



SULFUR HEXAFLUORIDE (SF₆) AND THE EQUIVALENT CARBON PRICE

Under the Australian Government's Clean Energy Future Plan, a levy with an equivalent carbon price applies to the importation or manufacture of a range of synthetic greenhouse gases, including sulfur hexafluoride (SF₆), under the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*.

From 1 July 2012, importers of synthetic greenhouse gases are required to have at least one of the following two import licences:

- A Controlled Substances licence for imports of particular synthetic greenhouse gases as bulk gases, including SF₆. An up-front application fee of \$15 000 will apply; or
- An Ozone Depleting Substance/Synthetic Greenhouse Gas Equipment licence (previously called a Pre-Charged Equipment licence), for imports of any products containing synthetic greenhouse gases such as SF₆. An up-front application fee of \$3 000 will apply.

Licence holders are required to pay a quarterly import levy consisting of two components:

- a cost-recovery component of \$165 per metric tonne of gas imported (prescribed rate component), which covers the administrative costs of the Ozone/SGG scheme, and
- a new carbon charge component based on an equivalent carbon price. This is calculated by multiplying the global warming potential of the gas (23 900 for SF₆) by the quantity imported and by the equivalent carbon price current at the time of import. The equivalent carbon price per metric tonne of synthetic

greenhouse gas will be \$23.00 in 2012/13, \$24.15 in 2013/14 and \$25.40 in 2014/15.

Licencees may claim a refund of the carbon charge component if they export the synthetic greenhouse gas or equipment within 12 months of its import, or if they on-sell to a business which exports the gas or equipment within 12 months of its import.

The licence requirements described here also applies to imports of hydrofluorocarbons and perfluorocarbons.

What is sulfur hexafluoride used for?

In Australia, SF₆ is used principally in switchgear used in the electricity distribution network. About 10 to 20 tonnes of SF₆ are imported into Australia annually. Lower volumes are used in various applications, including:

- highly specialised processing operations in the electronics industry, such as plasma



etching of silicon during the manufacture of semi-conductors; and

- specialised medical procedures, such as some eye surgery.

What effect will the equivalent carbon price have?

The application of a carbon charge based on an equivalent carbon price to synthetic greenhouse gases, including SF₆, encourages users to better contain these gases in equipment to stop leakage, improve their recycling rates, switch to alternative gases that have a lower or zero global warming potential, or where possible to change to alternative technologies where SF₆ is not used. Businesses will appreciate that it will be important to have equipment containing SF₆ properly installed by appropriately qualified technicians and to establish a regular maintenance program.

Can the equivalent carbon price be passed on?

Each business will need to make a commercial decision about whether some, or all, of the carbon charge component of the levy based on the equivalent carbon price is passed on to consumers or other businesses dealing with products or services containing these gases. The Australian Competition and Consumer Commission has provided a guide for businesses on determining carbon price claims www.accc.gov.au/content/index.phtml/itemId/1017091.

What is my business required to do?

As the value of synthetic greenhouse gases such as SF₆ will increase with the application of a carbon charge based on an equivalent carbon price, all businesses will need to consider how these gases are used, stored, supplied, serviced, disposed of and otherwise managed.

Technicians responsible for handling, installing and maintaining equipment containing SF₆ must comply with all legislative and regulatory requirements, including relevant codes of practice, work health and safety legislation and with competition and consumer legislation.

More information

For more information about the Australian Government's administration of synthetic greenhouse gases, including licensing details and an online calculator, please visit the Department of Sustainability, Environment, Water, Population and Communities' website at www.environment.gov.au/equivalentcarbonprice, email ozone@environment.gov.au or phone the department on 1800 803 772.

For more information about the Clean Energy Future package, visit the website: www.cleanenergyfuture.gov.au/clean-energy-future/our-plan.

