

PROGRESS PUBLIC REPORT

Controlling Corporation: Building Supplies Group Holdings Pty Ltd
Reporting Entity: Carter Holt Harvey Woodproducts Australia Pty Ltd (for Controlling Corporation)
Assessment Period: July 2006 to June 2011

Part 1 - Summary of assessments conducted

Table 1.1 - Description of the way in which WPA has carried out its assessments

Carter Holt Harvey Woodproducts Australia Pty Ltd (WPA) is part of the Building Supplies Group Holdings Pty Ltd (BSGH) corporation. WPA contributes to over 95% of BSGH's energy use and reports for all BSGH under the Energy Efficiency Opportunities (EEO) Act.

WPA has sought to meet the requirements of the EEO Regulations by preparing assessment reports for the sites listed in Table 1.2. In some cases assessments were initially completed to satisfy State energy programs. These assessments were modified where necessary to meet the intent and key requirements of EEO legislation. WPA has used qualified in house staff for the assessments supplemented by external specialists. Energy use has been calculated using the methods of the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (and as amended) Regulations. Quantities of imported energy (e.g. electricity, natural gas, and diesel) have been taken from commercial invoices, statements and sub-metering data. Internally generated energy sources (e.g. biomass) have been determined by mass balances.

Project economics have been calculated on best available information. Priorities in energy investment can change depending on energy costs (multiple increases and decreases recorded in the past twelve months), other site projects (i.e. new ply mill at Myrtleford) and capital availability.

The two South Australian Saw Mills have been assessed since the 2009-10 report. These assessments take the total annual energy assessed in the five year period to over 85% of the total average annual energy use of the Corporation. With the recent divestment of the largest energy using facility the percentage of energy assessed calculated on 2010-11 number drops to 81%.

For the next five year assessment cycle the few facilities and energy sources not covered in the last five year cycle will be assessed.

Table 1.2 – Energy use assessed		
Site that has had an assessment completed by the end of this reporting period.	Period over which assessment was undertaken¹	Energy use per annum in GJ² in the current reporting year
<i>Oberon MDF (divested March 2010)</i>	<i>Jan 2006 to June 2007</i>	<i>0</i>
Highland Pine	Jan 2006 to June 2007	1194519
Tumut Timber	Jul 2007 to June 2008	814309
Tumut PB	Jan 2006 to June 2007	293390
Morwell Timber	Mar 2008 to Dec 2008	468041
Myrtleford Timber	Mar 2008 to Dec 2008	442296
Caboolture Timber (Thermal)	Feb 2010 to June 2010	269832
Gympie Particleboard (Thermal)	Feb 2010 to June 2010	252607
Oberon Flooring (Thermal)	Jan 2009 to June 2010	373647
Jubilee Timber	Jan 2011 to June 2011	1392387
Lakeside Timber	Jan 2011 to June 2011	691160
Total energy assessed		6192187
Total energy use of the group in the current reporting year		7599714
Total energy assessed expressed as a percentage of total current energy use		81%

Greater than 80% achieved despite divesting the largest and assessed site (MDF = 1.5 PJ) during the assessment cycle.

Table 1.3 – Accuracy of energy use data		
Site assessed	Energy data accuracy **	Reasons for not achieving data accuracy to within ±5% **
All of above sites	+/-5% +/-10% (biomass)	All energy sources other than biomass (e.g. electricity, natural gas) are reported to within ±5% accuracy. Energy use by BSGH is dominated by internally generated renewable bio-mass. As a natural product, higher levels of accuracy are not achievable nor are they necessary.

Part 2A - New assessments completed or not reported since your last Public Report

Newly assessed sites: Jubilee Saw Mill and Lakeside Saw Mill = 2,083,547 GJ

Table 2.1 – Opportunities assessed to an accuracy of better than or equal to (\leq) $\pm 30\%$

	Status of opportunities identified	Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – ≤ 4 years	> 4 years	
All BSGH	Total Identified	9	8640	0	0	8640
Lakeside Timber						
	To be Implemented	3	2140			2140
	Commenced	1	360			360
Jubilee						
	Under Investigation	2	5040			5040
	To be Implemented	2	740			740
	Commenced	1	360			360

Table 2.2 – Opportunities assessed to an accuracy of worse than (\leq) $\pm 30\%$

	Status of opportunities identified	Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – ≤ 4 years	> 4 years	
All BSGH	Total Identified	22	366574	170000	2044	413775
Lakeside Timber						
	Under Investigation	5	2511	165000		45000
	To be Implemented	3	188	5000		2750
	Implemented	2	644	0		750
Jubilee						
	Under Investigation	5	334180		0	334180
	To be Implemented	3	28648		0	28648
	Implemented	2	0		2044	2044
	Commenced	2	403		0	403

Part 2B - Update of assessments reported in previous Public Reports (by site)

Table 2.3 – Opportunities assessed to an accuracy of better than or equal to (\leq) $\pm 30\%$

	Status of opportunities identified	Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – \leq 4 years	> 4 years	
All BSGH	Total Identified	38	60832	85685	2700	149217
Highland Pine Timber						
	Implemented	2		504		504
	Not to be Implemented	2	360	2160		2520
Tumut Panels						
	Implemented	5	1442	3125		4567
	Not to be Implemented	3	360	839	2700	3899
Tumut Timber						
	Implemented	5	1873	69		1942
	Not to be Implemented	2	808	0		808
Myrtleford Timber & Ply						
	Under Investigation	1	600	0		600
	Implemented	5	1393	58		1451
	Not to be Implemented	3	360	105		465
Morwell Timber						
	Implemented	4	3276	0		3276
	Not to be Implemented	3	360	825		1185
Caboorture Timber						
	Implemented	1	50000	0		50000
Oberon Panels						
	Under Investigation	1		18000		18000
	Implemented	1		60000		60000

Table 2.4 – Opportunities assessed to an accuracy of worse than (>) ±30%

	Status of opportunities identified	Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – ≤ 4 years	> 4 years	
All BSGH	Total Identified	26	60009	67928	814	128751
Highland Pine Timber						
	Not to be Implemented	1		20000		20000
Tumut Panels						
	Under Investigation	1	1440			1440
	Implemented	1	65			65
	Not to be Implemented	1		100		100
Tumut Timber						
	Not to be Implemented	1	691			691
Myrtleford Timber & Ply						
	To be Implemented	1			486	486
	Not to be Implemented	3	18	2828		2846
Morwell Timber						
	To be Implemented	2	2735			2735
	Not to be Implemented	2			328	328
Caboolture Timber						
	Under Investigation	1	11000			11000
	Implemented	3	39960			39960
Gympie Panels						
	Under Investigation	4	1000	44000		45000
	Implementation Commenced	3	1750	1000		2750
	Implemented	1	750			750
Oberon Panels						
	To be Implemented	1	600			600

Part 2C – Selected Opportunities that have been identified, evaluated and implemented

Table 2.5
Gympie – Drier Insulation and Seal Upgrade
<p>The drier runs continuously to prepare wood fibre for processing into particleboard. The drier uses biomass (in the form of sander dust) and fuel oil for its energy. One of a number of measures proposed to improve the efficiency of the drier was upgrading the drum seal. This has minimized the loss of hot gases and therefore reduced consumption of fuel oil. It is estimated that at least \$18,000 of savings have been achieved by this initiative.</p>
Jubilee Saw Mill – Air Isolation
<p>Compressed air is needed across the site for a variety of functions. Where compressors must remain on to serve specific areas, areas where no air is needed still consume air through leaks. Even at best practice leak management there will be losses. To eliminate losses from the Green Mill a valve has been installed so that the entire green mill can be isolated upstream. It is estimated that up to \$10,000 per year in savings could be achieved by this initiative.</p>
Lakeside Saw Mill – Lighting
<p>Lighting is used extensively across all areas of the site. The site maintenance team identified that it was difficult to reduce lighting during maintenance and non-production periods as light switches were not readily accessible. Operations personnel are now able to switch off zones or complete areas of the mill when lighting isn't needed. This switching off of plant when not required is part of a broader program targeting savings of up to \$80,000 per year in non-production power.</p>

Part 3 - Voluntary Contextual Information

WPA continues to be one of Australia's largest users of renewable energy. Over 70% of the company's energy needs are derived from renewable biomass. The use of a renewable process by-product as a source of energy gives WPA a greenhouse emission intensity (tCO₂e / GJ) that is less than half similar manufacturing processes that rely on fossil fuels.

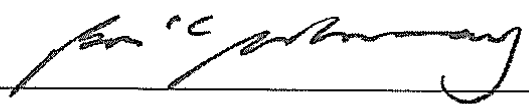
Further positive contribution to reducing carbon dioxide is that wood products are carbon stores, holding the carbon sequestered by forests while in service and for many years beyond.

From an efficiency perspective electricity use is the most important energy indicator in the wood products industry. Electricity is the company's primary energy cost and is responsible for around 75% of greenhouse gas emissions reported by BSGH under the National Greenhouse and Energy Reporting Act. The overall electricity efficiency of the WPA timber mills has improved by 10% since the EEO baseline year. The electrical efficiency of the Panels facilities where assessments have been completed has improved by 6% over the same 5 year period.

Part 4 - Declaration

(See paragraph 8 of Schedule 4 of the Regulations and paragraph 22(4)(c) of the Act)

The information included in this report has been reviewed and noted by the Lead Team and is to the best of my knowledge, correct and in accordance with the *Energy Efficiency Opportunities Act 2006* and *Energy Efficiency Opportunities Regulations 2006*.



Bryce Murray

Chief Executive – Building Supplies Group Holdings Pty Ltd