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EPBC Reform Taskforce

Department of Sustainability, Environment, Water, Population and Communities

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Origin Energy's Response to parts of the EPBC Act Reform Package

This submission is Origin Energy's response to the public consultation of the *Environment Protection and Biodiversity Conservation Act, 1999* (EPBC Act) reform package in relation to:

- National Centre for Cooperation on Environment and Development
- Draft Australian Government Biodiversity Policy; and
- Draft Environmental Offsets Policy.

We will make a separate submission regarding the Consultation Paper on Cost Recovery.

In relation to the Draft Biodiversity and Environmental Offsets Policies, we seek further information from the Government regarding how they will be applied upon commencement. For example, will they apply to projects that have already commenced EPBC assessments? Or projects under review/appeal? Are there any circumstances in which they could be applied retrospectively to projects already approved?



1. Company Background

Origin Energy Limited (Origin) welcomes the opportunity to comment on the EPBC Act Reform Package.

Origin is a leading Australasian integrated energy company. Being integrated, Origin has diverse operations spanning across the energy supply chain; from gas exploration and production to power generation and energy retailing.

In Australia, Origin has 4.6 million customers and is the largest energy retailer. Origin also has significant power generation capacity and is responsible for around 12 per cent of Australia's electricity generation.^{1, 2}

Through a 42.5 per cent interest in Australia Pacific LNG, Origin is seeking to develop one of Australia's largest coal seam gas (CSG) to liquefied natural gas (LNG) projects. Located in Queensland and based on Australia's largest CSG reserves and resources, Australia Pacific LNG is expected to play an important role in delivering cleaner sources of energy to Asia.

Origin is also a significant investor in renewable energy technologies including geothermal, wind, hydro and solar.

Through our diverse business interests and development projects, we are a significant participant in a range of national and state based environmental, energy and climate change regulatory schemes and initiatives.

2. National Centre for Cooperation on Environment and Development

Origin notes the Australian Government's call for expressions of interest in the new initiative: a National Centre for Cooperation on Environment and Development.

Origin supports the establishment of this new forum creating the platform for dialogue and cooperation between industry, scientists, non-government organisations and governments.

¹ Includes those power stations that Origin owns or has contractual right to; includes Mortlake Power Station which is currently under construction; includes 2,800 MW of capacity for Eraring Power Station

² Includes scheduled generation only, therefore excludes Cullerinkange Wind farm



We understand that the Australian Petroleum Production and Exploration Association (APPEA) will be making a submission to the expression of interest regarding their involvement in the new National Centre. Therefore, Origin will not be responding to the expression of interest, however, we will endeavour to indirectly provide our input via our membership of APPEA.

3. Australian Government Biodiversity Policy

Origin provides the following comments and recommendations with respect to the Consultation Draft of the Australian Government Biodiversity Policy 2011.

Consultation Draft Principle	Origin's Comments and Recommendations
It is better to prevent biodiversity decline before it happens.	Origin is supportive of the general concept behind this principle. However, we seek further information on its application in order to understand the potential implications, impediments or any distortive aspects it may pose to proposed project developments.
Biodiversity should be valued according to its real worth.	Origin agrees with the principle of valuing biodiversity according to its real worth. However currently, there is no widely agreed approach or defined methodology for 'valuing' biodiversity. We seek further information from the Government on the valuation process. We welcome open and ongoing consultation on this matter.
We need to take an adaptive approach to building the resilience of biodiversity to climate change.	Origin acknowledges that an adaptive approach has the potential to deliver better biodiversity outcomes. Greater clarity and detailed explanations are required in relation to the proposed processes for effective adaptive planning and ecosystem monitoring and review. This information is required in order to determine the potential impacts on future developments and the achievement of biodiversity objectives.
Effective conservation requires well-targeted investment.	Origin recommends that there is a clear and open public consultation process to support the development and subsequent reviews of the Government's strategic conservation investment priorities.

Consultation Draft Principle	Origin's Comments and Recommendations
Biodiversity is a complex issue and a shared responsibility, requiring cooperation and mix of approaches.	Origin encourages Government to recognise the contributions made by industry and scientific organisations. The suggested wording change is as follows: <i>'We must recognise and support the effort of volunteers, landholders, farmers, community groups, scientific organisations and industry to date and build on their participation to move forward'</i> .
Solutions need to be at landscape and seascape scale, over time periods that make ecological sense.	<p>Origin agrees with the principle of wider and strengthened use of strategic planning at ecologically meaningful scales. However, we would like to raise issues associated with proponent developments, timing and funding. For example, an individual project proponent should not be expected to take sole responsibility for undertaking regional level studies where it results in inequitable 'up front' costs and/or unreasonable (and potentially very costly) project delays. Where other stakeholders (including Government, scientific organisations and future project proponents) may also benefit from the studies and strategic planning - there should be flexibility to enable a co-ordinated and timely approach with equitable cost sharing arrangements in place.</p> <p>Origin encourages the Government to consult further with industry and other stakeholders on the framework for commissioning, reviewing, updating and financing these wider strategic plans. This in-turn will foster the likelihood of achieving greater biodiversity outcomes and it is also likely to provide greater certainty for project proponents.</p>
The conservation estate is the backbone of our efforts.	Again, Origin is generally supportive. However, we raise questions about how this principle will be adopted in a strategic manner in order to deliver the best biodiversity outcomes over the long term. We also raise the potential burden (financial and/or operational) that may be associated with the long term ongoing management of privately owned and managed high-conservation value areas.

Consultation Draft Principle	Origin's Comments and Recommendations
Commonwealth environmental regulation should be strategic, focused on matters of national environmental significance, and complementary to state and territory legislation.	<p>Origin notes that the Draft Policy does not contain sufficient information to be able to make any meaningful comment on whether the "complementary" nature of Commonwealth regulation will improve the quality, cost or timeliness of outcomes involving States or Territories.</p> <p>Origin requests further information on the Government's approach to working in a complementary way with the States' and Territories' regulation of biodiversity.</p>

4. Environmental Offsets Policy

Origin provides the following comments and recommendations with respect to the Consultation Draft EPBC Act Environmental Offsets Policy, August 2011 and the Draft Environmental Offsets Assessment Guide.

Consultation Draft Policy Section	Origin's Comments and Recommendations
1. Final Environmental Offsets Policy Release.	Origin encourages the Government to provide a clear explanation of the process and timeframes associated with the publication of the final Environmental Offsets Policy. It's critical that project proponents have clear visibility of this policy as it develops and commences implementation to enable adequate project planning and financing.

Consultation Draft Policy Section	Origin's Comments and Recommendations
2. Aims of the policy and overarching offset requirements	<p>Origin agrees with the four key aims documented in the Draft Policy. However, we wish to raise concerns about the application of the principle. For example, we believe that consistent application of the policy and provision of greater certainty should apply to the <u>process</u> of considering suitable offsets, and should not restrict the flexibility or range of <u>offset solutions</u> that might be eligible under the policy. We seek further information on the supporting policy instruments such as guidelines, standards etc in order to see how the four key aims will be delivered upon in practice.</p>
	<p>Origin notes that this Draft Policy is closely linked with the Australian Government's Consultation Draft Biodiversity Policy - specifically Principle 4 (effective conservation) and Principle 6 (solutions need to be at landscape and seascape scale, over time periods that make ecological sense). Recognising these close linkages would assist in delivering on the four aims and give proponents comfort around the efforts towards conservation and value of offsets to biodiversity on a regional scale. Consideration of offsets at the time of undertaking strategic assessments would demonstrate Government's commitment to a more integrated approach to biodiversity conservation.</p> <p>It's important that the implications of long-term management and maintenance of offsets are recognised and addressed via the setting of a firm cessation date or date by which the direct liability for proponents is complete.</p>
4. What are environmental offsets?	<p>Origin encourages the Government to provide further clarity around the definition of 'Residual Impacts'. This would give greater certainty and guidance on how offsets are determined and the policy applied.</p>
What are Environmental Offsets? Section 4, paragraph 3	<p>In a number of instances - the Draft Policy uses language around the concept that 'offsets do not make proposals acceptable'. We caution that at times - the true intention of this message is not clear and may actually leave the impression that they do make it acceptable. For this reason, we make the suggestion that this concept is clearly and consistently defined in all instances.</p>

Consultation Draft Policy Section	Origin's Comments and Recommendations
4.2.2 Indirect offsets	The Environmental Offset Assessment Guide implies that impact points awarded for direct and indirect offsets are treated as having equivalent value. However, the Draft Policy does not provide actual guidance on how to determine points for indirect offsets. Please refer to our comments below in relation to section 6.2.2.
5. Figure 1. When to apply the Environmental Offsets Policy	<p>Origin encourages the Government to consider reviewing and amending this figure. Despite the wording of the Draft Policy, the figure gives the impression that offsets do contribute to making projects acceptable. Suggested amendments are as follows:</p> <ul style="list-style-type: none"> - the "Final decision approved or approved with conditions" box should include reference at the end "(including offsets, where applicable)" - colour coding of arrows is distracting rather than clarifying - there seems to be a potential bypass in the diagram from 'Significant Impact remains likely' box - to 'Is Offsetting proposed, appropriate and feasible?', answer 'No' and then can arrive at 'Yes' if 'the proposed action acceptable?' - the action to develop an offsets proposal should occur earlier in the figure to provide greater certainty on when a proposal is required. Suggestion is to follow the Assessment Stage text (Section 5.2) more closely. For example, once all reasonable measures have been taken to avoid and mitigate, is there a residual impact, if so, are offsets a suitable approach, if yes, develop a proposal.
5.2 Assessment Stage & 5.3 Decision Stage	<p>It's very important to project proponents that they have as much certainty as possible in order for them to plan and undertake projects. Ideally this certainty of approach should be provided in Assessment Stage.</p> <p>We strongly recommend that the need for offset proposals is identified during the Assessment Stage. Only under extraordinary circumstances should the need for an offset proposal first be identified at the Decision Stage.</p>

Consultation Draft Policy Section	Origin's Comments and Recommendations
6 Figure 2. Factors contributing to offset sustainability	Consider amending the flow diagram as follows: the "When to apply the Offsets Policy" flow diagram could be improved by checking that the offset has not already been used at the "Is the proposed offset appropriate? stage. It cannot be appropriate if it's already an offset.
6.1.2 A suitable offset must be of a size and scale proportionate to the impacts being offset	<p>Origin supports the principle that offsets should be based on the consideration of impacts. Offset plans need to encompass the likely impacts of the activities and the extent to which they can be mitigated. However, due to a variety of reasons the actual residual impacts over the life of a project may differ from the predicted impacts. This poses issues when offsets are directly linked to the conditions of a project's approval e.g ramifications for under delivery of benefits and flexibility for acquittal periods.</p> <p>Consideration should be given to providing a mechanism for staging offset acquittals (e.g in one or five year blocks) to ensure actual residual impacts are progressively (and adequately) addressed by the offsets. Adopting such an approach as part of the Policy would encourage proponents to continue to mitigate impacts and deploy lower impact practices and technologies and in-turn, benefit from requiring less offsets. Alternatively, if residual risks are greater than predicted - then increased number of offsets would be required to ensure sufficient acquittal.</p>
6.1.4 Figure 3.	This heading of this figure appears to be incomplete. We also question the intention of its inclusion and the value it contributes to the Policy. Maybe it could be better introduced or consider its deletion?

Consultation Draft Policy Section	Origin's Comments and Recommendations
<p>6.2.2 Government decision making will be conducted in a consistent and transparent manner</p>	<p>Origin notes that the Draft Policy and associated <u>D</u>raft Environmental Offsets Assessment Guide do not provide detailed information regarding the Offsets Calculator and how points are proposed to be attributed to both direct and indirect offsets.</p> <p>Origin is very concerned that the Draft Environmental Offset Assessment Guide is highly conceptual in nature. Without sufficient detail, it is not possible for us to evaluate the proposal. It will need rigorous multi-stakeholder review and testing before it could be adopted practically. Based on the information provided to-date, we believe that some of the concepts embodied in the Offsets Calculator are potentially flawed, and in extreme cases could result in perverse strategies with poor biodiversity outcomes. For example, the offsets calculator includes consideration of Site Characteristics including “length of time between action and offset delivering ecological benefit”. Bonus points would be earned for immediate results while long term results will see points deducted. This may encourage proponents to adopt strategies which focus on short-term low-risk results rather than pursue high biodiversity values over the longer term. While this approach may have benefits in some situations, it might also encourage proponents to establish robust monocultures in favour of pursuing slow growing and/or fragile ecosystems with high biodiversity values in the region.</p> <p>We recommend that detailed information on the Assessment Guide (including explanations of its practical application and the provision of worked calculated examples of various types and scales of projects in various bio-regions) is provided for public consultation, prior to anything being further adopted into the Policy.</p>



We at Origin, are appreciative of the opportunity to make this response and are happy to provide any additional information.

Should you have any questions about this submission please direct them to [REDACTED] or [REDACTED]
[REDACTED] on [REDACTED]

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'Tim O'Grady'.

Tim O'Grady
Head of Public Policy

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