



Australian Government

EMISSIONS  
REDUCTION  
ASSURANCE  
COMMITTEE

The Hon Angus Taylor MP  
Minister for Industry, Energy and Emissions Reduction  
Parliament House  
CANBERRA ACT 2600

Dear Minister

On behalf of the Emissions Reduction Assurance Committee (the Committee), I am pleased to advise that the Committee has considered the draft *Carbon Credits (Carbon Farming Initiative—Plantation Forestry) Methodology Determination 2021* (the draft 2021 plantation forestry method), and recommends that it is suitable to be made. The attached notice of advice sets out the Committee's consideration of the draft 2021 plantation forestry method against the offsets integrity standards as contained in section 133 of the Act.

The draft 2021 plantation forestry method credits projects for storing carbon in trees for commercial harvest and permanent forests, reducing carbon dioxide levels in the atmosphere. The draft 2021 plantation forestry method builds on the earlier *Carbon Credits (Carbon Farming Initiative – Plantation Forestry) Methodology Determination 2017* (the 2017 plantation forestry method) by increasing flexibility for two existing activities and adding two new activities that credit projects for keeping land under forest rather than converting the land to other non-forest uses (avoided conversion activities).

The four activities under the draft 2021 plantation forestry method are:

- Establishing a new greenfield plantation (Schedule 1)
- Converting an existing short rotation harvest plantation to a long rotation plantation (Schedule 2)
- Continuing plantation activities (Schedule 3), and
- Transitioning to a not-for-harvest forest (Schedule 4).

For the new avoided conversion activities, the additionality framework ensures the activities result in abatement that is unlikely to occur in the ordinary course of events. Projects are required to provide a 'transformation statement' declaring that the plantation is likely to convert to non-forest land in the next 12 months and undertake an independent financial assessment to demonstrate that in the absence of the Emissions Reduction Fund (ERF) the plantation forest would likely have been converted to a feasible non-forested land use that is financially attractive relative to continuing the plantation.

The Clean Energy Regulator developed the draft 2021 plantation forestry method following your prioritisation of this work in October 2020. The draft 2021 plantation forestry method was developed through a co-design process run by the Clean Energy Regulator involving over 100 stakeholders in workshops, written submissions, and bilateral meetings.

The Committee invited public submissions on the draft 2021 plantation forestry method from 26 October to 23 November 2021 with 18 submissions received during the consultation period. Overall, the majority of

submissions supported the draft 2021 plantation forestry method. In particular, submissions welcomed the increased flexibility and the introduction of the avoided conversion activities, which provide increased opportunities for the plantation forestry industry to participate in the ERF.

The Committee and the Clean Energy Regulator considered all submissions carefully and made several minor changes to the draft 2021 plantation forestry method following public consultation, however no material policy changes were made.

The Clean Energy Regulator worked with a number of leading scientists and technical experts as well as other Government agencies to determine the evidence base for the method and to ensure it operates as intended.

The draft 2021 plantation forestry method was designed to build on and supersede the (*Carbon Farming Initiative – Plantation Forestry*) *Methodology Determination 2017* (the 2017 plantation forestry method). As such, if the 2021 plantation forestry method is made, the Committee recommends that the 2017 plantation forestry method be revoked. During public consultation on the draft 2021 plantation forestry method, the Committee also consulted on the intent to revoke the 2017 plantation forestry method and no objections were raised.

Projects currently registered under the 2017 plantation forestry method are able to continue under the method for the duration of the project or are able transfer to the 2021 plantation forestry method.

Please contact me if you have any questions regarding this advice.

Yours sincerely,



David Byers  
Chair  
Emissions Reduction Assurance Committee

10 December 2021



Australian Government

EMISSIONS  
REDUCTION  
ASSURANCE  
COMMITTEE

## EMISSIONS REDUCTION ASSURANCE COMMITTEE

### Notice of advice to the Minister for Industry, Energy and Emissions Reduction under section 123A(2) of the *Carbon Credits (Carbon Farming Initiative) Act 2011* (the Act)

#### *Carbon Credits Carbon Credits (Carbon Farming Initiative—Plantation Forestry) Methodology Determination 2021* (draft 2021 plantation forestry method)

On 9 December 2021 the Emissions Reduction Assurance Committee (the Committee) agreed that the draft method is suitable to be made.

In forming this view, the Committee considered:

1. the offsets integrity standards specified in section 133 of the Act;
2. the submissions received during the public consultation period; and
3. advice from the Clean Energy Regulator.

The Committee was not directed to have regard to any additional issues under section 123B of the Act in providing its advice on the draft method.

#### Assessment against the offsets integrity standards

The table below provides a summary of how the draft method has addressed the offsets integrity standards. The Committee considers that the draft method complies with the offsets integrity standards.

CFI Act reference	Offsets integrity standards	How the method addresses the offsets integrity standard
133(1)(a)	<b>Additionality:</b> projects covered by the draft determination should result in carbon abatement unlikely to occur in the ordinary course of events (disregarding the effect of the CFI Act).	<p>For Schedules 1 (new greenfield plantations) and 2 (conversion from short to long rotation), the additionality of plantation forestry projects is underpinned by the following assumptions and evidence that these activities are unlikely to occur in the ordinary course of events:</p> <ul style="list-style-type: none"> <li>• Schedule 1 (Establishing a new greenfield plantation): There is a low likelihood of new plantation establishment in Australia based on current market conditions and trends.</li> <li>• Schedule 2 (Conversion from short to long rotation): An existing short rotation plantation is likely to continue to be managed as such in the absence of the ERF.</li> </ul>

CFI Act reference	Offsets integrity standards	How the method addresses the offsets integrity standard
		<p>For Schedules 3 and 4 (avoided conversion activities), the additionality of plantation forestry projects is achieved by the additionality tests in the method which include:</p> <ul style="list-style-type: none"> <li>• The provision of a ‘transformation statement’</li> <li>• An independent financial assessment</li> <li>• Evidence of a feasible and financially attractive alternative land use relative to plantation forestry</li> <li>• Age restrictions (for Schedule 3 only)</li> </ul>
133(1)(b)	<p><b>Measurable and verifiable:</b> estimates of emissions, removals or reductions are measurable and capable of being verified.</p>	<p>The draft 2021 plantation forestry method contains appropriate equations for calculating emissions reductions, using FullCAM, and project emissions. Proponents are required to provide evidence to enable the Regulator to verify modelled estimates for example through remote sensing, digitally date-stamped and geolocated photos and forest management logbooks.</p>
133(1)(c)	<p><b>Eligible carbon abatement:</b> carbon abatement used in ascertaining the carbon dioxide net abatement amount for a project must be eligible carbon abatement from the project.</p>	<p>The Department of Industry, Science, Energy and Resources has advised the method contains eligible carbon abatement.</p>
133(1)(d)	<p><b>Evidence based:</b> the draft determination is supported by clear and convincing evidence.</p>	<p>The draft 2021 plantation forestry method is based on industry, expert and scientific evidence as outlined above.</p>
133(1)(e)	<p><b>Project emissions:</b> material greenhouse gases emitted as a direct consequence of carrying out the project are deducted.</p>	<p>All material greenhouse gases emitted as a direct consequence of carrying out the project are deducted in the draft method’s equations. These include the emissions from fuel used to harvest a plantation and from biomass burning.</p>
133(1)(g)	<p><b>Conservative:</b> estimates, projections or assumptions included in the methodology are conservative.</p>	<p>The draft 2021 plantation forestry method adopts estimates, projections and assumptions that are as accurate as possible and includes the use of additional discounts to address permanence risks, which help ensure the method is conservative.</p>