



Measure your carbon karma in four steps

Think you know everything about your business? Think again, writes **Kate Hennessy**. The process of measuring the carbon footprint of your business is the necessary first step in reducing your carbon impact. Unless you know where you're bleeding, you won't know where to stop the flow. Conveniently, carbon reductions also lead to cost reductions. Sometimes, a series of small, early adjustments can save you money immediately, while other times cost savings may take longer to surface, especially if you need to invest in environmentally friendly equipment. Either way, the cost of undertaking a carbon audit can pay itself back. So what are you waiting for?

Includes advice on:

- How to measure your carbon footprint
- What you can do to reduce the impact on the environment of your business
- The potential cost savings of making your business carbon neutral

Richard Wilson has run successful Perth-based tyre retailer, TyrePower, since 1976. After 34 years he prided himself on knowing his operations inside out. Like most SMEs, he reduced costs where possible and kept a keen eye on expenses.

But he didn't know everything. The fluorescent lights in TyrePower's workshops were extremely energy inefficient and were costing the business an extra \$780 per month than necessary. How did Wilson find out? He did a carbon audit.

Based in The Entrance on New South Wales' Central Coast, Fortunity is an accounting and financial advice company. Between them, Fortunity's directors have more than 130 years' experience in financial services. Yet, until they did a carbon audit they didn't know that 93% of Fortunity's energy bill was spent on air conditioning, IT infrastructure and

lighting - all of which could be reduced.

Wilson says his "social and green conscience" kicked in with gusto when he saw carbon management company Carbon Planet present in late 2009. He called them soon after.

"It was a great presentation on carbon trading and how it will affect businesses in the future," he says. "I met up with Carbon Planet and they took me through the whole emissions trading thing so I understood it."

Fortunity was worried about rising energy costs and wanted to manage its overall energy use, says director Tim Davidson.

"It was also important for us to understand our legal and social obligations, because some larger businesses we work with need to register and report their emissions."

and Energy Reporting Act (NGER) or the Federal Government's pending national Carbon Pollution Reduction Scheme (CPRS). And, according to Dave Sag, Carbon Planet's founder and chief operating officer, it's your duty to know if you need to report.

"You won't be informed that your business needs to report, but should you fail to report you could be subject to serious fines," says Sag. "While these new laws should only directly affect larger firms, we've found many smaller firms have surprisingly fallen under the scope of NGER, such as road transport."

Even if your business doesn't need to report, Sag says you should consider your customers and suppliers.

"Larger businesses reduce their own emissions by including emissions reduction into their procurement policies," says Sag. "For years now, we've seen firms give preference to suppliers that provide low carbon products and services. And, in a growing number of tenders, applicants are requested to report on their sustainability measures."

Prepare for your audit

A GHG protocol assessment will look at:

- Staff numbers
- Utility consumption: fuel, energy, water
- Air travel
- Car travel
- Waste
- Telephones
- IT equipment
- Paper usage
- Office furniture
- Clothing (uniforms, etc)
- Stationary
- Third party services such as postage, couriers, cleaning and advertising
- Accommodation during business trips

1. Bring in the boffins
The first stage of carbon management is a Greenhouse Gas (GHG) Protocol assessment to identify all the GHG emissions your business is responsible for. According to Carbon Planet, this assessment typically follows the International Standards Organisation (ISO) 14064-1 standard.

The assessment lets you know if your business needs to report under the Australian National Greenhouse

2. Gather the data
Does it all sound a bit complicated? Maybe, yes, but like other niche functions your business outsources, you don't need to worry about the finer details. Both Fortunity

Born in a tent?

Dave Sag, chief operation officer and founder of Carbon Planet, says he's often surprised by how many Australian retailers leave their doors open all year round.

"In Europe and the US, a closed door is not the symbol of a closed shop. But take a walk down any commercial high street in Australia, they're heating the pavements in winter and cooling them down in summer. This sort of behaviour is on par with those who dutifully water their concrete driveways: it's wasteful and your customers will recognise it as such.

"An average business uses 50% of its power on heating, ventilation and air conditioning, so if the door is open, money is flying out of it."

“Carbon offsetting is the process of buying carbon credits to match those you use”

and TyrePower simply filled out the spreadsheet emailed to them by Carbon Planet.

“They needed to know about our office, the size, the car park, staff numbers and energy consumption,” says Davidson. “We provided copies of our energy bills, as well as information on how we conduct our business. All-in-all, it was about a half-day audit with several key people in the business involved.”

Wilson got his trusty bookkeeper on the job. “It was straightforward for her and only took about three hours.”

Once Carbon Planet received the data, it processed the categories and gave the two businesses their results. TyrePower’s carbon footprint was 314 cubic tonnes of carbon across its three sites; Fortunity’s footprint was 226 cubic tonnes.

At this point, the businesses became ‘Carbon Measured’; the first of three certifications Carbon Planet offers.

3. Reduce your impact
The second certification is ‘Carbon Managed’, achieved when businesses develop their carbon mitigation strategy. TyrePower chose to immediately offset its 314 tonnes, followed by carbon minimisation measures.

“We immediately purchased credits to offset our 314 tonne footprint,” says Wilson. “We used trees this year, as they were among the cheapest on the market at the time.”

How green is your office footprint?



Fortunity took the opposite approach. “Our plan initially is to minimise our impact and once these strategies are exhausted, we will look at carbon offsets,” says Davidson.

Carbon offsetting is the process of buying carbon credits to match those you use. Credits are traded on the free market and can come in different forms, such as tree plantations or renewable energy projects. Purchasing one credit ‘offsets’ one tonne of carbon dioxide.

The third and final certificate offered is ‘Carbon Minimised’, the process of reducing emissions. This part of the process may incur investment costs, as your business transitions to a more efficient way of operating.

For Wilson, it was lighting. “I had some strong fluoro lighting in the workshop, so I got in touch with an LED supplier who recommended an alternative.”

Energy was the main area of concern for Fortunity as well. “Our air conditioning was using up to 48% of our total energy bill,” says Davidson. “This was followed by IT infrastructure at nearly 24% and office lighting at nearly 20%, together representing about 93% of our total energy consumption.”

Of the six main recommendations from Carbon Planet, Fortunity decided to tackle the simplest two first to get some quick runs on the board.

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plan and looking at our standby power consumption,” says Davidson. “We’ve also made some simple changes to the on and off times of the air conditioning timers.”



Crunch the numbers

Carbon Planet’s work at TyrePower cost Wilson \$6000. His 314 carbon credits cost \$15 each plus GST, \$5181 altogether.

“The new globes cost us \$10,000,” he says. “It will take around 11 months to break even, then, after 24 months, there will be a \$7200 saving per month across our sites, shaving 66% off our previous lighting costs. And the globes last 10 times longer!”

Wilson is rolling out a local television and newspaper marketing campaign - ‘Our tyres may be black but we are green’ - and has ordered 20,000 letterheads printed on 100% recycled paper featuring the company’s new ‘Carbon Managed’ logo.

“We are also considering adding an ‘environmental levy’ to our invoices,” he says. “We spent 13 cents per customer doing the audit and buying the offsets, so if I can add an environmental levy of \$1 on each invoice, I’m ahead. Which isn’t why I did it, but it helps.”

Fortunity’s capital investment was approximately \$6650. Davidson

What is NGER?

The National Greenhouse and Energy Reporting Act (NGER) is the national emissions data-reporting framework that will support Australia’s Carbon Pollution Reduction Scheme (CPRS).

Each year, smaller and smaller businesses report under NGER because its thresholds become lower.

In 2009, Australian corporations consuming (or producing) 350 terajoules of energy per annum were required to register with the Department of Climate Change for reporting. In 2010, the figure dropped and businesses with an annual energy consumption of just 200 terajoules, or emissions of 50,000 cubic tonnes of carbon dioxide equivalent, will need to report. Facilities only need to emit 25,000 cubic tonnes annually to be required to report.



More information online:

ngcr.com.au/environmental-reporting/ngcr.html

What is the NCOS?

Where the CPRS and NGER are part of a mandatory framework, the National Carbon Offset Standard (NCOS) is part of the voluntary framework. NCOS is the successor to the old Greenhouse Friendly scheme run by the Federal Government and will be launched in Australia on 1 July 2010. It provides guidance on what constitutes a genuine, additional voluntary offset in the context of the Carbon Pollution Reduction Scheme (CPRS).

It sets minimum requirements for the verification and retirement of voluntary carbon credits and provides guidance for calculating the carbon footprint of an organisation or product for the purpose of achieving carbon neutrality. It is intended to provide a benchmark for consumers and businesses to assess claims of carbon neutrality or the credibility of offset products available for sale in the voluntary carbon market. The Department of Climate Change has indicated that firms will need to commission a complete lifecycle analysis on their operations, products and services, which is a special form of carbon assessment. The emissions of a product or service are analysed from where the materials are taken in a raw form through to when they are disposed of at the end of the product’s life.

estimates the financial savings as a result of the carbon assessment will be around \$8200, with a payback period of around 10 months. Fortunity will also benefit from new client service offerings.

“We are able to conduct level one energy audits for our clients, who may

have a future requirement to report on their carbon emissions,” says Davidson.

Wilson is also thrilled with the enthusiasm from staff. “The younger guys love it! There’s been great feedback, people saying ‘Good on you, Richard!’”