

New greenhouse legislation drives need for environmental compliance

The Australian Government's new National Greenhouse and Energy Reporting System has added legal impetus to a move for larger companies to track their environmental compliance – but smaller companies may benefit from SAP's newly released solution too.



With the passage of the National Greenhouse and Energy Reporting Act in September 2007, the Australian Government established a mandatory corporate reporting system for greenhouse gas emissions, energy consumption and production.

However with guidelines released just days before the reporting regime was to begin in July this year, there were grumbles from business about confusion over the new laws and insufficient time to prepare.

The aim of the legislation, according to the Department of Climate Change, is to provide robust data to underpin the environmental and financial integrity of Australia's national emissions trading scheme; to reduce the number of greenhouse and energy reports required across State, Territory and Australian Government programs; and provide corporate level information to the public on the greenhouse and energy performance of Australian corporations for the first time.

Not all Australian corporations are required to register and report for the 2008/2009 financial year. At this stage, the legislation only covers companies which:

- Control a facility that emits 25 kilotonnes or more of greenhouse gases (CO₂ equivalent), or produces or consumes 100 terajoules or more of energy; or
- Their corporate group emits 125 kilotonnes or more greenhouse gases (CO₂ equivalent), or produces or consumes 500 terajoules or more of energy.

However, lower thresholds for corporate groups will be phased in by 2010/2011. At this time, the legislation is expected to cover around 700 medium and large corporations, with the reporting system to improve data coverage to over 70 per cent of greenhouse gas emissions in the covered sectors.

From 1 July 2008, companies which are required to report should have begun collecting greenhouse gas emissions and energy data, although they have until 31 October 2009 to submit their report under the Act.

While the requirements are limited at this stage to the big end of town, small and medium-sized businesses are also seeing the benefits of tracking and being able to report on their environmental performance, particularly with consumers becoming more demanding around sustainability.

SAP releases environmental compliance solution

While there have been emissions reporting and carbon management solutions available from other vendors for some time, SAP released

its solution to the Australian market in mid-May, just prior to the introduction of the new reporting requirements.

Originally created for Europe and the US, SAP Environmental Compliance (SAP EC) is a platform enabling companies to monitor and manage their greenhouse gas emissions. Sitting within the Governance, Risk and Compliance business unit, SAP EC is platform-neutral and provides a consistent, auditable and transparent picture of its business processes, while also allowing companies to define regulatory scenarios with key performance indicators. The CO₂ status of the company can then be continuously analysed, with compliance reports created at the touch of a button.

"As the governance around carbon emissions escalates, companies will need a solution that sits within their existing software infrastructure and enables proactive management of emissions," said Stefan Goehring, Office of CFO solutions, SAP ANZ.

"By providing businesses with a single stand-alone platform which allows access to critical emissions data and information, we are reducing the workload and operational costs associated with the new Federal legislation and enabling appropriate cost allocation."

Training in SAP EC is provided either through SAP Education or on-site with customers if required.

Goehring added that it is important to work with the customer to get the most out of the solution from a holistic business perspective – if they are going to do more than just comply with legislation.

"By collecting this information and finding out where the emissions are occurring, you could reshape your business processes. There are a whole range of activities businesses can look at out of that exercise to really obtain a competitive advantage."

For more information and an online calculator to help corporations determine if they are likely to meet the thresholds, visit www.climatechange.gov.au. ■