

Jorge Van Den Brande

From: Chris Ritchie
Sent: Tuesday, 11 June 2019 3:37 PM
To: Jorge Van Den Brande; David Koppers
Subject: FW: Shoalhaven Mod 16

Hi Jorge and David

In response to the IPC's further queries, please find below Shoalhaven's response.

There is a Q&A style response to some technical matters, however I requested further details to contextualize the CER and how the Company addresses these matters. The response to the CER is also provided below.

If you need anything further please let me know
Chris

From: Gilbert Bratby
Sent: Tuesday, 11 June 2019 3:12 PM
To: Brian Hanley [REDACTED]
Subject: National Greenhouse Energy Reporting scheme and other issues

Brian

Thanks for the email you sent from Chris Ritchie in relation to the Shoalhaven Starches Mod 16 Application.

Chris asked about the Clean energy regulations (CER) that Shoalhaven Starches is registered under. By way of explanation can I just remind you, The Manildra Group (being all of our business sites and manufacturing locations) as a whole is registered under the Group name "Manildra Milling Pty Ltd" as a large emitter of CO2 and is required under the National Greenhouse and Energy Reporting Act to self-assess and submit annually the total amount of CO2 that it is responsible for in all of its operations. I have detailed the link below as to how this has come about but in summary post Carbon Tax we have a system whereby Manildra is allowed to operate at or below a given Baseline. Our baseline was the volume of CO2 the Group emitted back in 2010. Under the current scheme if we produce more than this baseline we have to offset the excess tonnage by purchasing CO2 offsets from approved CO2 abatement schemes at the prevailing price per tonne. As this price fluctuates greatly at any given time any excess above our baseline could only be roughly estimated as a extra cost. Manildra has to date never exceeded this baseline and therefore hasn't had to worry. There is no legislative or Government mechanism that stops us producing above our baseline JUST that then have to offset the CO2 that we exceed it by – it becomes another cost. Refer;

<http://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme>

Now under the proposals for Mod 16 there is discussion as to baseline productions but I think these are re NSW planning volumes and not the CER volumes. There maybe restrictions under our planning and NSW governance arrangements about upping CO2 production but there is no CER restrictions other than those mentioned. Additionally under the past and NEW CER rules when a facility is expanded the emitter can apply for a production increase in their CO2 tonnage emitted. As I attach this mechanism and process is still being finalized but as the current baseline system is about to be changed Manildra would be seeking to increase our baseline under the new system in line with the 25% production increase anyway. As this has yet to be finalised we haven't applied. You can see these changes mooted on the attached.

<http://www.cleanenergyregulator.gov.au/NGER/The-safeguard-mechanism/Baselines>

As a result of this, Manildra's CER baseline will change assuming Mod 16 is approved and we may then NOT emit more than our new increased baseline reporting amount - it all depends on how high we are able to expand our baseline.

(assuming we don't get all of the production CO2 increase in the adjusted baseline we could still estimate the cost in offsets of the uncovered CO2 tonnage. At present this is difficult but maybe not a deal breaker depending on their cost.)

I hope this adds some light to the discussion and explains Manildra's CER baseline issues.

Regards

Gilbert Bratby
Company Secretary
Manildra Group of Companies

From: Arvind Sharma [REDACTED]
Sent: Thursday, 6 June 2019 1:55 PM
To: Brian Hanley [REDACTED]; John Studdert [REDACTED]; Ming Leung [REDACTED]
Subject: RE: Shoalhaven Mod 16

Dear Brian,

In response to the queries raised by IPC, I am appending following key points which provide a quick snapshot of how Shoalhaven Starches will not exceed the safeguard baseline of **338,959 tCO₂-e**, if there is no production increase with the proposed modification. And in case there is production increase, Shoalhaven will be submitting an application to the Clean Energy Regulator to adjust the calculated baseline in accordance with the baseline guidance available on CER website. <http://www.cleanenergyregulator.gov.au/NGER/The-safeguard-mechanism/Baselines/Baseline-variation>

1. **Current Facility emissions**- Scope 1 emission from existing facility is 271,848 tCO₂-e which is well within the safeguard mechanism baseline. Scope 2 emission, mainly from purchased electricity is 245,039 tCO₂-e, thereby making total GHG emissions to 516,887 tCO₂-e.
 2. **Current Facility + 15MW CF Cogen plant emissions** – In this scenario there is slight increase in Scope 1 emissions. However Scope 1 remain within the safeguard mechanism baseline at 317,038 tCO₂-e (338,959 tCO₂-e). In addition, there is about 40% drop in Scope 2 emissions compared to existing facility, which is primarily due the coal fired co-gen plant. Overall total emission in this scenario is 460,725 tCO₂-e.
 3. **Current Facility + 15MW CF Cogen plant + increased throughput emissions** – This scenario takes into account increased throughput and hence there is increase in Scope 1 emissions causing exceedance of 71,271 tCO₂-e. In this scenario, dependence on grid electricity goes up resulting in increase in Scope 2 emissions to current facility levels.
 4. **Emission intensity** – there is improvement in emission intensity with each modification as compared to the current facility scenario **0.535 t CO₂-e/t throughput** in current facility emissions to **0.486 t CO₂-e/t throughput** in the proposed scenario (current facility+15 W Cogen and Increased production). Emission intensity is best in the Current facility+15MW Cogen plant scenario at **0.477 t CO₂-e/t throughput**
 5. The report also highlights the fact that share of carbon capture is increasing with each modification.
- It is clear from above that the calculated baseline set under the safeguard mechanism will only exceed if there is production increase. Shoalhaven starches is cognizant of the fact that there will be exceedance in the increased throughput scenario and as discussed above, an application will be submitted to The Clean Energy Regulator.

Regards,

Arvind Sharma
Technical Director - Sustainability

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From: Brian Hanley [redacted] >
Sent: Tuesday, 4 June 2019 4:14 PM
To: John Studdert (InTouch) [redacted] Ming Leung (InTouch)
[redacted]; Arvind Sharma [redacted]
Subject: FW: Shoalhaven Mod 16

Regards

Brian Hanley | Manager, Energy & Sustainability



From: Chris Ritchie [<mailto:Chris.Ritchie@planning.nsw.gov.au>]
Sent: Tuesday, 4 June 2019 4:04 PM
To: Brian Hanley [redacted]
Subject: FW: Shoalhaven Mod 16

From: Jorge Van Den Brande
Sent: Tuesday, 4 June 2019 1:42 PM
To: Chris Ritchie <Chris.Ritchie@planning.nsw.gov.au>
Cc: David Koppers <David.Koppers@ipcn.nsw.gov.au>
Subject: Shoalhaven Mod 16

Hi Chris,

Thanks for taking the call.

In summary, the Panel seeks clarification on the Applicant's measures that would address the exceedances (114,802 t CO₂-e and 71,271 t CO₂-e), as per the CER (Clean Energy Regulator) baseline Safety Mechanism. The GHG report does not seem to refer to any measures and the exceedances are discussed in the second page of the executive summary.

Cheers

Jorge Van Den Brande | Planning Officer

NSW Independent Planning Commission

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