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CPRS conversations from WasteQ conference

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Efforts to "demystify" the proposed Carbon Pollution Reduction Scheme dominated early discussions at the WasteQ conference in Brisbane. Delegates heard from a range of speakers, who raised almost as many questions as they answered. The take home message for councils was there remains a great deal of uncertainty surrounding carbon regulation, and they need to take steps to mitigate risks of a price shock in the future.

Landfill gas well

Dr Stephen Bygrave from the Department of Climate Change is one of the chief architects of the CPRS, and started his talk saying the department has had "a most productive relationship" with the waste industry. Subsequent speakers all made a note of thanking the DCC for its reversal on the issue of covering legacy emissions, which the industry almost unanimously opposed.

Dr Bygrave went on to outline the aims of the CPRS – setting Australia down the path to a low carbon economy – and called the bevy of assistance measures (which have been criticised by green groups for pandering to polluters) "transitionary" design aspects, supposed to ease the nation into a carbon constrained economy. They will not be in place forever.

Discussing issues of more specific relevance to waste, he says the department is yet to finalise the "proximity rule" that will be used to ensure waste doesn't leak out of large, covered landfills into smaller neighbouring facilities. It will consult further with industry to pick a suitable distance.

The lower 10,000t CO2e threshold for sites close to covered sites (emitting over 25,000t CO2e) will not "leapfrog" out – only sites within the set distance of the large landfill will be covered.

The government intends to eventually publish a list of these large landfills to make it simple for other operators to work out how far they are from a covered site. The proximity distance, once set, will be fixed for five years to provide certainty for operators.

The government estimates its revised proximity rule will see only about 150 landfill sites covered by the CPRS, rather than the 500 sites previously speculated.

On another area of industry concern, measurement of landfill emission, Dr Bygrave appeared to put paid to the "simple proxy method" outlined in this newsletter last week, saying the NGERs model was designed as "a one stop shop for reporting under the CPRS". He explained the DCC is working with the industry to "strengthen NGER methodology issues".

The intention is for operators to "lock in" a legacy emission curve from year one of the CPRS, and calculate annual liabilities by subtracting these projected emission from actual emissions (initially using first order decay models, but with a view to using direct measurement techniques as soon as they become available).

SITA's Mike Ritchie followed on from Dr Bygrave, and argued getting a handle on measurement was the "B issue now that the A issue – legacy waste – is off the list". He says the NGER methodology was developed as an inventory tool only, and not as a tool to be applied when a financial penalty is attached to the outcome.

It has about 40 variables to it, and Ritchie claims every one of them will be "tweaked to the left" as all operators (naturally) seek to minimise their liability. With error margins of at least ±50% attached to the outcome of the modelling, there is little confidence the results will bear much resemblance to the realistic situation.

From the sidelines of the conference, Ritchie told *Inside Waste* that Dr Bygrave had agreed to have a look at the simple proxy argument. As outlined this week, however, the wider landfill industry through ALOA does not support the simple proxy idea.

Another area of CPRS uncertainty for waste operators concerns the global warming impact of methane, the primary emission source from landfills. Modelling currently assumes it has 21 times the impact of CO2, although the internationally accepted figure was recently revised up to 25 times. Ritchie says Australian councils should factor at least the 25 figure into their calculations, and possibly more because it could well change again over the 30-year timeframe it takes waste to break down.

As Michael Voros from Freehills pointed out, "things have been shifting in this debate every week, if not every day," making it difficult for councils to draft up contracts due to the uncertainty surrounding future operating conditions. But as he says, "anything can be enforced, if it's drafted properly," and there are ways to ensure councils and contractors share the risks of future adjustments to the CPRS.

Hyder Consulting's Dr Joe Pickin also elaborated on the idea of uncertainty behind greenhouse modelling being a key risk factor for councils. Building on discussions of the global warming potential of methane, he says the figure could well be 78 times CO2, if regulators decide to measure its impact compared to CO2 on a 10-year timeframe instead of on the current 100 year timeline: "there's value judgements hidden in this," he warned.

Running delegates through the workings of some carbon emission modelling software, he showed how sensitive the results were to changes in key assumptions – such as global warming potential of methane, or what is 'best practice' gas capture for a landfill.

Dr Pickin's overall message was the need for caution in interpreting the results of any model that is based on a range of complicated variables, especially when looking only at the summary results without really knowing the underlying assumptions.

"[Waste planners] need to think strategically about these things and not get too hooked on the little bar charts, because there is things hidden behind them," he concluded.

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