



**CO<sub>2</sub> Partners**

# Managing Carbon Risk

# AGENDA

- Introduction
- WHO is exposed to the risk
- WHAT has to be done
- HOW to manage the risk-The EmMap Management System
- Recommendations
- Q&A

# Introduction

- The effects of CPRS will be felt by all Australians!
- For businesses expect to see an increase in costs across the board.
  - Increased input costs due to passed on costs
    - Energy
    - Transport
    - Other high energy/emissions materials- Aluminium, Glass, cement
  - Cost of Permits if directly exposed
  - Cost of management of CPRS

# Introduction continued

## Electricity Wholesale Price

<i>Year</i>	<i>\$/MWh</i>
2008	40
2030	75
2050	110-130

## Carbon Price

<i>Year</i>	<i>\$/MtCO<sub>2</sub>-e</i>
2010	20-30
2020	35-50
2050	115-160

But.....

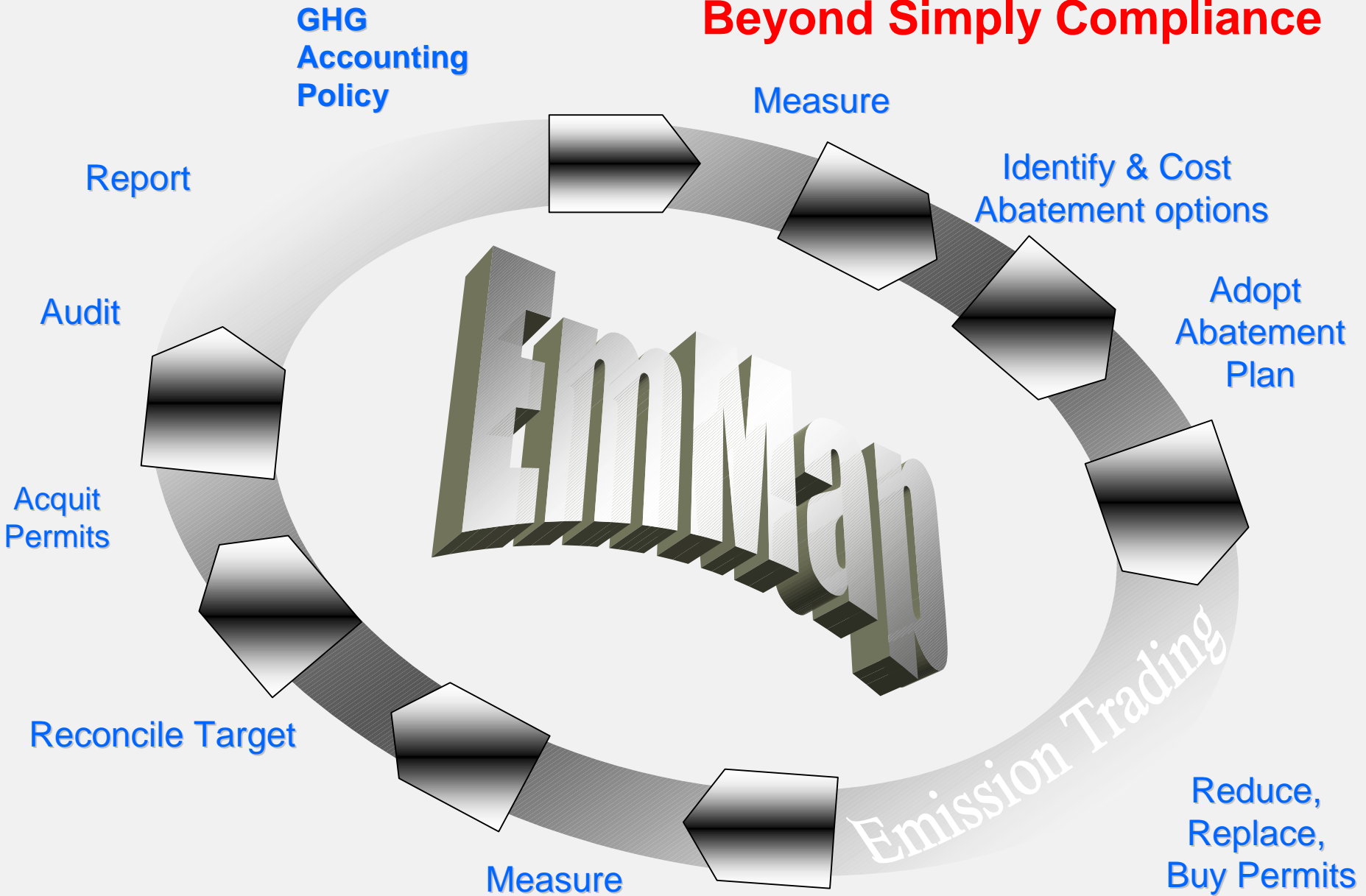
# Introduction continued

- But there are opportunities to reduce this risk
  - Reduce Energy Intensity
  - Find Alternatives
  - Improve Energy Efficiency
  - Manage Carbon Costs
- Management has a responsibility to Stakeholders to deliver compliance at the lowest cost.

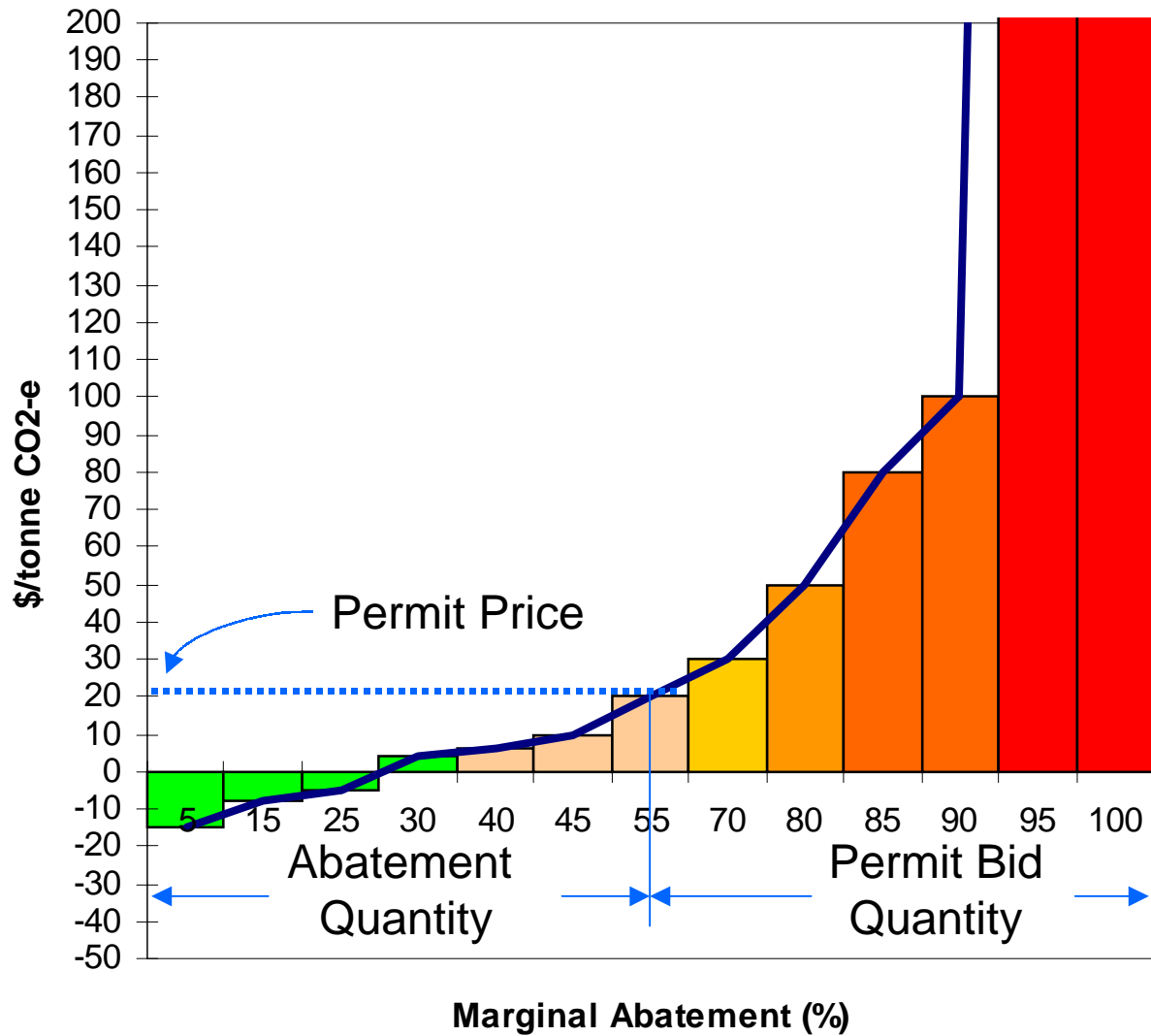
# WHAT has to be done for Compliance.

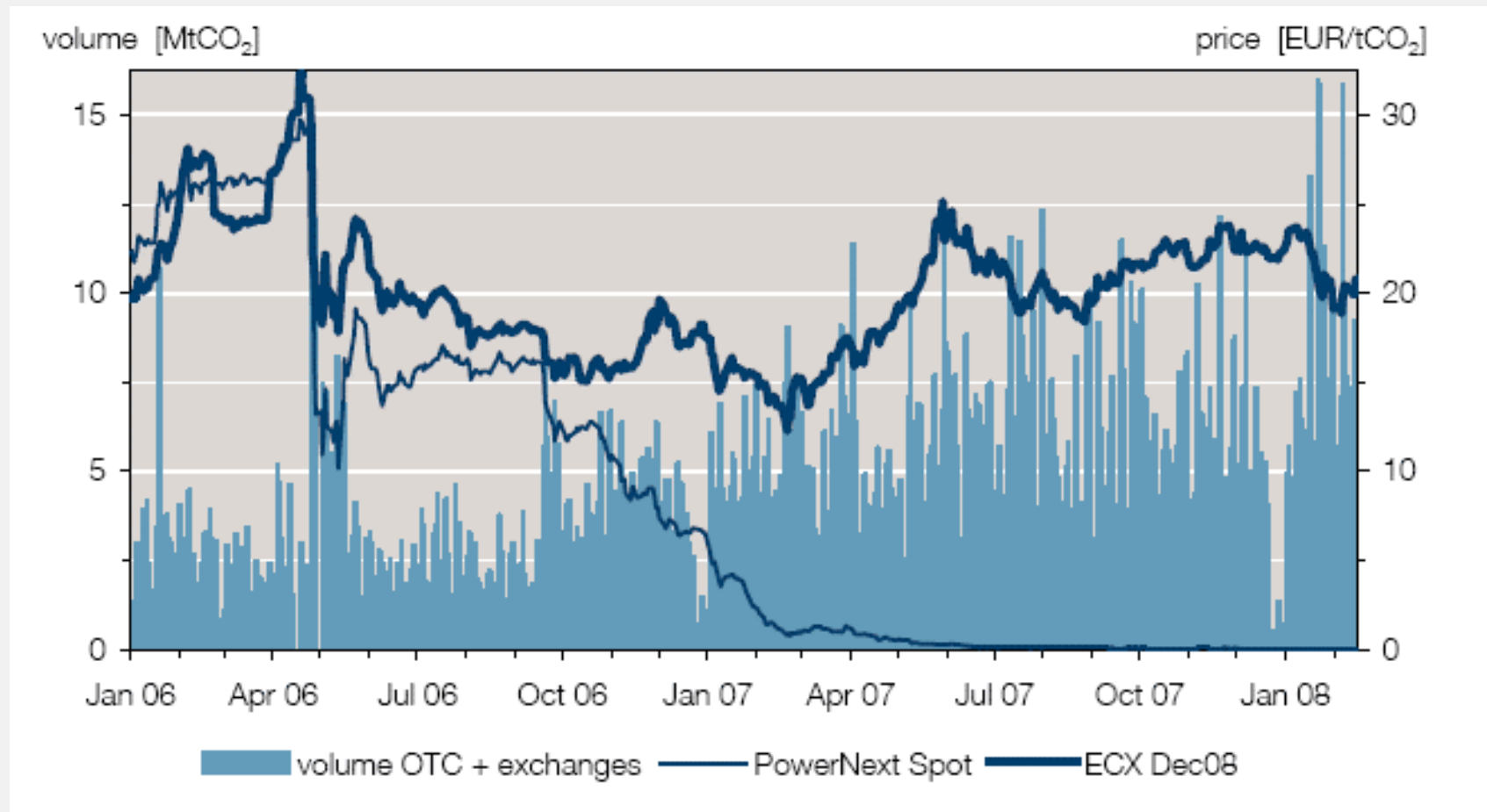
- If you are a responsible entity need to measure & report emissions under the NGERs Act.
  - Threshold is 25kt/100TJ energy per facility or 125kt/500TJ energy for corporation.
  - Data will be basis for calculating carbon permit requirements.
- Purchase and remit permits based on your annual emissions.

# Beyond Simply Compliance



# Marginal Cost of Abatement (\$/tonne Co2)





# Recommendations

- Understand your emissions profile now.
- Understand the impact of strategy on emission profile now.
- Understand the internal cost of abatement.
- Develop management systems.
- Understand the cost of carbon in contracts, transactions & capital projects.

# Q&A

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