

Water Industry Act 1994

STATEMENT OF OBLIGATIONS (EMISSIONS REDUCTION)

I, Lisa Neville, Minister for Water, as Minister administering Part 1A of the **Water Industry Act 1994**, pursuant to Section 4I(2) of the **Water Industry Act 1994**, make and issue the attached Statement of Obligations (Emissions Reduction) to the following water corporations:

- Barwon Region Water Corporation;
- Central Gippsland Region Water Corporation;
- Central Highlands Region Water Corporation;
- City West Water Corporation;
- Coliban Region Water Corporation;
- East Gippsland Region Water Corporation;
- Gippsland and Southern Rural Water Corporation;
- Goulburn-Murray Rural Water Corporation;
- Goulburn Valley Region Water Corporation;
- Grampians Wimmera Mallee Water Corporation;
- Lower Murray Urban and Rural Water Corporation;
- Melbourne Water Corporation;
- North East Region Water Corporation;
- South East Water Corporation;
- South Gippsland Region Water Corporation;
- Wannon Region Water Corporation;
- Western Region Water Corporation;
- Westernport Region Water Corporation; and
- Yarra Valley Water Corporation.

Hon Lisa Neville MP

Minister for Water

Dated:

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STATEMENT OF OBLIGATIONS (EMISSIONS REDUCTION)

PART 1 POLICY

1-1 Victoria's climate policy

In 2017 the Parliament of Victoria recognised, on behalf of the people of Victoria, that the international community has agreed to hold the global average temperature increase to well below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels.

There is overwhelming scientific consensus that human activity is causing climate change and that global emissions will need to decline to net-zero levels by the second half of the century if this global goal is to be met

To deliver upon this agreement, the Parliament of Victoria has legislated that Victoria shall achieve a long-term emissions reduction target for the State of net-zero greenhouse gas emissions by the year 2050 (*Climate Change Act 2017*).

Water for Victoria, the state's water plan, recognises the obligation to achieve net-zero greenhouse gas emissions by 2050 and commits the water corporations to demonstrating a pathway to net-zero emissions and to pledge an interim emission reduction target to be achieved by 2025.

1-2 Emission Reduction Priorities

In reducing their emissions, the corporations shall:

- Implement actions that reduce emissions resulting from water corporation operations; and
- Give preference to actions that are delivered within the water corporation's region.

PART 2 PRELIMINARY

2-1 Authorising Provision

The Minister responsible for administering the *Water Industry Act 1994* (the Act) makes and issues this Statement of Obligations to all regulated entities under section 41 of the Act.

2-2 Commencement and Term

This Statement commences on the date it is made by the Minister and remains in effect until it is revoked.

2-3 Purpose

The purpose of this Statement is to specify the emissions reduction obligations of a Corporation.

2-4 Interpretation

- (a) The definitions of the terms contained in Schedule A to this Statement apply in this Statement.
- (b) This Statement imposes additional obligations on each Corporation to those specified in the Statement of Obligations (General) that commenced on 20 December 2015.
- (c) Nothing in this Statement should be interpreted to limit or otherwise amend the obligations imposed upon each Corporation under the Statement of Obligations (General).

2-5 Availability of Statement

Each Corporation must publish this Statement on its website and make a copy of this Statement available at each of its offices.

Part 3 RULES FOR CALCULATING EMISSIONS

3-1 Emission Reductions

The Corporations shall meet the requirements of the *National Greenhouse and Energy Reporting (NGER) Act 2007* (Commonwealth) when calculating and reporting its future emissions, except where noted below.

3-1.1 Adjustment for the purchase of renewable energy

Corporations can reduce their Scope 2 emissions by purchasing renewable energy.

3-1.2 Adjustment for generated and consumed renewable energy (behind the meter)

Corporations can reduce their scope 2 emission by generating and consuming renewable energy onsite. Any Renewable Energy Certificates (REC's) that are associated with that renewable energy may be sold, traded or retired, in addition to reducing scope 2 emissions.

3-1.3 Adjustment for exported renewable energy (in front of the meter)

Corporations can reduce their scope 2 emissions by generating and exporting renewable energy to the electricity grid. If any REC's are associated with that renewable energy they must be retired to reduce scope 2 emissions. Renewable energy that is exported to the electricity grid is considered exported energy, regardless of whether the entity generating and consuming the energy is the same entity.

3-1.4 Adjustment for self-generated offsets

Corporations can reduce their emissions by retiring self-generated offsets that meet the National Carbon Offset Standard (NCOS). Self-generated offset means an offset that is created by, or on behalf of, a corporation or Catchment Management Authority and results from activity undertaken in a Victorian catchment.

3-2 Offsets

Corporations shall not use offsets, other than those described in 3-1.4, to reduce reported emissions (except for Melbourne Water Corporation which may use any offset that meets the NCOS to reduce reportable scope 1 fugitive emissions – see clause 3-3).

3-3 Melbourne Water Corporation

Melbourne Water Corporation (Melbourne Water) is the wholesale provider of water and wastewater services for the greater Melbourne metropolitan area, serving a population of some 4.3 million people and accounting for 51% of the Victorian water sector carbon emissions. Melbourne Water receives and treats around 92% of Melbourne's sewage at its Eastern and Western Treatment Plants.

Melbourne Water's average annual greenhouse gas emissions for the period 2011 to 2016 was 408,000 t CO₂e, comprised of approximately 188,000 tonnes of scope 1 (fugitive) emissions resulting from wastewater collection and treatment. There are currently limited opportunities to reduce fugitive emissions from wastewater treatment operations and thus alternative emission reduction activities, such as offsetting, may be necessary.

4-1 Emission Reductions

Each corporation will reduce its emissions to or below the level indicated in the second column of the following table by 1 July 2025:

Water Corporation	2024/2025 reportable emissions (t CO₂e)
Barwon Region Water Corporation	15,926
Central Gippsland Region Water Corporation	32,080
Central Highlands Region Water Corporation	14,738
City West Water Corporation	2,471
Coliban Region Water Corporation	29,304
East Gippsland Region Water Corporation	6,496
Gippsland and Southern Rural Water Corporation	0
Goulburn-Murray Rural Water Corporation	10,399
Goulburn Valley Region Water Corporation	37,416
Grampians Wimmera Mallee Water Corporation	16,244
Lower Murray Urban and Rural Water Corporation	23,667
Melbourne Water Corporation	204,380
North East Region Water Corporation	19,817
South East Water Corporation	23,016
South Gippsland Region Water Corporation	6,480
Wannon Region Water Corporation	18,976
Western Region Water Corporation	25,115
Westernport Region Water Corporation	5,598
Yarra Valley Water Corporation	11,664

PART 5 COMPLIANCE

5-1 Reporting

The Corporation must, when requested by the Minister, report on its progress in meeting its emission reduction obligations.

The Corporation must, when requested by the Department, report on its generation, sale or retirement of Renewable Energy Certificates.

5-2 Failure to Comply

If the Corporation becomes aware of a material failure to comply with its obligation under Parts 1 to 5-1 of this Statement, the Corporation must give the Minister a written report, within 30 days after becoming aware of the failure, that includes:

- (a) the nature of and reason for the failure; and
- (b) a proposed plan of action to rectify the failure.

The Corporation must make any amendment to the plan of action referred to in sub-clause 5-2(b) requested in writing by the Department.

The Corporation must:

- (c) implement the plan of action referred to in sub-clause 5-2(b), as varied by the Department;
- (d) report its progress in implementing the plan, whenever the Department requests in writing.

5-3 Other Audits and Reviews

The Corporation must, when requested by the Minister, arrange for an audit or review of any matter specified by the Minister in relation to the performance of its obligations under this statement.

SCHEDULE A

Definitions

The following definitions apply:

“Act” means the *Water Industry Act 1994*.

“Corporation”, except when used to define other words or terms in this Schedule A, means a regulated entity, which has the same meaning as provided in section 4A of the Act.

“Commission” means the Essential Services Commission.

“Department” means the Department of Environment, Land, Water and Planning.

“Emissions” means greenhouse gases as defined by the *National Greenhouse and Energy Reporting Act 2007*.

“Renewable Energy Certificate” means a certificate issued by a relevant regulator/authority for the generation of renewable energy by an accredited renewable energy power station.

Note this excludes Small Technology Certificates (STCs).

“Minister” means the minister responsible for administering the Act.

“Offset” means a unit that is equivalent to a tonne of greenhouse gas removed from the atmosphere, as defined by the *National Carbon Offset Standard*.

“Scope 2 emissions” means the emissions released to the atmosphere from the indirect consumption of an energy commodity by a corporation, as defined in the *National Greenhouse and Energy Reporting Act 2007*.

“Secretary” means the person occupying or acting in the position of Secretary to the Department.

“Statement” means this Statement of Obligations.