

# THE IMPLICATIONS OF THE CARBON POLLUTION REDUCTION SCHEME FOR YOUR BUSINESS: SESSION 2

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### This morning

- Important concepts
- Participating in the CPRS: compliance responsibilities
- Participating in the CPRS: transactional choices and risk management opportunities
- Participating in the CPRS: other management choices
- Participating in the CPRS: upstream and downstream issues

### Now

- Developing organisational strategies: the make or buy choice



# Compliance

## NGERS

- Registration
- Measurement
- Reporting & Assurance

## CPRS

- Measurement
- Report & Assurance
- Surrender
- Relinquish
- Significant holdings

# Transactional

## Purchasing strategy

- Auction participation
- Secondary market
- International Market

## Management approach

- Business unit/head entity:  
Liability Transfer Certificates
- Up/down stream: Obligation  
Transfer Number Requirements



## Carbon Risk: Key Questions for Consideration

What is our business as usual emission projection?

- How far can this be reduced to minimise exposure in the future?

What measurement and management techniques do we develop?

What is our marginal cost of abatement?

- Can we justify investing in low carbon technologies?

What policy changes should we consider to manage our future exposure to carbon markets?

How is our existing portfolio risk profile changed?

How do we provide our shareholders with reassurance that the risk to return on their investment is minimised?



## CPRS: Transactional Choices

### Auction participation and settlement

- How many certificates?
- At what price?
- How far into the future?
- Buy or sell?

### Secondary market participation

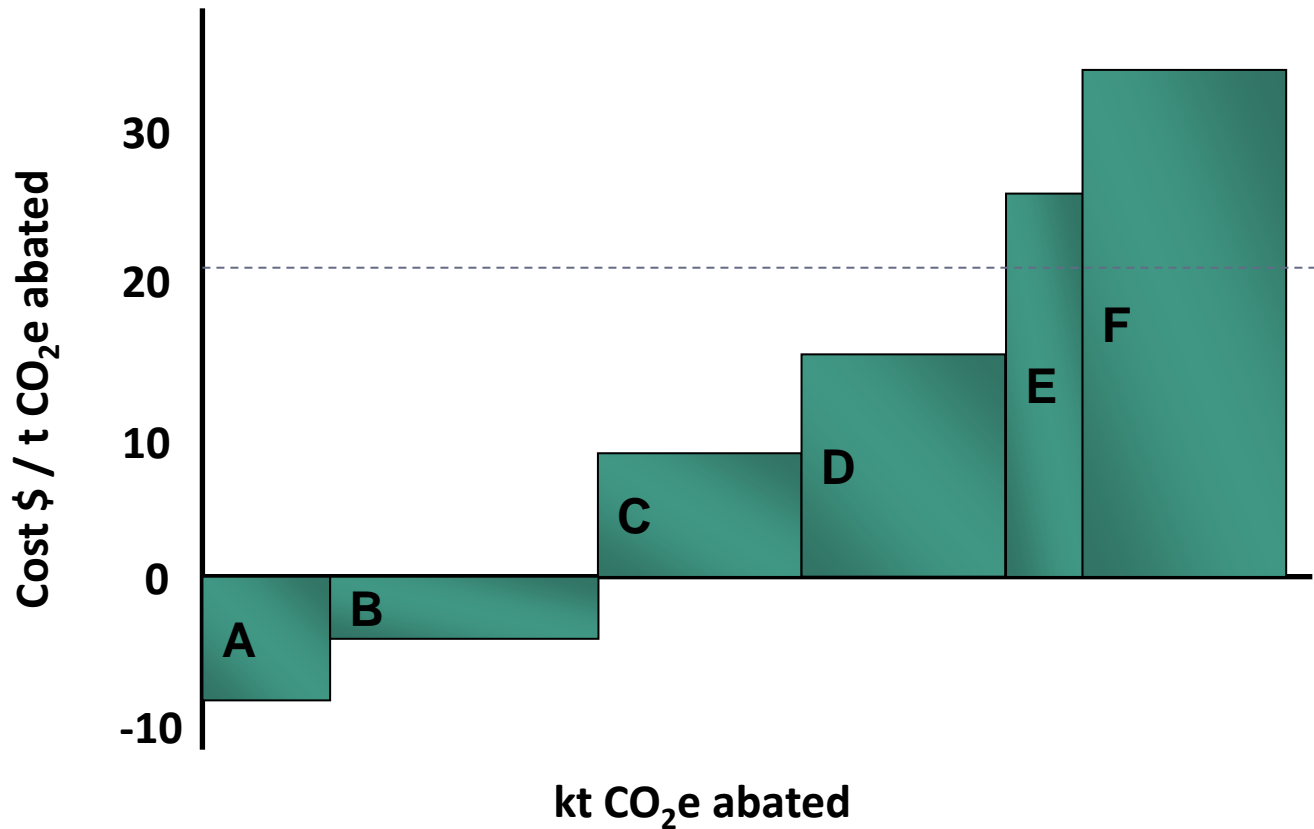
- How many certificates?
- At what price?
- How far into the future?
- What choices are available to manage the risks?

### International market participation

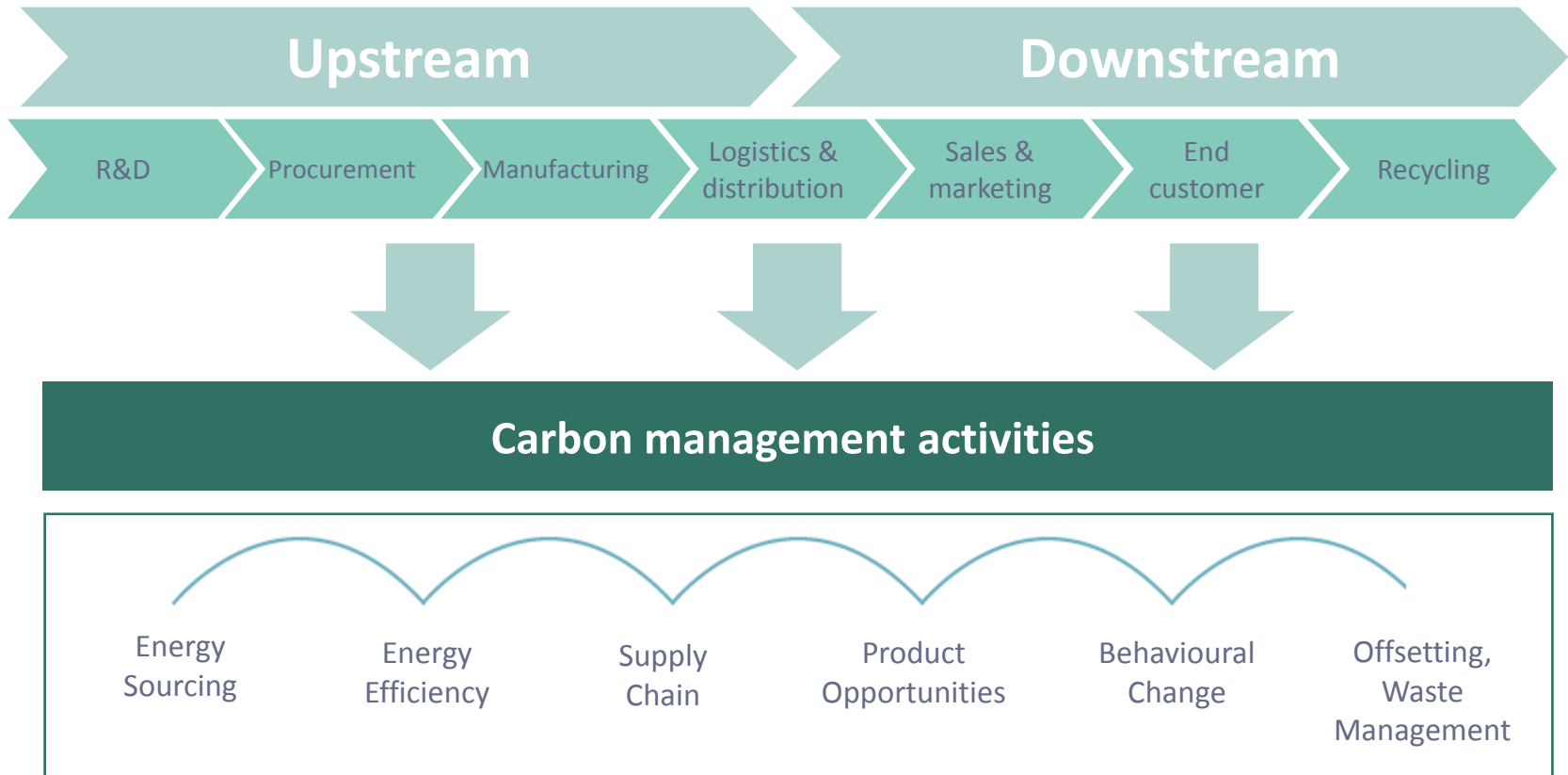
- Buy or sell?
- What kind of certificate?
- How many certificates?
- At what price?
- How far into the future?
- What choices are available to manage the risks?

# Marginal Abatement Cost Curve - Generic

The fundamental question is do you buy permits or reduce emissions?



# Business Response Framework: Carbon Management Activities



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