

EMISSIONS REDUCTION ASSURANCE COMMITTEE

C/- ERAC Secretariat
GPO Box 787
CANBERRA ACT 2601

The Hon Greg Hunt MP
Minister for the Environment
Parliament House
CANBERRA ACT 2600

Dear Minister

On behalf of the Emissions Reduction Assurance Committee (ERAC), I am pleased to inform you that it has considered the draft *Carbon Credits (Carbon Farming Initiative) (Human-Induced Regeneration of a Permanent Even-Aged Native Forest 1.1) Methodology Determination Variation 2016* (our reference: 027VG2015V1) and advises that it is suitable to be made into a Determination.

The draft Variation was developed by the Department of the Environment in collaboration with a technical working group of experts from a broad range of industry representatives and the Clean Energy Regulator. The Department invited public submissions on two occasions on the draft Variation and also commissioned a separate technical assessment.

Having considered the information from these processes, advice from the Clean Energy Regulator, the draft Explanatory Statement and the text of the draft Variation, the ERAC concluded that the draft Variation complies with the offsets integrity standards specified in section 133 of the *Carbon Credits (Carbon Farming Initiative) Act 2011*. On this basis, the ERAC agreed it was suitable to be made into a Determination Variation.

In reaching its decision, the ERAC noted the importance of ensuring consistency in the assessment of compliance with the offsets integrity standards. The ERAC also recommends that, if the Variation is made, the method be monitored closely to ensure it continues to meet the offsets integrity standards and minimises natural resource management risks. The ERAC has asked that the Department do this in consultation with key stakeholders including natural resource management groups, state governments and carbon service providers.

Further details of the reasons for the ERAC's advice are included in the attached notice.

Yours sincerely



Andrew Macintosh
Chair
Emissions Reduction Assurance Committee

9 March 2016

EMISSIONS REDUCTION ASSURANCE COMMITTEE

Notice of advice to the Minister for the Environment under subsection 123A(2) of the *Carbon Credits (Carbon Farming Initiative) Act 2011 (the Act)*

Carbon Credits (Carbon Farming Initiative) (Human-Induced Regeneration of a Permanent Even-Aged Native Forest 1.1) Methodology Determination 2013

On 9 March 2016 the Emissions Reduction Assurance Committee (ERAC) agreed that the draft Determination is suitable to be made into a Determination.

In forming this view, the ERAC considered:

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

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

The ERAC took into account and supports the proposed changes to the draft Determination made after the draft was released for consultation.

1. Assessment against the offsets integrity standards

Section*	Requirement	Statement
133(1)(a)	The draft Determination's requirements and method should result in carbon abatement that is unlikely to occur in the ordinary course of events (disregarding the effect of the Act).	<p>The draft Determination specifies appropriate requirements to ensure that projects are delivering additional abatement.</p> <p>Key eligibility requirements in <i>Carbon Credits (Carbon Farming Initiative—Human Induced Regeneration of a Permanent Even-Aged Native Forest 1.1) Methodology Determination 2013</i> will be retained in the draft Variation including requirements to:</p> <ul style="list-style-type: none"> • demonstrate that the project area was subject to suppression of forest regeneration during the 10 years prior to project commencement; • demonstrate that forest cover has not been achieved at any time during the 10 years prior to commencement; and • demonstrate that suppression of forest regeneration has ceased or will cease in order to participate in the ERF. <p>Accordingly, the ERAC considers that the above draft Variation complies with this offsets integrity standard.</p>
133(1)(b)	Estimations of removal, reduction or emission, as the case may be, are measurable and capable of being verified.	<p>Appropriate equations are specified for the calculation of emissions reduction and project emissions.</p> <p>Appropriate methods to enable verification of these estimations are specified for data collection, monitoring and reporting.</p> <p>The requirement to model carbon stocks and emissions using the Full Carbon Accounting Model (FullCAM) (rather than the Reforestation Modelling Tool (RMT)) will ensure that estimates of carbon stocks are consistent with the approach used in the National Greenhouse Gas Inventory.</p> <p>Accordingly, the ERAC considers that the above draft Determination complies with this offsets integrity standard.</p>
133(1)(c)	Carbon abatement used in ascertaining the carbon dioxide net abatement amount for a project must be eligible carbon abatement from the project.	<p>The carbon abatement used in ascertaining the abatement amount is eligible carbon abatement from the project.</p> <p>Amongst other things, the draft Variation requires that, for projects which have not previously submitted an offsets report, abatement achieved</p>

		<p>prior to the project commencement date must be deducted from the net abatement calculation such that Australian Carbon Credit Units are only issued for abatement achieved during the crediting period.</p> <p>Accordingly, the ERAC considers that the above draft Variation complies with this offsets integrity standard.</p>
133(1)(d)	The draft Determination is supported by clear and convincing evidence.	<p>The draft Variation is supported by clear and convincing evidence.</p> <p>The replacement of the RMT with FullCAM to model carbon stocks will provide more robust estimates of carbon stocks and is consistent with the approach used to inform the National Greenhouse Gas Inventory. The development and maintenance of FullCAM is supported by peer-reviewed and internationally agreed scientific research.</p> <p>Accordingly, the ERAC considers that the above draft Variation complies with this offsets integrity standard.</p>
133(1)(e)	Material amounts, in carbon dioxide equivalent, of greenhouse gases that are emitted as a direct consequence of carrying out the project are deducted.	<p>Net abatement is calculated after deducting material emissions generated as a direct result of carrying out the project.</p> <p>The draft Variation does not alter the current requirement to deduct emissions resulting from carrying out a project.</p> <p>Accordingly, the ERAC considers that the above draft Variation complies with this offsets integrity standard.</p>
133(1)(g)	Estimates, projections or assumptions included in the methodology are conservative.	<p>The assumptions and estimates included in the draft Variation are conservative. The net abatement estimate is conservative.</p> <p>The adoption of FullCAM in place of RMT to model carbon stocks will provide a more accurate representation of carbon accumulation for projects, consistent with the approach used in the National Greenhouse Gas Inventory.</p> <p>The draft Variation will provide a conservative estimate of abatement because, amongst other things, the carbon accumulated prior to project commencement is deducted in the net abatement calculation, so cannot be credited.</p>

		Accordingly, the ERAC considers that the above draft Variation complies with this offsets integrity standard.
133(1)(h)	Such other standards that are set out in the legislative rules.	Not applicable.

* Section of the Act

2. Submissions received during public consultation period

The ERAC received 7 confidential submissions and 2 public submissions regarding the draft Variation as published on the Department's website between 9 February 2016 and 23 February 2016 and two public submissions regarding the draft Determination as published on the Department's website between 18 September and 2 October 2015 consistent with the requirements of section 123D of the Act.

Except for those submissions subject to a request not to publish under subsection 123D(5), all public submissions have been published on the Department's website.

3. Relevant advice from the Clean Energy Regulator

The Clean Energy Regulator advised the ERAC that it supports the above draft Determination.

Conclusion

On the basis that all the offsets integrity standards are met, the ERAC agreed that the draft Variation is suitable to be made into a Determination.