Australian Government
Clean Energy Regulator

# Emissions intensity determination application guideline

## Safeguard Mechanism

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CLEAN ENERGY REGULATOR

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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 (EID) under the National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015[1] (the Safeguard Rule). This guidance 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, the National Greenhouse and Energy Reporting (Measurement) Determination 2008[4] (the NGER Measurement Determination), 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 EIDs 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 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
[4] https://www.legislation.gov.au/Series/F2008L02309

# Definitions and abbreviations

| Term | Meaning |
|---|---|
| **Australian Carbon Credit Unit (ACCU)** | Each ACCU represents one tonne of carbon dioxide equivalent ($tCO_2$-e) emissions stored or avoided by an eligible offsets project. |
| **Basis of preparation** | 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. |
| **Borrowing adjustment** | To help manage compliance obligations, a facility can 'borrow' from its future baseline.<br>The responsible emitter for a facility can apply to borrow up to 10% of the facility's baseline for a financial year with an adjustment made to the baseline for the following year with a 2% interest rate, increasing to 10% for financial years commencing on or after 1 July 2026. |
| **Controlling corporation** | An entity that must register and report under the NGER Act[5] (as defined in section 7).<br>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 (not through an Australian incorporated subsidiary). |
| **Covered emissions** | Scope 1 emissions of one or more greenhouse gas, including:<br>• direct emissions from fugitive emissions<br>• emissions from fuel combustion<br>• waste disposal and industrial process such as cement and steel making.<br>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 historical information** | The following is the designated historical information about a historical production variable for a facility:<br>• 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.<br>• The amount of covered emissions of greenhouse gases (in $tCO_2$-e) relevantly associated with the production variable in each historical financial year. |

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

| Term | Meaning |
|---|---|
| **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 $tCO_2$-e of covered emissions. |
| **Eligible facility**[6] | A facility that meets eligibility criteria in section 58B of the Safeguard Rule[7]. The responsible emitter for an 'eligible facility' (refer to Appendix A) can be issued SMCs after the facility's emissions drop below the Safeguard threshold, subject to meeting the requirements for issuance under sections 56 or 57 of the Safeguard Rule. |
| **Existing facility** | A facility is an existing facility if one or more:<br>• historical production variables were applicable to the facility in any historical financial year<br>• transitional production variables were applicable in the 2022-23 financial year. |
| **Emissions intensity** | Emissions intensity for a production variable means the emissions released, in $tCO_2$-e, per unit of the production variable. Production variables are set out in Schedule 1 of the Safeguard Rule. |
| **Emissions intensity determination (EID)** | An EID gives an existing facility a smooth transition to the default emissions intensity number for its existing production variables. When an EID is in place, the production variable has a facility-specific emissions intensity value. This is based on historical emissions and production data from 1 July 2017 to 30 June 2022.<br>The production variable's emissions intensity each year is a hybrid of the facility-specific emissions intensity number set out in the EID and the default emissions intensity number. |
| **Executive officer (EO)** | An executive officer is defined as a:<br>• Director<br>• Chief Executive Officer (however described)<br>• Chief Financial Officer (however described)<br>• Company Secretary. |

[6] An existing facility must have an EID for a financial year to meet the criteria to be an eligible facility for that financial year. Being an eligible facility allows a facility that was previously covered by the Safeguard Mechanism, but whose covered emissions have dropped below the Safeguard threshold, to be issued Safeguard Mechanism credits for up to 10 years, subject to meeting the requirements for issuance under sections 56 or 57 and 58B.

[7] https://www.legislation.gov.au/F2015L01637/latest/versions

| Term | Meaning |
|---|---|
| **Facility** | Under section 9 of the NGER Act[8] 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 either:<br>• form a single undertaking or enterprise and meet the requirements of the NGER Regulations[9]<br>• are declared to be a facility under section 54, 54A or 54B of the NGER Act. |
| **Historical financial year** | A historical financial year is:<br>• the financial year beginning on 1 July 2017<br>• the financial year beginning on 1 July 2018<br>• the financial year beginning on 1 July 2019<br>• the financial year beginning on 1 July 2020<br>• the financial year beginning on 1 July 2021. |
| **Historical production variable** | A historical production variable for a facility is a production variable that was applicable to the facility, in accordance with Schedule 1 of the Safeguard Rule, at any time during a historical financial year.<br>This does not include a production variable that was only applicable to the facility because of non-commercial production (meaning testing or piloting activities). |
| **Monitoring period** | One of the following:<br>• A full financial year that is not included in a declared multi-year monitoring period (MYMP) and a responsible emitter had operational control over the facility for the whole of that financial year.<br>• Part of a financial year, if a responsible emitter only had operational control over a facility for that part and the financial year is not included in an MYMP.<br>• An MYMP for a facility, where the facility is a designated large facility for at least one of the financial years in the MYMP and a responsible emitter had operational control over the facility for the whole of that MYMP.<br>• Part of an MYMP, if a responsible emitter only had operational control over a facility for that part and the facility is a designated large facility for at least one of the financial years in the MYMP. |
| **Net emissions number** | The total amount of covered emissions in $tCO_2$-e for a facility during a 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 period. |

[8] https://www.legislation.gov.au/C2007A00175/latest/versions
[9] https://www.legislation.gov.au/F2008L02230/latest/text

| Term | Meaning |
|---|---|
| **NGER Report** | A submission of energy and emissions information required under the NGER Act[10]. |
| **New facility** | A facility for which there are no historical production variables or transitional production variables. |
| **Operational control** | A person is considered to have operational control over a facility if either:<br>• that person has authority to introduce and implement operating, health, safety or environmental policies<br>• the CER declares under section 55 or 55A of the NGER Act[11] the person has operational control over the facility.<br>If there is uncertainty about which person has operational control over a facility and the agency has not made a declaration under the NGER Act, the person with the greatest authority to introduce and implement operating and environmental policies in relation to the facility is taken to have operational control.<br>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. |
| **Person** | Means any of the following:<br>• a body corporate<br>• a trust<br>• a corporation sole<br>• a body politic<br>• local governing body<br>• an individual. |
| **Production variable** | 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.<br>Only production variables listed in Schedule 1 of the Safeguard Rule[12] (previously known as 'prescribed' production variables listed in Schedules 2 and 3) can be used in an emissions intensity determination application for financial years commencing on or after 1 July 2023. |

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

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

[12] https://www.legislation.gov.au/F2015L01637/latest/versions

| Term | Meaning |
|---|---|
| **Responsible emitter** | The person with operational control of a Safeguard facility. The responsible emitter must:<br>• meet the Safeguard Mechanism requirements if the facility exceeds the safeguard threshold for a financial year<br>• ensure its net emissions number for the responsible emitter's monitoring period does not exceed its baseline for that period.<br>The responsible emitter may be an individual, a body corporate, a trust, a corporation sole, a body politic or a local governing body. |
| **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. |
| **Safeguard Mechanism credit units (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.<br>SMCs incentivise facilities to reduce their emissions below their baselines, including ongoing emissions reduction once a facility has dropped below the Safeguard threshold.<br>SMCs are not offsets. |
| **Safeguard Mechanism document** | The Safeguard Mechanism: Prescribed production variables and default emissions-intensities document[13], published on the Department of Climate Change, Energy, the Environment and Water's website.<br>It 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 for specified purposes. |
| **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[14].<br>Some scope 1 emissions are not covered emissions under the Safeguard Mechanism. |
| **Transitional production variable** | A production variable is transitional if it was first commercially produced by the facility in the 2022–23 financial year. |

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

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

# Revision history

| Date | Description |
|---|---|
| **10 September 2025** | • Updated guidance in relation to user access permissions for completing, signing, and submitting the form. (2.2).<br>• Updated guidance in relation to variations and successor determinations (4.2 and 4.3).<br>• Added Appendix A defining an 'eligible facility'. |
| **29 April 2024** | • Updated guidance in relation to a facility not receiving an EID in a financial year (2.1.3). |
| **26 February 2024** | • Included definition of an ACCU (definition and abbreviations).<br>• Updated to the net emissions number definition (definition and abbreviations).<br>• Added information regarding late applications (2.1.2.1).<br>• Updated guidance in relation to the audit of the amount of covered emissions for the facility in each historical financial year (3.6.1.3).<br>• Updated guidance in relation to use of previous audit reports where the previous audit report does not specify the facility as the audit subject (3.8.2).<br>• Removed section indicating CER can refuse an application and required resubmission. |
| **11 August 2026** | • Added further information for new facilities not eligible for an EID.<br>• Highlighted the facility and industry types that the guidance is not intended for.<br>• Removed additional explanation of the Safeguard reforms as they are documented on the website.<br>• Updated formatting in line with other guidance. |

# Who this guideline is for

This document provides guidance about applying for an emissions intensity determination (EID) for an existing facility under the section 14 of the Safeguard Rule.

The Clean Energy Regulator (CER) recommends that all parties involved in an EID application process consider this guideline. 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 $tCO_2$-e of covered emissions in a financial year
- responsible emitters for eligible facilities that have previously been a Safeguard covered facility and may be eligible to receive SMCs-- an existing facility must have an EID for a financial year to meet the criteria to be an eligible facility for that financial year
- auditors who are undertaking audits of EID applications
- any other parties assisting a responsible emitter in preparing an application.

Visit the Safeguard Mechanism[15] 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.

# Who is not eligible for an EID

This application guideline is not applicable for the following facility types, which are not eligible for an EID:

- Landfill facilities – these are subject to a separate baseline and do not have production variables.
- Grid-connected electricity generation facilities – these are subject to a sectoral baseline (unless they have other production variables).
- New facilities (meaning facilities that commenced commercial production on or after 1 July 2023) – these are not eligible for an EID. The emissions intensity for a production variable in the calculation of a new facility's baseline is either:
  - » the best practice emissions intensity specified for the production variable in Schedule 1 of the Safeguard Rule
  - » the default emissions intensity specified for the production variable in Schedule 1 (if no best practice emissions intensity is specified).

This application guideline is also not applicable to shale gas extraction facilities, which have a baseline of 0, under section 10(2) of the Safeguard Rule.

[15] https://cer.gov.au/schemes/safeguard-mechanism

**Important information**

- For an EID to commence in a particular financial year, an application must be submitted by the **31 October** immediately following the end of that financial year.
  - » 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.
- EID applications are submitted to the CER through Online Services[16].
- An EID application must be accompanied by an audit report that meets the requirements of the Safeguard Rule. We recommend that responsible emitters engage an auditor as soon as feasible. See more about .
- Production variables are set out in Schedule 1 of the Safeguard Rule[17], with further detail provided by the Department of Climate Change, Energy, the Environment and Water's Safeguard Mechanism Document[18].
- The department reviews and amends production variables occasionally. If your facility has a product that is not captured by the production variables found in Schedule 1 of the Safeguard Rule, please contact the department's Safeguard Mechanism team (Safeguard.Mechanism@dcceew.gov.au) to discuss if a new production variable is needed.

[16] https://cer.gov.au/online-systems#online-services
[17] https://www.legislation.gov.au/F2015L01637/latest/text
[18] https://www.dcceew.gov.au/sites/default/files/documents/safeguard-mechanism-document-production-variable-definitions-2024.pdf

# 1. Emissions intensity determinations

## 1.1 Safeguard Mechanism context

### 1.1.1 Baseline calculation

Any facility with covered emissions exceeding the Safeguard Mechanism threshold of 100,000 $tCO_2$-e in a given financial year will have a baseline emissions number calculated for that financial year. The baseline emissions number for a Safeguard facility is calculated at the end of each financial year. At a high level, it is calculated as follows:[19]

1. Start with the quantity of each production variable reported to be produced by the facility during the financial year, under the National Greenhouse and Energy Reporting scheme.
2. Multiply this by an emissions intensity number for each production variable.
3. Apply a decline rate by multiplying by the emissions reduction contribution for the financial year.

An emissions intensity determination (EID) affects the emissions intensity number component of this baseline calculation. For information about other aspects of the baseline calculation, see Safeguard baselines[20].

### 1.1.2 Baseline emissions intensity

The emissions intensity of a production variable means the amount of emissions released per unit of the production variable. A lower emissions intensity indicates fewer emissions per unit of production.

Along with the decline rate, the emissions intensity number in the baseline regulates the emissions intensity of a safeguard facility's operations.

For existing Safeguard facilities (meaning facilities that commenced commercial production of at least one production variable before 1 July 2023), the emissions intensity numbers used to calculate their baseline depends on when it began commercial production.

For a production variable that commenced production **before 1 July 2023**:

- If an EID is in force for the production variable: a hybrid of the facility-specific emissions intensity (FSEI) number set out in the EID, and the industry average default emissions intensity numbers.
- If no EID is in force for the production variable: the best practice emissions intensity specified for the production variable in Schedule 1 of the Safeguard Rule.
- If no EID is in force for the production variable and no best practice emissions intensity number is specified in Schedule 1: zero.
    - » Exception: if the production variable began commercial production during the 2022–23 financial year, its emissions intensity number is the default emissions intensity specified in Schedule 1.

[19] There are exceptions for certain facility types, which have different baseline calculations:
- Shale gas facilities have the baseline emissions number set to zero t CO2-e per financial year.
- Landfill facilities have different baseline setting arrangements.
- Grid-connected electricity generation facilities are covered by the sectoral baseline.

[20] https://cer.gov.au/schemes/safeguard-mechanism/safeguard-baselines

For a new production variable (meaning a production variable that commenced production **on or after 1 July 2023**), either:

- the best practice emissions intensity specified for the production variable in Schedule 1 of the Safeguard Rule
- the default emissions intensity specified for the production variable in Schedule 1 (if no best practice emissions intensity number is specified in Schedule 1).

> **Default emissions intensities** are fixed values representing the industry average, determined by analysis of historical emissions performance of like facilities across Australia. This analysis is conducted by the department.
>
> **Best practice emissions intensities** are fixed values representing the international best practice, determined by analysis of comparative historical emissions performance of like international facilities, then adjusted for an Australian context. This analysis is conducted by the department.
>
> Default and best practice emissions intensities are set out in Schedule 1 of the Safeguard Rule.

## 1.2 How an EID works

An EID gives the responsible emitter of an existing facility a smoothed transition to the default emissions intensity for their existing production variables.

When there is an EID for a production variable, a portion of the baseline will be calculated using a facility-specific emissions intensity number (FSEI) that is based on the facility's actual emissions intensity. The remaining portion will be calculated using the default emissions intensity specified for the production variable in Schedule 1 of the Safeguard Rule. Over time, the facility-specific portion will reduce, phasing out in the 2029–30 financial year:

| Financial year | 2023–24 | 2024–25 | 2025–26 | 2026–27 | 2027–28 | 2028–29 | 2029–30 |
|---|---|---|---|---|---|---|---|
| Default to facility-specific ratio | 10:90 | 20:80 | 30:70 | 40:60 | 60:40* | 80:20 | 100:0 |

*The transition to the default emissions intensity number increases from 10% per year to 20% from the 2027–28 financial year.

## 1.3 Facility-specific emissions intensity (FSEI) numbers

An EID will set out a FSEI 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 EID application is made, and for each subsequent financial year unless the EID is varied or revoked.

FSEI numbers are calculated based on historical production and emissions data at the facility. To enable the CER to calculate FSEI numbers for each 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 facility historical emissions and production data for more detail on the evidence that is required for the CER to calculate a FSEI number.

# 2. Application requirements

## 2.1 Eligibility and application deadlines

The responsible emitter for an existing facility can apply for an EID using Online Services[21].

### 2.1.1 Eligibility

Any facility that expects to exceed the Safeguard threshold of 100,000 $tCO_2$-e covered emissions in a financial year, or meets the definition of an existing facility under section 12 of the Safeguard Rule, may be eligible for an EID.

#### 2.1.1.1 Existing facility

A facility is an existing facility if any historical production variables or transitional production variables (that are commercial production variables and from the 2022-23 financial year) apply to the facility. Broadly, this means the facility commenced commercial production of at least one production variable before 1 July 2023.

See more information on .

### 2.1.2 Commencement and duration

An EID will commence from the start of the financial year for which the responsible emitter for the facility applies for the EID.

An EID will continue applying for each subsequent financial year, unless the EID is varied or revoked.

### 2.1.3 Application deadlines

The deadline to submit an EID 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).

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*.

#### 2.1.3.1 Late applications

If you believe that you may be unable to meet the 31 October deadline, contact the CER as soon as possible.

The Safeguard Mechanism legislation gives the CER discretion to accept an EID application submitted after the deadline. These extensions will only be granted in exceptional circumstances and should be raised with the CER well in advance of the deadline.

The extension request should be emailed to cer-safeguardbaselines@cer.gov.au by the nominated contact person for the applicant.

[21] https://cer.gov.au/online-systems#online-services

### 2.1.4 What happens if you do not apply for an EID

An existing production variable for an existing facility which does not have an EID for a financial year will receive an emissions intensity number of either:

- the best practice emissions intensity number legislated for that production variable
- zero (if a best practice emissions intensity number has not been legislated for that production variable.

If the baseline emissions number for a financial year is calculated to be less than 100,000 $tCO_2$-e, then the minimum baseline rule will take effect, and the baseline emissions number is rounded up to 100,000 $tCO_2$-e.

## 2.2 Preparing and submitting the application

An application for an EID 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[22].

An Online Services user linked to the responsible emitter with the 'manage facilities' permission can prepare and edit a draft application form before submission. The 'manage facilities' permission is found in the 'NGER' permissions tab within the 'manage user' function in Online Services. For information on how to update user permissions, see the NGER Online Services user guide[23].

The application form can be saved at any point and continued 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:

- **Online application form** for entering information and data required to calculate FSEI values for the facility's production variables. See facility historical emissions and production data for more information.
- **Supporting information document(s)** which are attached to the online application form, covering other information and evidence required. See supporting information requirements for more information.
- **Audit report** which is attached to the online application form, containing an auditor's conclusion on the required reasonable and limited assurance matters. See audit report for more information.

[22] https://cer.gov.au/online-systems#online-services
[23] https://cer.gov.au/document_page/nger-online-services-user-guide

**Summary of application requirements**

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

- responsible emitter and facility details
- the first financial year to which the determination is to apply
- production variables applicable to the facility
- historical covered emissions data
- historical production variable information ('designated historical information'), or where applicable, an explanation for why any designated historical information has not been included
- the amount of any non-carbon dioxide ($CO_2$) greenhouse gas emissions relevantly associated with each historical production variable (only required if a non-$CO_2$ greenhouse gas accounts for more than 1% of covered emissions for a production variable in a historical financial year).

Each application requirement is explained in detail in detailed application requirements.

Once the applicant has entered all historical production and emissions data in the application, draft FSEI values for each production variable will be provided in advance of the CER considering and approving the application. See 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 to the application form, 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 an application form:

- An Online Services user who is an executive officer of the responsible emitter and holds the 'manage facilities' user permission, can log in to Online Services[24], open the draft version of the application, review the declaration and submit the application online.
- An Online Services user with the 'manage facilities' user permission for the responsible emitter can open the draft form and print a PDF copy of the application. An executive officer of the responsible emitter can then sign the form (electronic signature is acceptable). The user with 'manage facilities' access permission can upload the signed PDF to the online application form and submit the application.

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

[24] https://www.cleanenergyregulator.gov.au/OSR/online-services

# 3. Detailed application requirements

## 3.1 Supporting information requirements

The CER can only approve an application if satisfied that information provided is correct and that the application and data meet legislative requirements. See 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 decide 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 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 5 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. This is the person (individual, body corporate, trust, corporation sole, body politic or local governing body) with operational control[25] 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 Online Services dashboard page.

If you need to change to a different responsible emitter, click on the user and organisation profile icon and select 'Switch account'. If the required responsible emitter doesn't appear, contact someone in the organisation that has 'admin' access, they can assign the required access (see NGER Online Services user guide[26] for more information).

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.

If a responsible emitter is not already registered under the NGER Act but is both a responsible emitter and a controlling corporation, it must apply to register under section 12 of the NGER Act.

[25] https://www.cleanenergyregulator.gov.au/NGER/Reporting-cycle/Assess-your-obligations/#Identify-who-has-operational-control-of-a-facility
[26] https://cer.gov.au/document_page/nger-online-services-user-guide

For more information on how to identify the responsible emitter for a facility and apply for registration, see register as an NGER reporter[27].

Note that if a facility changed responsible emitters during the historical financial years (between 2017–18 and 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 can provide historical NGER reports for a facility, under sub-section 71(4) of the Safeguard Rule, to the entity that submitted the report and to applicants that did not submit the NGER report. See exclusion of designated historic information for more information.

### 3.2.1 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.

### 3.3.1 Supporting information requirement

Please give a description of the facility including activities undertaken, location(s) and boundary.

If there have been any significant changes to the facility's activities 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.

### 3.3.2 Anti-avoidance measures

The NGER Act (section 54B) includes anti-avoidance measures 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 $tCO_2$-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
- changing the industry sector the facility is attributed to.

[27] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/register-nger-reporter

## 3.4 Start date

Select the financial year that the EID will commence. The EID will commence from the 1 July of that year. For example, if the determination is to commence from 1 July 2024, select the 2024-25 financial year.

## 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 can be the subject of an EID application. These production variables have been developed by the department 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[28] document (Safeguard Mechanism document), published on the department's, 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 4 categories of production variables – historical, related, transitional, and new. Only the first 3 are applicable to an EID 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 that 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 FSEI value set out in the EID, using historical production and emissions data provided in the application.

#### 3.5.2.2 Related production variables

An EID application may include a request that a facility's EID 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 FSEI number as the comparative production variable. The CER determines whether to include the requested statement in the EID.

[28] https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document

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 FSEI set to the same value as the existing production variable due to its similar nature.

If the new (related) production variable is tonnes of reservoir $CO_2$ from new gas fields, then section 20(5) of the Safeguard Rule states the FSEI value must be 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 EID application.
- The related production variable is substantially similar to another production variable applicable to the facility (the comparative production variable).
- Both production variables are measured using the same units or mutually convertible units.
- 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 EID is to apply.

**Examples of related production variables**

If a facility that produces ethanol-95 starts producing beverage grade ethanol, the 2 products are both concentrated ethanol and have similar material properties and are produced using similar methods, so can be considered 'substantially similar'. Assuming that 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 FSEI value for ethanol-95 to also be applied to the beverage grade ethanol.

An example of 2 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
- are measured in tonnes
- 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 EID is already in force, the responsible emitter may request that the EID 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 FSEI of the comparative production variable. See 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
- not be a non-commercial production variable in the 2022–23 financial year.

The FSEI value for a transitional production variable, other than those noted below, is set to the default value applicable for the 2022–23 financial year according to Schedule 1 of the Safeguard Rule.

Subsections 91(2) and 92(2) of the Safeguard Rule specify FSEIs for transitional production variables that are run-of-mine coal, reservoir carbon dioxide from existing gas fields, natural gas throughput, or lithium hydroxide. These FSEIs are the same as the default emissions intensities in place for the 2023–24 period.

If an application includes a transitional production variable, you must provide supporting information demonstrating it 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 EID application, a production variable is 'new' if it was first commercially produced at an existing facility on or after 1 July 2023. This also includes where a production variable was produced before 1 July 2017 but was not produced in the historical financial years (between 2017–18 and 2022–23).

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 default emissions intensity value.

New production variables do not need to be identified in the EID application. Instead, 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.

### 3.5.3 Other important information

- Only production variables set out in Schedule 1 of the Safeguard Rule can be the subject of an EID.
- 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 EID 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[29] provides a list of included emissions sources for each production variable. See how to apportion covered emissions for more information.

[29] https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document

- 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.

### 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.

#### 3.5.4.1 Identifying production variables

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

**Step 1 – identify all historical, transitional and related production variables and understand their metrics and units**

The first step is to identify all the production variables that have been applicable to the facility as historical, transitional or related production variables and understand their metrics and units specified in Schedule 1 of the Safeguard Rule.

A production variable can be included in an EID 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.

**Examples of Schedule 1 production variables**

**Iron ore production variable**

- **Applicable facility**: conducts the activity of mining iron ore.
- Emissions included in this activity may be from the physical extraction of mineral ores containing iron ore 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 facility**: conducts the activity of producing ammonia through the chemical transformation of hydrocarbons (or other hydrogen feedstock) to hydrogen (H2) that is subsequently reacted with nitrogen (N2) to produce anhydrous ammonia (NH3) that has a concentration of ammonia (NH3) 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 (NH3) 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) when the facility was commercially producing each applicable historical production variable.

#### 3.5.4.2 Audit requirement

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

#### 3.5.4.3 Supporting information requirements

For all 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 historical, transitional or related as specified in the application (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 $tCO_2$-e for each historical financial year, even if there was no commercial production in that financial year (see 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.
- Production quantities of each historical production variable for each historical financial year (see production quantities).
- The amount of covered emissions relevantly associated with each historical production variable in $tCO_2$-e for each historical financial year (see 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 FSEI values are calculated on the same basis that 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[30] (see NGER measurement determination adjustments)
- most up-to-date global warming potentials (GWP) in the NGER Regulations[31] (see global warming potential (GWP) adjustments)
- 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 method adjustments)

To avoid 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 adjust 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 covered emissions relevantly associated with each historical production variable for more information.

When adjusting 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 $CO_2$-e), consistent with rounding of calculated emissions under section 1.16 of the NGER Measurement Determination. 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.

[30] https://www.legislation.gov.au/Series/F2008L02309
[31] https://www.legislation.gov.au/Series/F2008L02230

#### 3.6.1.1 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 sold, the historical data associated with the sold portion does not need to be included in the application. This will ensure that FSEI values are set consistently with the current facility structure.

#### 3.6.1.2 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 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 alternative 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, why they were required, and why they are reasonable. Further information is below to assist in identifying what adjustments (if any) are necessary and how the adjustments can be made.

#### 3.6.1.3 Adjustments that are not considered reasonable

Note that applicants are not permitted to adjust 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 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 under exclusion of historical information, except for 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.

### 3.6.2 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[32] unless a provision in Chapter 9 of the determination says that a particular provision of the determination will apply from a later financial year.

For example, this means if an application is for a determination commencing in the 2024–25 financial year, the application must use the version of the NGER Measurement Determination applicable to the 2024–25 reporting period (that is, the version identified with a start date of 1 July 2024), unless the version applicable to the 2025–26 financial year is available.

[32] https://www.legislation.gov.au/Series/F2008L02309

### About 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 NGER 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 method adjustments for further information.

The NGER 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 Scheme[33] page or on the Federal Register of Legislation[34].

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 or sub-sources
- energy content, emissions and other factors or values used in calculating emissions.

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 or sub-source, all historical covered emissions for that source or sub-source will need to be 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 or sub-source, the applicable methodology or factor in the latest version of the NGER Measurement Determination should be used.

[33] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme#legislative-framework
[34] https://www.legislation.gov.au/

Note that updates to the NGER Measurement Determination for the 2020–21 reporting period contains many 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 amendments to national greenhouse and energy reporting legislation[35]. Details of all changes to the NGER Measurement Determination for each financial year are published on the Federal Register of Legislation[36]. The explanatory statement for each year's amendments provides further information on each year's changes.

### 3.6.3 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 potential[37].

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 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 adjust 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 FSEI values are calculated using the same GWP value.

To adjust historical covered emissions for the 2017–18, 2018–19 and 2019–20 financial years to account for GWP value changes 2 methods can be used: the ratio method and the calculation method.

#### 3.6.3.1 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 under converting historical emissions data to the current GWPs[38]).

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, see the below calculation method.

[35] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/report-emissions-and-energy/amendments-to-national-greenhouse-and-energy-reporting-legislation
[36]https://www.legislation.gov.au/Series/F2008L02309
[37] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/about-emissions-and-energy-data/global-warming-potential
[38] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/about-emissions-and-energy-data/global-warming-potential#converting-historical-emissions-data-to-the-current-gwps

#### 3.6.3.2 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 emissions source or 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.

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

### 3.6.4 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 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. An NGER reporter may after a period of time move from a lower to a higher method (for example, from method 1 to method 2).

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

#### 3.6.4.1 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 the following:

- 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:
  - an explanation regarding the differences and why the new figure is correctly stated
  - resubmission of the relevant NGER report (if required) – in this case, the CER may request further information and will notify the responsible emitter of the requirement to resubmit an NGER report to correct any errors.

#### 3.6.4.2 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 $tCO_2$-e in each historical financial year.

This information is required to determine the FSEI 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 are 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.

The CER can generally provide historical NGER reports and related information for facilities to the organisation that submitted the NGER report. Section 71(4) 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 an emissions intensity determination. 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 or maintenance periods (planned or unplanned) in a financial year
- where production, emissions 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 (new equipment, fuel types, or 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. 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 FSEI 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 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, provide the total quantity produced by the facility in each historical financial year.

Production quantities must be in the units specified in Schedule 1 of the Safeguard Rule for the production variable, and measured according to any requirements specified. The Safeguard Mechanism document[39] provides more information about measurement requirements and standards for some production variables.

For some production variables, Schedule 1 of the Safeguard Rule specifies that production is measured by reference to NGER legislative requirements (for example, coal industry production variables).

Unless otherwise specified in Schedule 1 of the Safeguard Rule, measurement of production variables is generally expected to be based on records of the quantity of product produced, using calibrated instruments or other industry standards as applicable. Evidence of production 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 the financial year that the product was physically extracted and processed (if required) at the facility. Ore that is extracted from a different facility and processed at the facility, or ore extracted in a previous financial year which has been stockpiled, 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 – this information can be edited if it needs to be updated
- if there was no production in a historical financial year(s), 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, enter a value of zero for production and the value for covered emissions
- production quantities can be entered to 3 decimal places if required.

#### 3.7.2.1 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 that would ordinarily be considered by participants in the relevant market to both:

[39] https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document

- be the output of a process carried out as part of the relevant activity the constitutes the facility
- have a commercial value as that output.

Saleable quality may be based on industry standards or specifications (either general specifications or those set by 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.

Some production is not considered of saleable quality and must not be included in an amount of product used in an application. This includes product:

- that is sub-standard and discarded
- 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
- of saleable quality but is scrapped or lost before being packaged.

#### 3.7.2.2 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.

#### 3.7.2.3 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 the following:

- 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 or NGER report, an explanation is required for the differences.
- If production differs from figures provided to other government entities, or from 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), provide an explanation.
- 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

To calculate FSEI values for historical production variables, covered emissions relevantly associated with each production variable need to be identified and apportioned.

Applicants must apportion emissions between production variables consistently with how emissions were apportioned for the calculation of the default emissions intensity values, as described in the Safeguard Mechanism document[40]. This ensures FSEI values are calculated in the same way as the default values and reflect actual emissions related to production of the production variable.

The Safeguard Mechanism document sets out the emissions sources that were either included in, or excluded from, industry average emissions intensity calculations. It specifies 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 (other than emission types that are not covered emissions).

Where an emissions source spans multiple production variables, emissions must be apportioned between production variables – see how to apportion covered emissions below.

If a facility has minor emissions sources not associated with any production variables, they can be apportioned to one or more production variables appliable to the facility, see Step 4 below.

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 totals for that financial year in the online application form but will not be included in calculating a FSEI 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 facility total covered emissions data).

**Step 2 – identify included emissions sources for each production variable**

Use the Safeguard Mechanism document to identify included emissions sources for each production variable.

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, apportion the emissions source between the production variables – see Step 3 below.

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 be possible to allocate those minor emissions to one or more applicable production variables – see Step 4 below.

[40] https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document

**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.

The applicant may choose the method for apportioning an emissions source between production variables unless the Safeguard Mechanism document specifies this method – 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.

Apportioning 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 an EID with a FSEI value for one or more production variables, emissions should continue to be apportioned between production variables on the same basis unless a different method results in more accurately apportioned emissions.

> **Example of emissions source spanning 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 fairly represents the actual emissions attributable to the production variable.

**Step 4 – minor emissions sources**

Minor emissions sources are not included in any production variable applicable to a facility, as set out in the Safeguard Mechanism document. When added together, minor emissions sources 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 apportioned to whichever production variable the emissions are most directly related to or generated by, in a way that fairly represents the actual emissions from that production variable.

If an applicant believes that a facility produces emissions not relevant to the production of any listed production variable that total more than 10% of the facility's covered emissions in a historical financial year, please contact us[41] at the earliest opportunity to discuss.

#### 3.7.3.2 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.

#### 3.7.3.3 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. This includes 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 emissions are apportioned reasonably
- 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, provide sufficient information to determine if the method of apportionment is reasonable and the resulting emissions allocation represents actual emissions for each production variable.

Generally, supporting information should include the following:

- 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[42].
  - » It is recommended that each emissions source is labelled with the relevant NGER Measurement Determination source or sub-source name.
- Information regarding calculations and measurements, including estimates and assumptions, used to apportion an emissions source to production variables.
- A description of any minor emissions sources that have been allocated to a production variable, including the basis for allocating this source to a production variable
  - » Information that demonstrates that the sum of all minor emissions sources combined is less than 10% of the facility's covered emissions, in each given financial year.

[41] https://cer.gov.au/about-us/contact-us
[42] https://www.dcceew.gov.au/climate-change/publications/safeguard-mechanism-document

#### 3.7.3.4 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 must separately provide the amount of that gas in $tCO_2$-e.

This information will enable the CER to vary an EID if there is a future change to the Global Warming Potential (GWP) values of any non-carbon dioxide greenhouse gas. See 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 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 $tCO_2$-e.

Alternatively, this information can be provided in supporting information documents.

### 3.7.4 Calculating facility-specific emissions intensities

Facility-specific emissions intensity values are set by the CER as part of making an EID. See decision to make an emissions intensity determination for more information.

If the CER decides to make an EID, it will use data provided in the application in conjunction with the calculation rules specified below, to calculate the FSEI value for each historical production variable.

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

FSEI values will be rounded to 4 significant figures in the application form.

Note that if an application has a transitional production variable, the CER will set a FSEI value to the default value applicable to the 2022–23 financial year, according to Schedule 1 of the Safeguard Rule.

#### 3.7.4.1 Calculation rules

The FSEI value for a historical production variable is calculated depending on the number of historical financial years for which information is provided in the application. These calculation approaches are set out in section 20 of the Safeguard Rule.

If the required information on all 5 historical financial years is provided, the FSEI value for a historical production variable is determined as follows:

1. Calculate the emissions intensity for each financial year.
2. Exclude the years with the highest and lowest emissions intensity values.
3. Sum the production quantities for the 3 remaining financial years.
4. Sum the relevant covered emissions for that production variable for the 3 remaining financial years.
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 if the facility was only producing for 1 to 4 historical financial years), the FSEI is determined according to the following steps:

- **4 years available**: exclude the financial years with the highest and lowest emissions intensity, sum the production and relevant covered emissions of the remaining 2 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 2 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 Online Services[43].

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 the register of auditors[44] for a list of accredited greenhouse and energy auditors and information on engaging an audit team.

The matters to be audited and covered by the audit report are the reasonable and limited assurance matters outlined below. The audit report must comply with the relevant requirements for reasonable and limited assurance engagements under the National Greenhouse and Energy (Audit) Determination 2009[45].

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, see the Emissions intensity audit report template[46].

### 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 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.

[43] https://cer.gov.au/online-systems#online-services
[44] https://cer.gov.au/schemes/audits-our-schemes/find-auditor
[45] https://www.legislation.gov.au/F2010L00053/latest/text
[46] https://cer.gov.au/document_page/emissions-intensity-audit-report-template

- 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 matter 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 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 of the Safeguard Rule.
- If the application includes estimates and assumptions made in accordance with subsection 15(3) of the Safeguard Rule —whether, in all material respects, those estimates and assumptions are reasonable.

Note that for each matter 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 decision to refuse to make an emissions intensity determination for more information.

### 3.8.3 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, or a limited assurance conclusion, for any of the matters listed above, the EID 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 EID audit matters, the applicant should provide the CER with copies of the previous audit reports and indicate what matters they cover.

Note the following information:

- 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 provided audit may contain either a limited or reasonable assurance conclusion.
- The audit matter in the previous audit report must be the same as the EID 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 EID application where adjustments were made under section 15 of the Safeguard Rule.

- The previous audit report can be:
  - 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 an EID or (prior to 1 July 2023) 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 EID 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 EID application specific to the individual facility
  - 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 EID application for the facility.
- If the previous audit report does not specify a certain EID audit matter but the audit did cover that matter, then the audit team leader must provide a letter to the CER confirming that the matter(s) was covered, for the previous audit report to 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 if 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 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.

# 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 check that it is complete. If the application is not complete, the CER may give the responsible emitter a notice requesting further information, so that a formal assessment of the application can begin

If the application is complete, the CER will begin the formal assessment process and take all reasonable steps to ensure a decision is made within **60 days** after receiving the application for an EID.

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 – this is typically within 14 days.

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 further action, in relation to the application.

### 4.1.2 Decision to make an EID

The CER can approve the application and make an EID 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's nominated contact will be notified by email shortly after the decision has been made. The notification will include the following information:

- the first financial year in relation to which the determination will apply

- directions to view the details of the EID via Online Services[47]
- 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 EID

If proposing to refuse to make an EID, the CER will notify the responsible emitter of its intention and its preliminary reasons for the proposed decision, and give the responsible emitter time to respond.

If the CER subsequently decides to refuse to make an EID, 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 EID 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 for more details).

### 4.1.5 Publication of EID details

The CER is required under section 19(6)(b) of the Safeguard Rule to publish EIDs at Emissions intensity determinations data.[48] The determination will be published as soon as practical 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 FSEI 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 EID

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

The CER can only agree to not publish the information if satisfied that it reveals or could be capable of revealing:

[47] https://cer.gov.au/online-systems#online-services
[48] https://cer.gov.au/markets/reports-and-data/safeguard-data#emissions-intensity-determinations-data

- trade secrets
- any other matter having a commercial value, where the information disclosure would, or could reasonably be expected to destroy or diminish the commercial value about a specific facility, technology or corporate initiative relating to the corporation or person.

In assessing a request not to publish information, 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 commercial value about 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 the publication threshold[49].

## 4.2 Variation of an emissions intensity determination

The CER may vary a FSEI number specified in an EID under certain circumstances.

Variations allow the CER to that make sure that a facility's baseline, and the facility's covered emissions that are compared to that baseline, are calculated in a consistent manner. Variations can result in either an increase or a decrease in a facility's FSEI number.

For a variation to be made, the CER must be satisfied that the facility meets the following 2 legislative requirements under section 26.

### 4.2.1 First requirement for variation

The facility's covered emissions, as recalculated to reflect the relevant change (see below), differ by at least 1% from the amount specified in the application for the EID. This will involve:

- recalculating the facility's covered emissions from the historical financial years to reflect the relevant change
- comparing them against the facility's historical covered emissions provided in their original EID application.

### 4.2.2 Second requirement for variation

The difference in the facility's covered emissions must be due to a change after the EID was made. This can include a relevant regulatory change, or a change to the NGER reporting method or activities at the facility.

#### 4.2.2.1 Relevant regulatory change

A relevant regulatory change that came into force after the EID was made includes a change to:

- the NGER Regulations[50], including a change to the Global Warming Potentials
- the NGER Measurement Determination[51]
- a fuel standard, as defined in the *Fuel Quality Standards Act 2000*.

[49] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/about-emissions-and-energy-data#the-publication-threshold
[50] https://www.legislation.gov.au/Series/F2008L02230
[51] https://www.legislation.gov.au/Series/F2008L02309

#### 4.2.2.2 Change in the NGER reporting method used to estimate the facility's emissions

Where a facility's NGER reporting changes to use a higher method, as described in section 1.18(5) of the NGER Measurement Determination (for example, moving from Method 1 to Method 2 or 3 for estimating emissions), the CER may vary the facility's FSEI number, to take into account the impact that the new method has on the calculation of the facility's emissions.

A higher method means a method with a higher number in the NGER Measurement Determination than the previous method used to estimate emissions for NGER reporting.

The NGER Measurement Determination sets out the different methods that may be used to estimate emissions of greenhouse gases from a facility. The methods available will depend on the individual emissions sources:

- Method 1 for an emissions source generally allows for the use of default emission factors based on state or national averages.
- Higher methods for each emissions source are more rigorous and in principle and provide greater accuracy than Method 1 but require more active measurement effort. They generally involve varying degrees of on-site sampling, analysis, or direct measurement. Use of a higher method may result in either an increase or decrease in emissions, compared to the amount estimated using Method 1.

The CER cannot vary an EID where the facility's reporting changes from a higher to a lower method.

NGER reporters may switch to a higher method at any time but must use the higher method for at least 4 years before changing to a lower method.

For more information about available NGER methods, see the methods and measurement criteria guideline[52].

#### 4.2.2.3 Change of activities at the facility

An activity under the Safeguard Mechanism is as identified for each production variable under Schedule 1 of the Safeguard Rule and as is defined under the Safeguard Mechanism document.

Decisions regarding variations based on a change of activities at the facility after the EID was made will be assessed on a case-by-case basis, with reference to the definitions provided in these documents**.**

### 4.2.3 Timeframe for EID variations

If the CER proposes to vary an EID, it will notify the responsible emitter for the facility as per the process in section 28 of the Safeguard Rule.

A variation must be finalised before 31 January following the first financial year that the variation applies.

#### 4.2.3.1 Notification of changes

Where there is a relevant regulatory change, the CER will (if possible) advise the affected responsible emitters, to ensure they are aware of the changes and timeframes involved to meet the 31 January deadline.

[52] https://cer.gov.au/document_page/methods-and-measurement-criteria-guideline

The CER can identify changes in methods from NGER reports and will contact the responsible emitter directly. However, responsible emitters are encouraged to contact the CER prior to 31 October to discuss the potential need for an EID variation.

Where there is a change of activities at the facility, it is important that the responsible emitter is aware of the 31 January final date for decision. The responsible emitter should contact the CER as soon as they become aware of any change that may impact their facility's FSEI.

### 4.2.4 Process of variation

The process for variations includes the following steps from sections 27 and 28 of the Safeguard Rule.

#### Step 1 – notice requesting information

The CER may send a notice to the responsible emitter under section 27 to request specified information to assist the CER in its consideration of a variation.

The request will usually seek information about the relevant change, such as the use of a higher method or change of activity. This request may vary on a case-by-case basis.

**Example of information likely to be requested for a method change under NGER**

- Updated facility total covered emissions ($tCO_2$-e) for each historical financial year identified in the EID application (between 2017–18 to 2021–22) adjusted for the different method used in the nominated period
- Updated covered emissions ($tCO_2$-e) associated with each historical production variable adjusted for the different method used in the period.
- The updated covered emissions should be calculated on the same basis as calculating covered emissions for an EID application and considering the different method used in the period (see section 15 of the Safeguard Rule).
- Updated FSEI number for each applicable production variable calculated on the same basis as section 20 of the Safeguard Rule.
- Information explaining how the updated covered emissions were calculated, and any estimates and assumptions made that relate to the re-calculation of historic covered emissions to adjust for the different method used in the period.
- Any other specified information identified that will assist in ensuring the facilities emissions intensity reflects the current emissions profile of the facility.

In making a variation, the CER will generally re-apply any changed conditions to the historical data from the EID application to ensure consistency in how FSEI numbers in EIDs are set.

#### Step 2 – notice of proposed variation

If the CER proposes to vary a FSEI number it must send a notice under section 28 to the responsible emitter, advising of the proposed variation. This notice must both:

- specify the proposed change to the FSEI
- invite the responsible emitter to respond in writing within a defined timeframe.

This notice may also request the responsible emitter provides specific information that the CER considers relevant to the proposed variation.

**Step 3 – decision timeframe**

Within 30 days after the end of the period specified in the notice, the CER must consider the responsible emitter's response to the proposed variation notice (if any response is provided), and decide to make or not make the variation.

The variation must be made on or before the 31 January following the end of the reporting period in which it would take effect. For example, for the 2024–25 period which started on 1 June 2024, the variation must be finalised prior to 31 January 2026.

The variation comes into force on the first day of the first financial year in which the relevant regulatory change came into force, a different method was used, or a change of activities occurred.

**Step 4 – decision and publication**

The CER must notify the responsible emitter of the decision and must publish the following information about new and varied EIDs:

- the FSEI values of any historical, transitional or related production variables
- whether a production variable is a related or comparative production variable.

For further information about the EID variation process, please contact the CER Safeguard team at cer-safeguardbaselines@cer.gov.au.

## 4.3 Successor emissions intensity determinations

The CER may make a successor determination in specified situations where a change in the structure of a facility occurs for a facility with an existing EID.

The successor determination allows a facility that has undergone a change of structure to have an FSEI or FSEIs set for the facility or facilities impacted by that change of structure.

If you consider you may need a successor determination, contact cer-safeguardbaselines@cer.gov.au and cer-nger-reporting@cer.gov.au at the earliest opportunity to provide details of your intended facility change. This will initiate the CER's consideration of the facility definition and a potential successor determination.

### 4.3.1 Requirements for successor determinations

For a successor determination to be made, the CER must be satisfied that the facility meets 2 legislative requirements under section 24 of the Safeguard Rule.

The first requirement is that the facility ceases to constitute the original facility.

The second requirement is that the original facility either:

- begins to constitute one or more other facilities
- becomes included in the activity, or series of activities that constitute another facility.

The CER may have regard to any matter it considers relevant to establishing if a successor determination may be made.

### 4.3.2 Timeframe for successor determinations

If the successor determination would increase the baseline for a facility, the successor determination can be made either:

- in the same financial year that it would begin to apply to
- in the financial year immediately after the financial year for which it would begin to apply.

For example, if a successor determination would increase the facility's baseline, a successor determination that applies to the 2024–2025 financial year could be made during the 2024–2025 financial year or after 1 July 2025 in the 2025–26 financial year. The determination would be expressed to apply from 1 July 2024.

If the determination would not increase the baseline for the facility, then the successor determination will apply from the start of the financial year in which it is made.

For example, if the determination would decrease the facility's baseline, the successor determination must be made before 30 June 2026 to apply to the 2025–26 financial year. The determination would be expressed to apply from 1 July 2025.

### 4.3.3 Process of a successor determination

Under Section 25 of the Safeguard Rule, the process for making a successor determination includes the following steps:

#### Step 1 – notice

The CER must issue a notice in writing of the proposal to make a successor determination. This notice must:

- specify the proposed FSEI for any production variable
- specify the first financial year to which the determination would apply
- invite the responsible emitter to respond in writing within a defined timeframe.

The notice may request that the responsible emitter provide the CER with specified information that is considered relevant to the proposed determination.

#### Step 2 – decision timeframe

Within 30 days after the end of the period specified in the notice, the CER must consider the response from the notice (if any) and decide to make or not make the successor determination.

#### Step 3 – decision and publication

The CER must notify the responsible emitter of the decision to make or not make the successor determination.

The CER must publish the following information about new and varied EIDs:

- the FSEI values of any historical, transitional or related production variables
- whether a production variable is a related or comparative production variable.

For further information about the process, please contact the CER Safeguard team at cer-safeguardbaselines@cer.gov.au.

# Appendix A – Eligible facility

Being an eligible facility allows a facility whose covered emissions drop below the 100,000 $tCO_2$-e coverage threshold to be issued SMCs. This is subject to meeting the other requirements under section 56 or, if the facility has a multi-year monitoring period, section 57 of the Safeguard Rule.

A facility must meet one of 3 sets of eligibility criteria under section 58B of the Safeguard Rule to be an eligibility facility for a financial year for which SMCs are claimed in relation to the facility (current financial year).

## Criteria 1 – subsection 58B(1) of the Safeguard Rule

- The facility is not a designated large facility, as defined in the NGER Act, for the current financial year.
- The facility was a designated large facility for a financial year within the previous 10 years.
- The facility has not been a designated large facility for any financial year since the financial year for which it was last a designated large facility.
- The facility was a designated large facility in:
  - at least 3 financial years from 2017–18 to 2021–22
  - 2 of the 4 financial years immediately before the last financial year for which it was a designated large facility.
- The facility has an EID for the current financial year or is a new facility.
- No ACCUs have been issued in relation to avoidance of covered emissions from the operations of the facility for the current, or the previous, financial year.

## Criteria 2 – subsection 58B(2) of the Safeguard Rule

- The facility is not a designated large facility, as defined in the NGER Act, for the current financial year.
- The current financial year begins after 30 June 2028.
- The facility was a designated large facility for at least 3 of the 5 financial years immediately before the current financial year.
- The facility has an EID for the current financial year or is a new facility.
- No ACCUs have been issued in relation to avoidance of covered emissions from the operations of the facility for the current, or the previous, financial year.

## Criteria 3 – subsection 58B(4) of the Safeguard Rule

- The facility is not a designated large facility, as defined in the NGER Act, for the current financial year.
- The facility was a designated large facility for a financial year within the previous 10 years.
- The facility has not been a designated large facility for any financial year since the financial year for which it was last a designated large facility.
- The current financial year is one of the 10 financial years after the earlier of:
  - the last year for which SMCs were not issued in relation to the facility
  - the financial year 3 years after the last financial year for which the facility was a designated large facility.

- The facility was a designated large facility in either:
  - 3 financial years from 2017–18 to 2021–22
  - 2 of the 4 financial years immediately before the last financial year for which it was a designated large facility.
- The facility has an EID for the current financial year or is a new facility.
- No ACCUs have been issued in relation to avoidance of covered emissions from the operations of the facility for the current, or the previous, financial year.
- No SMCs have been issued in relation to the facility for any financial year after the last financial year for which it was a designated large facility.