relationship to the responsible emitter can then sign the form (electronic signature is acceptable).
3. The signed PDF can then be uploaded to the online application form and submitted by the user with 'manage facilities' access permission.

Part 3 Detailed application requirements

3.1 Responsible emitter

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

The application form will be pre-filled with the responsible emitter's details based on the organisation identified in the user and organisation profile icon, which is found in the top right-hand corner of the Online Services page.

If you need 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 and they can provide access if appropriate. See NGER Online Services User Guide[12] for more information.

If a responsible emitter is not already registered under the NGER Act and 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, see the register as an NGER reporter[13].

3.2 Facility name

The application form will provide a list of Safeguard facilities under the selected responsible emitter to choose from. If you need to make an application for a facility that is not listed, please contact the CER[14].

3.3 Start date

The application must specify the first financial year for the proposed BA determination, for which the facility's baseline emissions number will be increased, if the determination is made.

[11] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/assess-your-obligations#assess-if-you-have-to-report
[12] https://cer.gov.au/document_page/nger-online-services-user-guide
[13] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/register-nger-reporter
[14] https://cer.gov.au/about-us/contact-us

3.4 Borrowing adjustment number

The application must specify the proposed BA number that the responsible emitter wishes to 'borrow', to be added to the baseline for the first financial year. This may be any whole number that is between 1 and the number that is equal to 10% of the facility's unadjusted baseline for the first financial year.

If the BA determination is made by the CER, this BA number:

- is added to the baseline emissions number for facility for the first financial year
- along with the relevant 'interest' amount, will be subtracted from the baseline emissions number for the facility for the following financial year.

3.4.1 Unadjusted baseline

The unadjusted baseline is the facility's baseline emissions number for a financial year, before a BA determination is made by the CER that would increase the baseline for that financial year. This unadjusted baseline is used to determine the maximum borrowing limit of 10%.

Where a borrowing adjustment was applied in the previous financial year, the unadjusted baseline for the following year reflects the baseline emissions number as reduced by the BA.

3.5 Designated large facility

The CER must not approve a BA determination application unless satisfied that the facility is likely to be a designated large facility in the following financial year of the proposed BA.

A facility must provide information that supports this, such as production and emissions forecasts showing that the facility will likely have covered emissions over 100,000 t CO_2-e for the following financial year.

In the online application, this information may be provided as text directly into the form or as an attached document.

Part 4 Other matters

4.1 Application processing and decision-making

4.1.1 Application receipt and processing timeframes

On receipt of the application, the CER will check 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 requests for further information).

Once the application is complete, the CER will take all reasonable steps to ensure a decision is made within 30 days:

- of receiving the application
- following the end of the specified period to provide additional information, if this was requested.

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

4.1.2 Requests for further information

The CER may request the responsible emitter provide more information at any point to inform the decision-making process. The request may be made through either:

- an informal request
- a formal request under section 49 of the Safeguard Rule.

The request will specify the period in which the information must be provided, which is typically within 14 days.

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

4.1.3 Decision to make a BA determination

The CER may make a BA determination for a financial year if satisfied of the following matters:

- The proposed borrowing adjustment number in the application is not greater than 10% of the unadjusted baseline for the facility for the first financial year.
- No SMCs have been issued in relation to the facility for the first financial year.
- The first financial year is not included in a declared multi-year monitoring period for the facility.
- The facility is likely to be a designated large facility for the following financial year.

If the CER decides to make the BA determination, the responsible emitter will be notified by email. This will also explain what information about the BA determination will be published on the CER's website.

4.1.4 Decision to refuse to make a BA determination

Before a decision to refuse to make a BA determination is made, the CER will notify the responsible emitter in writing that it intends to refuse the application and provide reasons for the proposed decision. The responsible emitter will have an opportunity to respond to the proposed reasons.

If the CER still decides to refuse to make the BA determination, it will provide the responsible emitter with written notice of the decision, including reasons for the decision.

4.1.5 Review rights

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

The CER will notify the responsible emitter of their review rights in the notice of decision (refer to section 56 of the NGER Act[15] for more details).

4.2 Publication of the BA determination details

The CER is required under section 50(5)(b) of the Safeguard Rule to publish the details of the BA determination on its website. Details will be published as soon as is practicable and will include the:

- type of determination
- facility name
- responsible emitter for the facility
- start and end date of the BA determination
- borrowing adjustment number in both the first and the following financial years.

If the BA determination is revoked, details of the revocation will also be published.

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

4.2.1 Request not to publish information about a BA determination

Under specific circumstances, responsible emitters can apply under section 25 of the NGER Act to request that some information about a BA determination not be published.

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

- trade secrets
- 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[16].

[15] https://www.legislation.gov.au/C2007A00175/latest/versions

[16] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/about-emissions-and-energy-data#:~:text=Application%20for%20information%20not%20to%20be%20published

4.3 Revocation of a BA determination

The CER must revoke a BA determination if a new MYMP is declared and the first financial year of the BA is included in the MYMP.

If a BA determination is revoked for this reason, it will cease to be in force and the facility's original baseline will apply for the first and following financial year.

Before any decision to revoke a BA determination, the CER will provide the responsible emitter with a notice of intent, including reasons for the proposed decision. The responsible emitter will then have an opportunity to comment before a final decision is made.