

4.9 Ferrier Hodgson Electricity Pty Ltd

Strategy documents

Ferrier Hodgson Electricity's initial Greenhouse Gas Reduction Strategy is dated 11 June 1998, and was accepted by the NSW Minister for Energy. Ferrier Hodgson Electricity has submitted an environmental plan dated 17 November 1998.

The EPA has audited for effectiveness against the strategy plan that was in effect on 30 June 2000. Accordingly, the EPA has examined Ferrier Hodgson Electricity against these plans.

Independent verification report

Examination and assessment of Ferrier Hodgson Electricity's IVR

In assessing the IVRs for 1999–2000, the EPA has reviewed each IVR against the criteria listed in Figure 3.1 and ranked each criterion using the grading system given on page 18.

*In respect of the reliability and accuracy of the GHG emission data reported by Ferrier Hodgson Electricity, the EPA is of the opinion that there was a **medium quantity** of appropriate information to provide the EPA with reasonable assurance that the GHG emission data reported by Ferrier Hodgson Electricity is reliable and accurate.*

The audit opinion is based on the following findings in the IVR:

- The verification methodology appeared to be reported in a **medium level** of detail.
- There appeared to be a **medium level** of detail on what was verified (e.g. which assigned generation declarations and attribution declarations for sales forgone were verified).
- There appeared to be a **medium level** of detail on how and when GHG emissions, emission reductions and ESF were verified and assumptions made by the independent verifier.
- There appeared to be a **medium level** of detail on records, documents or other information used as verification evidence.
- There appeared to be a **medium level** of detail on the qualifications and experience of the independent verifier.

Provision of performance data

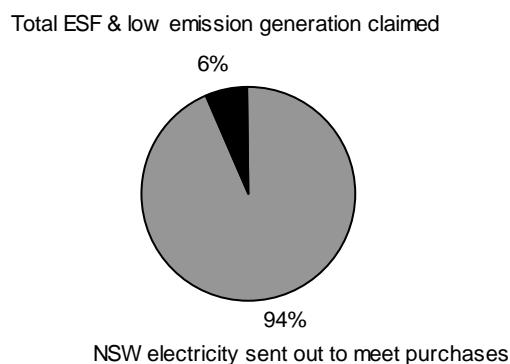
The EPA asked Ferrier Hodgson Electricity to provide a PST but has not received any additional information in response to this request.

*The EPA is of the opinion that the quantity and appropriateness of data provided by Ferrier Hodgson Electricity are generally **medium**.*

Effectiveness of Ferrier Hodgson Electricity's electricity GHG strategy

Comparison of pool purchases with low-emission options

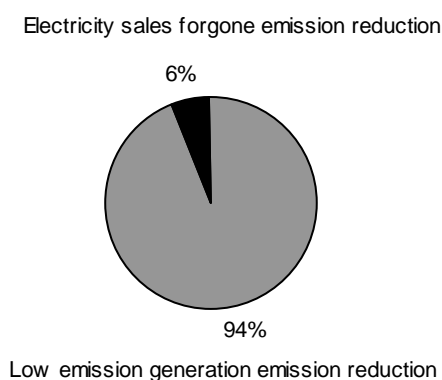
Figure 4.9.1 Low-emission options relative to pool purchases



Approximately 94% of the electricity sold by Ferrier Hodgson Electricity is sourced directly from the NSW pool (Figure 4.9.1). The remainder (approximately 6%) is from assigned low-emission generation and ESF activities.

Comparison of contributions from supply-side (low-emission generation) and demand-side (ESF) measures

Figure 4.9.2 Proportion of ESF and low-emission generation activities claimed



Ferrier Hodgson Electricity is undertaking a variety of actions that lead to claims for ESF—primarily commercial energy efficiency activities.

It is unclear from the licence compliance report how the claims for energy efficiency activities have been developed.

Approximately 6% of Ferrier Hodgson Electricity's claims relate to ESF (Figure 4.9.2). The other 94% of claims for abatement activity relate to the purchase of low-emission generation. Ferrier Hodgson Electricity had a single claim for low-emission generation, based on the use of biomass as a co-firing fuel source.

Effectiveness of supply-side strategies (low-emission generation measures)

Ferrier Hodgson Electricity's plan for implementing its GHG reduction strategy for 1999–2000 comprised only biomass/biogas.

However, the strategy documents provided by Ferrier Hodgson Electricity do not provide forecasts for generation from biomass. Hence, it is not possible for the EPA to make an assessment of effectiveness against the plan.

A comparison of the forecast performance of measures in the strategy plan (November 1998) against the actual performance claimed by Ferrier Hodgson Electricity in its 1999–2000 greenhouse report is shown below.

	% of forecast achieved	Effectiveness	Proportion of total claim
Biomass and biogas generation measures	No forecast value provided	Not determined	100%
Total		Not determined	100%

EPA's audit opinion on supply-side strategies

The effectiveness of Ferrier Hodgson Electricity's supply-side GHG emission reduction strategy based on the 'biomass and biogas generation measures' could not be determined because no forecasts were provided for generation from biomass- and biogas-related generation. Forecasts for the generation from such projects must be included in future PSTs and 1-, 3- and 5-year strategy plans.

The effectiveness of Ferrier Hodgson Electricity's sum total of low-emission generation measures could not be determined because no forecasts were provided for the individual measures.

Effectiveness of demand-side strategies (ESF measures)

The original strategy document provided by Ferrier Hodgson Electricity contained a single estimate of total energy efficiency savings targeted for 1999–2000. This aggregate figure has been used to assess effectiveness.

The table below shows the performance of Ferrier Hodgson Electricity's ESF measures against forecast GHG emission reductions for 1999–2000:

	% of forecast achieved	Effectiveness	Proportion of total claim
ESF measure 1—All measures—breakdown not provided	+20.8%	Low	100%
Total	+20.8%	Low	100%

EPA's audit opinion on demand-side strategies

*Ferrier Hodgson Electricity's demand-side GHG emission reduction strategy based on the ESF measure 'all measures' achieved a **low level** (< 35% of forecast) of effectiveness in reducing GHG emissions during 1999–2000.*

*Overall, the EPA is of the opinion that the sum total of demand-side strategy measures undertaken by Ferrier Hodgson Electricity has achieved a **low level** (< 35% of forecast) of effectiveness in reducing GHG emission during 1999–2000 against the plan forecasts.*

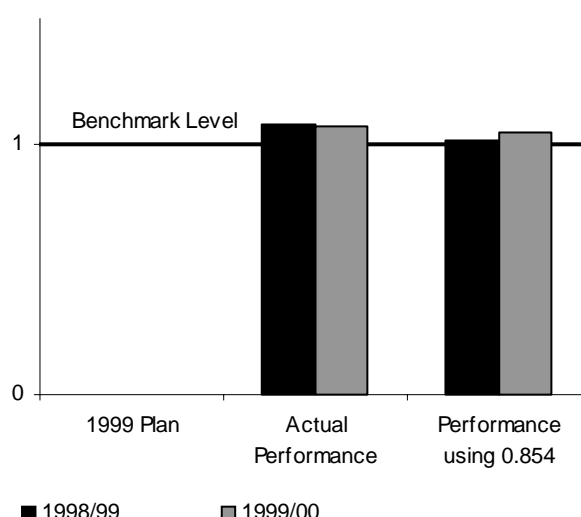
Assessment of overall effectiveness in reaching benchmark

Ferrier Hodgson Electricity has under-performed against the benchmark requirements (see below).

Ferrier Hodgson Electricity's performance against benchmark

Figure 4.9.3 shows Ferrier Hodgson Electricity's reported performance against its emission benchmark (the 1998–99 performance is included for comparison). A positive value implies that actual emissions exceeded the benchmark.

Figure 4.9.3 Performance against benchmark



See notes below Figure 4.1.3 on page 29.

Ferrier Hodgson Electricity did not provide data about the performance targeted under the 1-, 3- and 5-year plans. This information is not in any of the documents supplied to the EPA. Accordingly, the EPA is unable to quote Ferrier Hodgson Electricity's planned performance against the benchmark.

*The EPA is of the opinion that the overall effectiveness of the Ferrier Hodgson Electricity strategy implementation is **medium**.*²⁹

²⁹ The EPA gradings are as follows: high: retailer achieved benchmark emissions or lower; medium: retailer exceeded the benchmark emissions by < 10%; low: retailer exceeded the benchmark emissions by > 10%.

Per capita performance

Figure 4.9.4 shows Ferrier Hodgson Electricity's performance on a per capita basis (which is the manner of the target formulation).

Figure 4.9.4 Per capita performance

