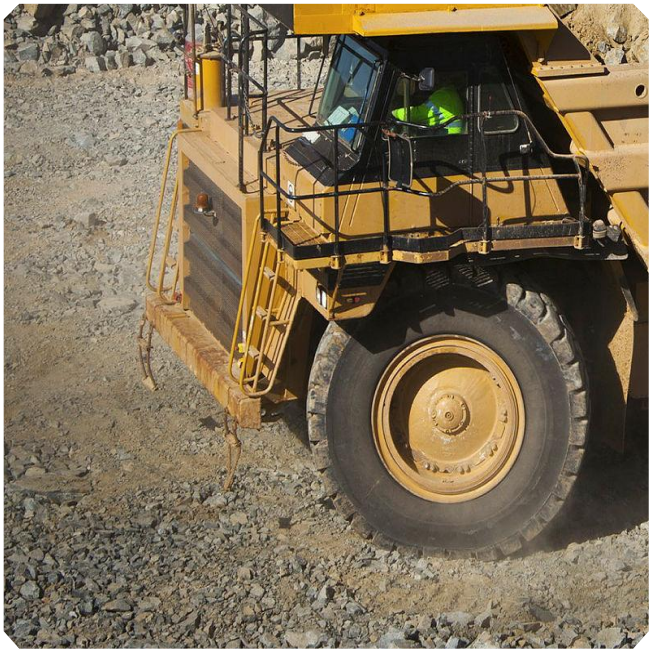
Australian Government
Clean Energy Regulator

Trade-exposed baseline-adjusted determination application guideline

Safeguard Mechanism

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CLEAN ENERGY REGULATOR

Contents

Disclaimer **3**

Definitions and abbreviations **4**

Revision history **8**

Who this guideline is for **9**

Part 1 Introduction **10**

1.1 What is a TEBA determination? 10

1.2 Impact on other excess emissions management options 10

Part 2 Application requirements **11**

2.1 Eligibility and application deadlines 11

2.2 Preparing and submitting the application 12

Part 3 Detailed application requirements **14**

3.1 Responsible emitter 14

3.2 Facility name 14

3.3 First financial year 14

3.4 Covered emissions 14

3.5 Primary production variable 15

3.6 Revenue/earnings before interest and tax (EBIT) information 15

3.7 Hypothetical baseline 16

3.8 Assessed cost impact 17

3.9 Ratio of cost impacts 19

3.10 Emissions reduction contribution (ERC) 20

3.11 Baseline emissions number 22

3.12 Audit report 22

Part 4 Other matters **24**

4.1 Processing, decision-making and publication 24

4.2 Revocation of a TEBA determination by the responsible emitter 27

4.3 Variation of a TEBA determination by the CER 27

Disclaimer

This guidance has been developed by the Clean Energy Regulator (CER) to help responsible emitters apply for a trade-exposed baseline-adjusted (TEBA) facility determination under section 39 of 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], 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 TEBA determinations or the Safeguard Mechanism more broadly.

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

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

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

[1] https://www.legislation.gov.au/F2015L01637
[2] https://www.legislation.gov.au/C2007A00175
[3] https://www.legislation.gov.au/F2008L02230
[4] https://www.legislation.gov.au/F2008L02309

Definitions and abbreviations

Term	Meaning
Borrowing adjustment (BA)	To help manage compliance obligations, a facility can 'borrow' from its future baseline. 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, as defined in section 7 of the NGER Act[5]. A controlling corporation is a constitutional corporation that does not have a holding company in Australia. It is generally the corporation at the top of the corporate hierarchy in Australia. It can be a 'non-operational' holding company. It may also be a foreign incorporated entity that operates directly in Australia (that is, does not operate through an Australian incorporated subsidiary).
Covered emissions	Scope 1 emissions of one or more greenhouse gas, including: • direct emissions from fugitive emissions • emissions from fuel combustion • waste disposal and industrial process such as cement and steel making. Some scope 1 emissions are not covered by the Safeguard Mechanism, such as emissions from landfills associated with pre-1 July 2016 waste and emissions related to the production of electricity at a grid-connected electricity generation facility.
Earnings before interest and tax (EBIT) guidelines	The EBIT guidelines[6] are an administrative document published by the Department of Climate Change, Energy, the Environment, and Water (the department) under subsection 37(7) of the Safeguard Rule[7]. The EBIT guidelines will help the CER, applicants and auditors to apply the EBIT calculations required by section 37 of the Safeguard Rule and are consistent with those rules.

[5] https://www.legislation.gov.au/C2007A00175
[6] https://www.dcceew.gov.au/climate-change/emissions-reporting/national-greenhouse-energy-reporting-scheme/safeguard-mechanism#toc_3
[7] https://www.legislation.gov.au/F2015L01637

Term	Meaning
Emissions intensity (EI)	Emissions intensity for a production variable means the emissions released, in t CO_2-e, per unit of the production variable. Production variables are set out in Schedule 1 of the Safeguard Rule[8].
Emissions reduction contribution (ERC)	The emission reduction contribution (ERC) is the value which incorporates the decline rate for a financial year into the calculation of a facility's baseline emissions number for that financial year. The ERC is a number value between 0 and 1. The default ERC values are set in Division 5 of Part 3 of the Safeguard Rule. For example, the default ERC value for the financial year beginning on 1 July 2023 is 0.951 (1 minus 0.049), which incorporates the default decline rate of 4.9% for the 2023–24 financial year. If a TEBA determination is made by the CER, the determination will specify the ERC for the facility for the first financial year to which the determination would apply, and the next 2 financial years. Those ERC values will be used instead of the default ERC values in the calculation of the facility's baseline emissions numbers for those financial years.
Excess emissions situation	Where the net emissions number for a facility for a monitoring period exceeds the facility's baseline emissions number for that monitoring period.
Executive officer (EO)	An executive officer is defined as a: • Director • Chief Executive Officer (however described) • Chief Financial Officer (however described) • Company Secretary.
Facility	Under section 9 of the NGER Act[9] 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: • forms a single undertaking or enterprise and meet the requirements of the NGER Regulations[10] • are declared to be a facility under section 54, 54A or 54B of the NGER Act.

[8] https://www.legislation.gov.au/F2015L01637
[9] https://www.legislation.gov.au/C2007A00175
[10] https://www.legislation.gov.au/F2008L02230

Term	Meaning
First adjusted financial year	The first financial year in which the TEBA determination would apply to the facility, as defined in subsection 36(6) of the Safeguard Rule[11].
Multi-year monitoring period (MYMP)	MYMPs can provide responsible emitters with more time to implement emissions intensity reduction activities to avoid an excess emissions situation. The responsible emitter for a safeguard facility that is in an excess emissions situation for a financial year commencing on or after 1 July 2023 may apply for a MYMP declaration of up to 5 years in length, to commence from that financial year.
NGER Report	A submission of energy and emissions information required under the NGER Act[12].
Operational control	A person is considered to have operational control over a facility if that person has authority to introduce and implement operating, health and safety, and/or environmental policies, or if the CER declares the person has operational control over the facility under section 55 or 55A of the NGER Act. If there is uncertainty about which person has operational control over a facility and the agency has not made a declaration under section 55 or 55A of the NGER Act, the person having operational control over the facility will be the one with the greatest authority to introduce and implement operating and environmental policies in relation to the facility. If among 2 or more persons neither has the greatest authority to introduce and implement operating and environmental policies in relation to a facility, and the CER has not made a declaration under section 55 or 55A of the NGER Act: • if a nomination by those persons is in force, then the nominated person will be taken to have operational control, or • if there is no nomination in force, each of those persons will be taken to have operational control over the facility.
Prescribed carbon unit	For the purposes of the NGER Act a prescribed carbon unit is either: • an Australian carbon credit unit (ACCU) • a Safeguard Mechanism credit unit (SMC).

[11] https://www.legislation.gov.au/F2015L01637
[12] https://www.legislation.gov.au/C2007A00175

Term	Meaning
Primary production variable	Defined in the Safeguard Rule[13], as either: • if there is only one production variable for the facility – that production variable • if there are 2 or more production variables for the facility – the production variable that is most significant for the operation of the facility, having primary regard to the share of revenue and covered emissions directly or indirectly attributable to that production variable.
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.
Responsible emitter	The person with operational control of a safeguard facility. The responsible emitter is responsible for meeting the Safeguard Mechanism requirements if the facility exceeds the safeguard threshold for a financial year and its net emissions number for the responsible emitter's monitoring period exceeds its baseline for that period. The responsible emitter may be an individual, a body corporate, a trust, a corporation sole, a body politic or a local governing body.
Safeguard Mechanism credit unit (SMC)	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.
Safeguard threshold	The number beyond which covered emissions produced by a facility in a financial year would cause it to be a designated large facility and therefore covered by the Safeguard Mechanism. The threshold is currently 100,000 tonnes of CO_2-e in a financial year.
Scope 1 emissions	Emissions of greenhouse gases released into the atmosphere as a direct result of the activity or activities at a facility level such as fuel combustion for electricity generation or cement production[14]. Some scope 1 emissions are not covered by the Safeguard Mechanism (see definition of covered emissions above).

[13] https://www.legislation.gov.au/F2015L01637
[14] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/about-emissions-and-energy-data/emissions-and-energy-types#types-of-emissions

Revision history

Date	Description
4 September 2025	• Updated guidance in relation to user access permissions for completing, signing, and submitting the form (page 14).
12 August 2026	• Updated guidance in relation to the supporting information requested for the primary production variable (page 16). • Updated guidance in relation to the supporting information requested for the EBIT calculation (page 16). • Updated the example given in the emissions reduction contribution section (page 22). • General updates throughout guideline to improve clarity and usability.

Who this guideline is for

This document provides guidance about applying for a determination that a facility is a TEBA facility (TEBA determination) under section 39 of the Safeguard Rule[15].

The CER recommends that parties involved in an application for a TEBA determination consider this guideline document. In particular, this guideline is for:

- responsible emitters of safeguard facilities
- auditors who are undertaking audits of TEBA applications.

For specific information relating to audits, see audit report.

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

Important information

- The facility that the TEBA determination applies to must be able to reasonably satisfy the CER that, in the first financial year, its total covered emissions exceed its hypothetical baseline for that financial year
- The primary production variable for the facility in the first financial year must be a trade-exposed production variable listed in Schedule 2 of the Safeguard Rule
- A TEBA application must be submitted with an audit report that meets the requirements in section 40 of the Safeguard Rule – see audit report for more information
- A TEBA application must be prepared using both:
  - » the 'Safeguard Mechanism default prescribed unit price'[16] published on the Department of Climate Change, Energy, the Environment and Water's website for the first financial year that the TEBA determination would apply to the facility
  - » the EBIT guidelines[16] in force for that financial year.
- A TEBA application must be made using the form available in Online Services[17]
- The due date for an application for a TEBA determination is the 31 October immediately following the end of the first financial year of the proposed TEBA determination
  - » For example, for a TEBA determination to start applying to a facility in the 2025–26 financial year, the responsible emitter for the facility must apply by 31 October 2026.

[15] https://www.legislation.gov.au/F2015L01637
[16] https://www.dcceew.gov.au/climate-change/emissions-reporting/national-greenhouse-energy-reporting-scheme/safeguard-mechanism#toc_3
[17] https://onlineservices.cer.gov.au/

Part 1 Introduction

1.1 TEBA determinations

A TEBA determination is an excess emissions management option that may be available to facilities where:

- in the first financial year, its total covered emissions exceed its hypothetical baseline for that financial year
- the primary production variable for the facility in the first financial year is a trade-exposed production variable listed in Schedule 2 of the Safeguard Rule[18].

A TEBA determination sets a facility-specific emissions reduction contribution (ERC) value for each of the 3 financial years covered by the determination. The ERC is the value which incorporates the decline rate for a financial year into the calculation of a facility's baseline emissions number for that financial year.

The default decline rate is 4.9% and the minimum decline rate for a TEBA facility is:

- 1% for manufacturing facilities
- 2% for non-manufacturing facilities.

For example, a facility with a TEBA determination for the 2025–26 to 2027–28 financial years could be eligible for a decline rate of 3%, rather than the default 4.9%. This would mean the facility would have a reduction to the ERC of 0.03 each year, starting from the default ERC of 0.902 for the 2024–25 year before the TEBA applied. Therefore, the facility will have facility-specific ERC values of 0.872, 0.842, and 0.812 in the 3 covered financial years respectively.

1.2 Impact on other excess emissions management options

A TEBA determination cannot be made if another excess emissions management option is already in place for the first financial year of the proposed TEBA determination.

1.2.1 Multi-year monitoring period

A TEBA determination cannot be made if a multi-year monitoring period (MYMP) declaration is already in force for the facility for the first year that the TEBA determination would apply to.

However, once a TEBA determination is made, a facility may be eligible for an MYMP declaration provided it meets all relevant MYMP legislative requirements.

Additionally, the responsible emitter for a facility with an MYMP declaration in place can apply to the CER for the declaration to be revoked so that the first financial year of the proposed TEBA determination is not included in an MYMP declaration for the facility.

[18] https://www.legislation.gov.au/F2015L01637

1.2.2 Borrowing adjustment

A TEBA determination cannot be made unless the borrowing adjustment (BA) for the facility for the first financial year is zero.

However, if a facility already has a TEBA determination in place, the responsible emitter can apply for a BA determination.

Part 2 Application requirements

2.1 Eligibility and application deadlines

The responsible emitter for a facility can apply for a TEBA determination through Online Services[19].

2.1.1 Eligibility

A facility is eligible for a TEBA determination if the CER is reasonably satisfied that:

- the information included in the application is correct
- the total number of tonnes of carbon dioxide equivalence (t CO_2-e) of greenhouse gases from the operation of the facility during the first financial year (the covered emission) is greater than the hypothetical baseline of the facility for that year (see covered emissions for more information)
- the amount of covered emissions from the operation of the facility in the first financial year was not increased for the sole or substantial purpose of achieving the result that either:
  - » the CER makes the determination
  - » the ERC for the facility for the first financial year and the next 2 financial years is higher than it would have been if not for that increase (see declaration for more information).
- the borrowing adjustment for the facility for the first financial year is zero
- a multi-year monitoring period does not exist in relation to the facility for the first financial year
- the primary production variable for the facility in the first financial year is a trade-exposed production variable (see for more information)
- the assessed cost impact for the facility for the first financial year is greater than 0.03 (see assessed cost impact for more information).

2.1.2 Application deadline

The deadline to apply is the first **31 October** immediately following the end of the first financial year of the proposed TEBA determination. For example, for the 2025–26 financial year, the responsible emitter for a facility must apply by 31 October 2026.

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

[19] https://onlineservices.cer.gov.au/

Late applications

The CER expects all responsible emitters to meet the application deadline. If you believe that you may be unable to meet this deadline, contact the CER as soon as possible.

The Safeguard Rule[20] gives the CER discretion to accept a TEBA application submitted after the deadline.

The CER will consider granting an extension in very limited circumstances, if the applicant can demonstrate that they have taken all reasonable steps to progress their application and have engaged an auditor for the purposes of section 40 of the Safeguard Rule.

An extension request should be submitted by the 31 October application deadline.

2.2 Preparing and submitting the application

An application for a TEBA determination is submitted online by the responsible emitter for a facility.

2.2.1 Accessing the application form

The application form is accessed through Online Services[21].

An Online Services user with the 'manage facilities' permission who is also linked to the responsible emitter can prepare and edit a draft application. The 'manage facilities' permission is found in the 'NGER' permissions tab within the 'manage user' function in Online Services. Find information on how to update user permissions in the NGER Online Services User Guide[22].

The application form can be saved at any point and continued later. A copy of the application form can be saved as a PDF and printed at any stage.

2.2.2 Application requirements

A summary of the application requirements is listed in the following callout box. Detailed application requirements provides further details on each application requirement.

Summary of application form information and data requirements

The responsible emitter is required to provide the following information in the online application form:

- the first financial year in which the TEBA determination would apply to the facility (see first financial year)
- the amount of covered emissions for the facility in the first financial year (see covered emissions)
- a declaration regarding the facility's covered emissions in the first financial year made by the CFO (however described) (see declaration)

[20] https://www.legislation.gov.au/F2015L01637
[21] https://onlineservices.cer.gov.au/
[22] https://cer.gov.au/document_page/nger-online-services-user-guide

- the primary production variable for the facility in the first financial year (see primary production variable)
- the facility's revenue, for a non-manufacturing facility, or EBIT, for a manufacturing facility, in the first financial year (see revenue/earnings before interest and tax information)
- any assumptions made when working out the value for the revenue or EBIT (as appropriate) for the first financial year (see EBIT and revenue). For EBIT, each depreciation factor used to calculate the EBIT, and if an accelerated depreciation factor is used, an explanation for why this factor is used (see EBIT)
- the hypothetical baseline number for the facility for the first financial year (see hypothetical baseline)
- the assessed cost impact for the facility for the first financial year, and information about assumptions made when working out this value (see assessed cost impact)
- the ERC value and baseline emissions number for the facility for the first financial year if the TEBA determination were made (see emissions reduction contribution and baseline emissions number)
- an estimate of the ERC value for the facility for the second and third financial years in which the TEBA determination would apply to the facility (see)
- sign-off of the application and declaration by the CFO (or person whose duties are equivalent to a CFO) of the responsible emitter of the facility (see submitting the application).

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, the CFO (however described) of the responsible emitter is required to acknowledge and sign the declaration.

There are 2 options to sign and submit an application form.

- An Online Services user with both the CFO relationship to the responsible emitter, and also the 'manage facilities' user permission, can log in to Online Services[23], open the draft version of the application, review the declaration and submit the application directly online.

OR

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

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

[23] https://onlineservices.cer.gov.au/

Part 3 Detailed application requirements

3.1 Responsible emitter

The application must be submitted by the current responsible emitter for the facility. The responsible emitter for a facility is the person (individual, body corporate, trust, corporation sole, body politic or local governing body) with operational control[24] 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 the top right-hand corner of the Online Services page. If an applicant needs to change to a different responsible emitter, click on the user and organisation profile icon and select 'Switch Organisations'. If the required responsible emitter doesn't appear, contact someone in the organisation that has the 'manage users' permissions, as they can give access (see NGER Online Services user guide[25] for more information).

If a responsible emitter is not already registered under the NGER Act[26], and it is not a controlling corporation, it must apply to register under section 15B of the NGER Act. For more information on how to identify the responsible emitter for a facility and apply for registration, see the assess your obligations[35] information on our website.

3.2 Facility name

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 First financial year

The application must specify the first financial year in which the TEBA determination would apply to the facility.

A new application for a TEBA determination can be made even when it overlaps with an existing TEBA determination. In this case, if the CER makes the new TEBA determination, the CER must revoke the existing TEBA determination. The new determination would replace the ERC values in the revoked determination from the first financial year that the new TEBA determination would apply to the facility.

3.4 Covered emissions

The application must specify the amount of covered emissions from the operation of the facility in the first financial year of the proposed TEBA determination.

This amount should match the amount reported (or expected to be reported) in the facility's NGER report for the first financial year.

[24] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/assess-your-obligations
[25] https://cer.gov.au/document_page/nger-online-services-user-guide
[26] https://www.legislation.gov.au/C2007A00175

3.4.1 Declaration

The application must include a declaration that the amount of the facility's covered emissions in the first financial year was not increased for the sole or substantial purpose of either:

- achieving the result that the CER makes the determination
- achieving the result that the ERC for the facility for the first financial year and the next 2 financial years is higher than it would have been but for that increase.

The declaration is included in the application form in a tick box format.

The declaration must be signed (through completing the tick box) by the CFO (however described) of the responsible emitter.

3.5 Primary production variable

The application must specify the primary production variable for the facility in the first financial year, which must also be listed as a trade-exposed production variable in Schedule 2 of the Safeguard Rule[27].

The primary production variable of the facility establishes whether the facility is a trade-exposed *manufacturing* or trade exposed *non-manufacturing* facility. Schedule 2 of the Safeguard Rule lists the relevant production variables that are either manufacturing or non-manufacturing production variables.

A primary production variable is defined as either:

- if there is only one production variable for the facility — that production variable
- if there are 2 or more production variables for the facility — the production variable that is most significant for the operation of the facility, having primary regard to the share of revenue and covered emissions directly or indirectly attributable to that production variable.

Where a facility has multiple production variables that are significant to the operation of the facility, the CER requests that the responsible emitter provide supporting information that demonstrates that the primary production variable identified in the application is the most significant for the operation of the facility.

3.6 Revenue/earnings before interest and tax (EBIT) information

Manufacturing facilities must provide the facility's EBIT in the first financial year – see EBIT.

Non-manufacturing facilities must provide the facility's revenue in the first financial year – see revenue.

3.6.1 EBIT

Manufacturing facilities must provide the facility's EBIT in the first financial year. The EBIT must be calculated for the first financial year in accordance with the Australian accounting standards[28] and any EBIT guidelines[29] in force at the end of the financial year.

[27] https://www.legislation.gov.au/F2015L01637
[28] https://www.aasb.gov.au/
[29] https://www.dcceew.gov.au/climate-change/emissions-reporting/national-greenhouse-energy-reporting-scheme/safeguard-mechanism#toc_3

Appendix A of the EBIT guidelines provides a table to help in providing a breakdown of a facility's EBIT. The CER requests that the information in that table, or a similar form, be provided as part of the application for a TEBA determination.

Where the EBIT guidelines and Australian accounting standards are inconsistent, the EBIT guidelines prevail to the extent of any inconsistency.

Any assumptions made when calculating the EBIT value must be explained. This information may be included in the application form or in a supporting document.

Any funding provided to the facility for the financial year under the Powering the Regions Fund must be excluded from the facility's revenue for the financial year when calculating the EBIT value for that financial year.

There are 3 acceptable depreciation factors which are set out in legislation to use in calculating the EBIT value. These are:

- 1.0
- 1.1
- 1.2.

If the calculation of the EBIT value uses an accelerated depreciation factor of 1.1 or 1.2, then the application must justify why this factor was used. This explanation may be provided directly into the online form, or in a supporting document.

Different depreciation factors may be used for different capital expenses of the facility in calculating the EBIT value for the facility for a financial year. If using accelerated depreciation factors, an explanation for each accelerated depreciation factor used must be included in the application.

3.6.2 Revenue

Non-manufacturing facilities must provide the facility's revenue for the first financial year, which must be calculated in accordance with the Australian accounting standards[30] as in force at the end of that financial year.

Any assumptions made when determining the revenue value must be explained. This information may be included in the application form or in a supporting document.

Any funding provided to the facility for the financial year under the Powering the Regions Fund must be excluded from the facility's revenue for the financial year when calculating the revenue.

3.7 Hypothetical baseline

For a TEBA application, a facility's hypothetical baseline is the baseline emissions number that would apply for the first financial year if the TEBA determination was not made.

[30] https://www.aasb.gov.au/

The hypothetical baseline number must be calculated with the relevant inputs which would apply to the facility in the first adjusted financial year. The relevant inputs are found from either the baseline calculation in section 11 of the Safeguard Rule[31] for existing facilities or section 29 for new facilities.

The baseline inputs include the quantity of relevant production variables, facility-specific emissions intensity values (if relevant), the transition proportion (if relevant), the default or best practice emissions intensity value (if applicable), and the relevant ERC value for the financial year.

The relevant ERC value to calculate the hypothetical baseline number will be shown in the ERC schedule available in the responsible emitter's Online Services[32] account.

3.8 Assessed cost impact

The assessed cost impact represents the percentage cost impact of the Safeguard Mechanism on a facility, relative to the facility's EBIT/revenue value in a financial year. A facility may be eligible for a TEBA determination if the assessed cost impact is above the "material cost impact threshold" of 3% (0.03). That is, the calculated cost to the facility of purchasing prescribed carbon units (ACCUs and/or SMCs) to surrender to avoid an excess emissions situation would be greater than 3% of the facility's EBIT/revenue. This value is calculated based on the default prescribed unit price[33] which is an estimate of the average price of a prescribed carbon unit during that financial year, set annually by the Secretary and published on the department's website.

If the assessed cost impact is less than or equal to 3% (0.03), the facility is not eligible for a TEBA determination.

The assessed cost impact value is used to inform the ratio of cost impacts calculation (see ratio of cost impacts), which in turn informs the ERC calculation (see emissions reduction contribution).

The assessed cost impact value for the first financial year must be provided in the application form, including any assumptions made to calculate that value.

If the number of dollars in revenue of the facility in the first adjusted financial year for the facility is less than or equal to zero, the *assessed cost impact* for the facility for the financial year is equal to the *significant cost impact threshold* for the facility, which is:

- for a manufacturing facility – 0.10
- for a non-manufacturing facility – 0.08.

The formula for determining the assessed cost impact for a:

- **non-manufacturing** facility is $\frac{P_{SM} \times PE}{RF}$

[31] https://www.legislation.gov.au/F2015L01637
[32] https://onlineservices.cer.gov.au/
[33] https://www.dcceew.gov.au/climate-change/emissions-reporting/national-greenhouse-energy-reporting-scheme/safeguard-mechanism#toc_3

- **manufacturing** facility is $\frac{P_{SM} \times PE}{EBIT}$

where:

P_{SM} is the number of dollars in the Safeguard Mechanism default prescribed unit price for the first adjusted financial year for the facility.

PE is the number equal to the difference between:

- the facility's covered emissions during the first adjusted financial year
- the hypothetical baseline of the facility for the first adjusted financial year (see hypothetical baseline).

Therefore, the **PE** value is equal to the facility's covered emissions minus the hypothetical baseline number for the first adjusted financial year.

RF is the number of dollars in the revenue of the facility in the first adjusted financial year. This is relevant for *non-manufacturing* facilities (see revenue).

EBIT is the number of dollars that is equal to the earnings before interest and tax of the facility in the first adjusted financial year. This is relevant for *manufacturing* facilities (see EBIT).

The Safeguard Mechanism default prescribed unit price[34] will be set (and published) on an annual basis at the conclusion of each financial year by the department. The relevant financial year value must be used in a TEBA application. For example, the Safeguard Mechanism default prescribed unit price set for the 2025–26 financial year must be used in TEBA applications which state 2025–26 as the first adjusted financial year.

[34] https://www.dcceew.gov.au/climate-change/emissions-reporting/national-greenhouse-energy-reporting-scheme/safeguard-mechanism#toc_3

Example

In this example a **manufacturing facility** is applying for a TEBA determination.

Assessed cost impact = $\frac{P_{SM} \times PE}{EBIT}$

P_{SM} = $40
Safeguard Mechanism default prescribed unit price

PE = 10,000
Amount of t CO_2-e emitted above facility's hypothetical baseline

EBIT = 5,000,000
Earnings before interest and tax

Assessed cost impact = $\frac{40 \times 10{,}000}{5{,}000{,}000}$

Assessed cost impact = 0.08

3.9 Ratio of cost impacts

The ratio of cost impacts is not required to be included in a TEBA determination application. However, this value is used to calculate the ERC value, and is calculated based on the assessed cost impact, both of which are required to be included in the application.

The ratio of cost impacts represents a ratio of the assessed cost impacts, calculated according to assessed cost impact above, with both the material cost impact threshold and significant cost impact threshold. These thresholds are legislated in the Safeguard Rule[35].

The material cost impact threshold describes the minimum cost impact that a facility must meet or exceed to be eligible for a TEBA determination.

The significant cost impact threshold describes the maximum impact threshold for facilities, which results in the lowest possible decline rate. If the assessed cost impact for the facility for the financial year is equal to or greater than the significant cost impact threshold for the facility (**CI_S**), the ratio of cost impacts for the facility for the financial year is 1.

If the assessed cost impact for the facility for the financial year is less than the significant cost impact threshold for the facility:

The ratio of cost impact is calculated using the formula: $\frac{CI_A - CI_M}{CI_S - CI_M}$

where:

[35] https://www.legislation.gov.au/F2015L01637

CI_A is the assessed cost impact for the facility for the financial year.

CI_M is 0.03 (known as the material cost impact threshold).

CI_S is the significant cost impact threshold for the facility:

- for a manufacturing facility—0.10
- for a non-manufacturing facility—0.08.

Example

In this example a **manufacturing facility** is applying for a TEBA determination.

Ratio of cost impacts = $\frac{CI_A - CI_M}{CI_S - CI_M}$

CI_A = 0.08
Assessed cost impact

CI_M = 0.03
material cost impact threshold

CI_S = 0.10
significant cost impact threshold

Ratio of cost impacts = $\frac{0.08 - 0.03}{0.10 - 0.03}$

Ratio of cost impacts = 0.71429

3.10 Emissions reduction contribution (ERC)

A TEBA application must include the ERC values for each of the 3 financial years to be covered by the determination.

A TEBA determination made by the CER will specify the facility-specific ERC values for each of the 3 financial years in which the determination would apply to the facility.

Section 34 of the Safeguard Rule[36] provides the following calculation to determine the ERC value for a TEBA facility in a financial year:

$$ERC_y - DR + RCI \times (DR - DR_m)$$

where:

ERC_y is the emissions reduction contribution for the facility for the previous financial year.

DR is the default decline rate for the financial year. For financial years ending before 1 July 2030 this is 0.049.

[36] https://www.legislation.gov.au/F2015L01637

RCI is the ratio of cost impacts for the facility for the financial year (see ratio of cost impacts).

DR_m (known as the minimum decline rate) is:

- if the facility is a manufacturing facility – 0.01
- for a non-manufacturing facility – 0.02.

When calculating the ERC values for the purposes of a TEBA application, the second and third financial year's ERC_y values should be taken to be the values if the TEBA determination were made.

Therefore, to calculate the ERC value for the second financial year in which the TEBA determination would apply to the facility, the facility-specific ERC value calculated for the first financial year for the purpose of the application should be used as the ERC_y value.

Similarly, the second financial year's ERC value should then be used as the ERC_y value to calculate the ERC value for the third financial year in which the TEBA determination would apply to the facility.

Example

In this example a **manufacturing facility** is applying for a TEBA determination in the 2025–26 financial year.

Emissions reduction contribution for a financial year in which a TEBA determination would apply to the facility = $\mathrm{ERC_y} - \mathrm{DR} + \mathrm{RCI} \times (\mathrm{DR} - \mathrm{DR_m})$

ERC_y for 1st year = 0.902

emissions reduction contribution for the facility for the previous financial year

DR = 0.049

default decline rate

RCI = 0.71429

ratio of cost impacts

DR_m = 0.01

minimum decline rate

ERC_y for 2nd year = 0.88086

ERC_y for 3rd year = 0.85971

ERC in the first adjusted financial year =

$0.902 - 0.049 + 0.71429 \times (0.049 - 0.01)$

$= 0.88086$

ERC in the second TEBA year =

$0.88086 - 0.049 + 0.71429 \times (0.049 - 0.01)$

$= 0.85971$

ERC in the third TEBA year =

$0.85971 - 0.049 + 0.71429 \times (0.049 - 0.01)$

$= 0.83857$

3.10.1 ERC value when a TEBA determination expires

Once a TEBA determination expires, the ERC value for a financial year will be calculated using the formula for a regular facility which was previously a TEBA facility, set out in section 33(2) of the Safeguard Rule[37]:

$$\mathrm{ERC_y} - \mathrm{DR}$$

where:

- **$\mathrm{ERC_y}$** is the emissions reduction contribution for the facility for the financial year ending immediately before the relevant financial year.
- **DR** is the default decline rate for the relevant financial year.

This means that once a TEBA determination has expired for a facility, the ERC value for the annual baseline emissions number calculation will not return to the default ERC. Rather, the default decline rate will be applied to the previous financial year's ERC value to determine the ERC value for a particular financial year.

3.11 Baseline emissions number

An application must provide the facility's baseline emissions number in the first financial year:

- assuming the TEBA determination is made
- using the facility's assessed cost impact for the first financial year.

The baseline emissions number is calculated using the ERC value for the first financial year of the proposed TEBA determination.

The baseline emissions number must be calculated with the relevant inputs which would apply to the facility in the first financial year. The relevant inputs are found in either the calculation in section 11 of the Safeguard Rule for existing facilities or section 29 for new facilities.

These inputs include the:

- quantity of relevant production variables
- facility-specific emissions intensity (if relevant)
- transition proportion (if relevant)
- default or best practice emissions intensity value as relevant for each production variable.

3.12 Audit report

An application must be accompanied by an audit report, in accordance with section 40 of the Safeguard Rule, which can be attached to the application form in Online Services[38].

[37] https://www.legislation.gov.au/F2015L01637
[38] https://onlineservices.cer.gov.au/

The audit must be carried out by an audit team registered under sub regulation 6.25(3) of the NGER Regulations[39]. See Register of Auditors[40] for a list of accredited Greenhouse and Energy auditors and information on engaging an audit team.

The NGER Regulations requires that audit team leaders must ensure that the audit team has a suitable and appropriate skillset to complete the required audit. As the TEBA determination application includes financial information such as revenue and EBIT, it is expected that appropriate financial audit team members are involved in a TEBA determination application audit to ensure compliance with revenue and EBIT calculation requirements.

The matters to be audited and covered by the audit report are the reasonable assurance matters outlined below. The audit report must also comply with the relevant requirements for reasonable assurance engagements under the National Greenhouse and Energy (Audit) Determination 2009[41].

The audit report should also contain details of the material considered by the auditor and the analysis conducted to assess that material. It should also contain details of any issues with the application that were identified and investigated or corrected by the auditor in the process of preparing the report.

3.12.1 Reasonable assurance matters

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

- whether, in all material respects, the information included in the application is correct
- whether, in all material respects, the facility satisfies the criteria that:
  - » the primary production variable for the facility in the first financial year is a trade-exposed production variable
  - » the assessed cost impact for the facility for the first financial year is greater than 0.03 (known as the material cost impact threshold).

The audit matter 'whether, in all material respects, the information included in the application is correct' covers all the information provided in the application (summarised below) with the exception of the 2 other specific matters (i.e. primary production variable and assessed cost impact).

The information which must receive a reasonable assurance conclusion includes:

- the revenue or EBIT (earnings before interest or tax) of the facility in the first financial year, including assumptions made in determining the relevant figure
- the assessed cost impact for the facility in the first financial year and information about assumptions made when working out that value
- the facility's covered emissions during the proposed first financial year
- a declaration in the application that the amount of covered emissions from the operation of the facility in the first financial year was not increased for the sole or substantial purpose of either:
  - » achieving the result that the CER makes the determination

[39] https://www.legislation.gov.au/F2008L02230
[40] https://cer.gov.au/schemes/audits-our-schemes/find-auditor
[41] https://www.legislation.gov.au/F2010L00053

- achieving the result that the emissions reduction contribution for the facility for the first financial year and the next 2 financial years is higher than it would have been but for that increase.

- the hypothetical baseline for the first financial year
- the baseline emissions number for the facility for the first financial year
- the ERC value for the first financial year and estimates of the ERC values for the next 2 financial years.

A TEBA determination application audit template[42] is available on the CER's website.

Part 4 Other matters

4.1 Processing, decision-making and publication

4.1.1 Application receipt and processing timeframes

On receipt of the application, the CER will check the application to ensure that it is complete. If the application is not complete, the CER may give the responsible emitter a notice to provide further information, so that a formal assessment of the application can begin, or may find the application ineligible.

Once the application is complete, the CER will take all reasonable steps to ensure a decision is made within 60 days of receiving the application or 60 days from the end of the specified period in the notice to provide additional information if a request for further information was issued.

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

4.1.2 Requests for further information

If additional information is required at any point to inform the decision-making process, the CER may request the responsible emitter provide more information. The request may be made through an informal request or through a formal request made under section 41 of the Safeguard Rule[43]. The request will specify the period in which the information must be provided, which is typically within 14 days.

If the requested information is not provided within the specified period, the CER may refuse to consider the application.

4.1.3 Decision to make a TEBA determination

The CER can only make a TEBA determination under section 42 of the Safeguard Rule if reasonably satisfied, having regard to the EBIT guidelines[44] in force at the end of the first financial year and any other matter that the CER considers relevant, that the following criteria have been met:

- the information included in the application is correct

[42] https://cer.gov.au/document_page/trade-exposed-baseline-adjusted-audit-template
[43] https://www.legislation.gov.au/F2015L01637
[44] https://www.dcceew.gov.au/climate-change/emissions-reporting/national-greenhouse-energy-reporting-scheme/safeguard-mechanism#toc_3

- the borrowing adjustment for the facility for the first financial year is zero
- the first financial year is not included in a multi-year period declaration that is in force in relation to the facility
- the covered emissions of greenhouse gases from the operation of the facility during the first financial year is greater than the hypothetical baseline of the facility for that financial year
- the facility's covered emissions in the first financial year was not increased for the sole or substantial purpose of achieving the result that either:
  - » the CER makes the determination
  - » the ERC for the facility for the first financial year and the next 2 financial years is higher than it would have been but for that increase.
- the primary production variable for the facility in the first financial year is a trade-exposed production variable
- the assessed cost impact for the facility for the first financial year is greater than 0.03 (known as the material cost impact threshold)
- the audit report accompanying the application includes a reasonable assurance conclusion, or a qualified reasonable assurance conclusion, in relation to each of the matters specified in subsection 40(3).

If the CER decides to make the TEBA determination, the responsible emitter will be notified by email after the decision has been made. The notification will include the following details of the determination:

- first financial year to which the determination will apply
- the facility-specific ERC values for the 3 financial years.

The notification will also explain what information about the TEBA determination will be published on CER's website (see publication of the determination).

4.1.4 Decision to refuse to make a TEBA determination

Before a decision to refuse to make a TEBA determination is made, the CER will notify the responsible emitter in writing that it intends to refuse the application and provide reasons for the proposed decision. The responsible emitter will have an opportunity to respond to the proposed reasons. If the CER subsequently decides to refuse to make the TEBA determination, it will provide the responsible emitter with written notice of the decision, including reasons for the decision.

4.1.5 Review rights

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

The CER will notify the responsible emitter of their review rights in the notice of decision (refer to section 56 of the NGER Act[45] for more details).

[45] https://www.legislation.gov.au/C2007A00175

4.1.6 Publication of the determination

The CER is required under paragraph 42(5)(b) of the Safeguard Rule[46] to publish the TEBA determination on its website. The details of the TEBA determination will be published as soon as practical to do so and will include the following information:

- type of determination
- facility name
- responsible emitter for the facility
- start and end date of the TEBA determination
- facility-specific ERC for each of the 3 financial years in which the TEBA determination would apply to the facility.

If the determination is varied in any way (see variation of a TEBA determination by the CER), the varied TEBA determination 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.

4.1.6.1 Request not to publish information in a TEBA determination

Under specific circumstances responsible emitters can apply under section 25 of the NGER Act[47] to request that some information included in a TEBA determination not be published.

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

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

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

For more information about how to make a request for information not to be published see application for information not to be published[48].

[46] https://www.legislation.gov.au/F2015L01637
[47] https://www.legislation.gov.au/C2007A00175
[48] https://cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme/about-emissions-and-energy-data#:~:text=Application%20for%20information%20not%20to%20be%20published

4.2 Revocation of a TEBA determination by the responsible emitter

If a TEBA determination has been made by the CER, the responsible emitter for a facility may apply to revoke the TEBA determination.

This request must be made in writing before the end of the first 31 October after one of the financial years which is included in the TEBA determination for the facility. If the responsible emitter makes this request, the CER must revoke the determination and notify the responsible emitter in writing that it has done so. The revocation will take effect at the start of the financial year in which the request was made.

If a TEBA determination is revoked at the request of the responsible emitter, and the responsible emitter applies for another TEBA determination under section 39 of the Safeguard Rule[49], the CER will not make that determination unless the facility has been a regular facility for at least one financial year during the period between the start of the first of the financial years included in the revoked determination, and the start of the first financial year of the proposed new TEBA determination. This means that there must be a gap of at least one financial year between the revoked and the new TEBA determinations where the facility is not be a TEBA facility for that financial year if the original TEBA determination was revoked at the request of the responsible emitter. Please see section 46 of the Safeguard Rule.

Please contact the CER if you wish to apply for the revocation of a TEBA determination.

4.3 Variation of a TEBA determination by the CER

The CER may unilaterally vary a TEBA determination if satisfied that either:

- the assessed cost impact for the facility for the first financial year was incorrectly calculated
- information provided to the CER in connection with the application for the determination was false or misleading in a material particular.

If the CER is considering varying a TEBA determination, the CER will provide the responsible emitter with a written notice of intent to vary the determination specifying the ERC that would apply to the 3 financial years included in the TEBA determination if the variation were made. The notice will also include an opportunity for the responsible emitter of the facility to provide a written response to the proposed variation within the period specified in the notice. The CER will consider the responsible emitter's response (if any) prior to making a decision to vary or not vary the TEBA determination.

If the CER decides to vary the TEBA determination, it will give the responsible emitter written notice of the decision, including the reasons for the decision. Once varied, the TEBA determination, including the varied ERC values specified, will apply to the facility for all 3 financial years included in the TEBA determination.

If the CER decides not to vary the determination, it will notify the responsible emitter of that decision in writing.

[49] https://www.legislation.gov.au/F2015L01637