

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

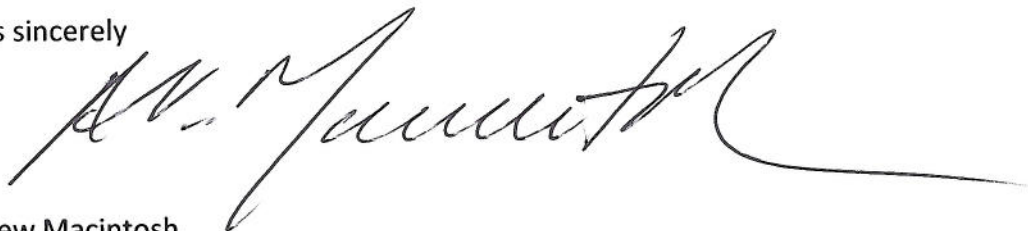
On behalf of the Emissions Reduction Assurance Committee (ERAC), I am pleased to inform you that it has considered the draft *Carbon Credits (Carbon Farming Initiative— Land and Sea Transport) Methodology Determination 2015* (our reference: 018TPG2014) and advises that it is suitable to be made into a Determination.

The draft Determination was developed by the Department of the Environment in collaboration with a technical working group of experts from passenger, freight, mining and waste transport industries across modes and the Clean Energy Regulator. The Department invited public submissions on the draft Determination 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 Determination, the ERAC concluded that the draft Determination 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.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Macintosh', with a long horizontal flourish extending to the right.

Andrew Macintosh
Chair
Emissions Reduction Assurance Committee

5 February 2015

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)

Draft Carbon Credits (Carbon Farming Initiative— Land and Sea Transport) Methodology Determination 2015 (draft Determination)

On 28 January 2015 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 public consultation period; 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.

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, including that it only applies to existing transport operations or vehicles with three or more years of historical data with the lowest year's emissions intensity taken to be the baseline.</p> <p>For a group of vehicles project, a decline rate applies to the baseline to account for business-as-usual improvements. For individual vehicles projects, the baseline for replacements and major modifications require proponents to go beyond applicable regulatory requirements or a reference group of vehicles in order to generate credits.</p> <p>Accordingly, the ERAC considers that the above draft Determination 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 data collection, monitoring and reporting requirements are specified so as to enable verification of all relevant emission and reduction estimates.</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>Accordingly, the ERAC considers that the above draft Determination complies with this offsets integrity standard.</p>
133(1)(d)	The draft Determination is supported by clear and convincing evidence.	<p>The draft Determination is supported by clear and convincing evidence.</p> <p>Accordingly, the ERAC considers that the above draft Determination complies with this offsets integrity standard.</p>
133(1)(e)	Material amounts, in carbon dioxide equivalent, of greenhouse	Net abatement is calculated after deducting material emissions generated as a direct result of

	gases that are emitted as a direct consequence of carrying out the project are deducted.	carrying out the project. Accordingly, the ERAC considers that the above draft Determination complies with this offsets integrity standard.
133(1)(f)	Estimates, projections or assumptions included in the methodology are conservative.	The assumptions and estimates included in the draft Determination are conservative. The net abatement estimate is conservative. Accordingly, the ERAC considers that the above draft Determination complies with this offsets integrity standard.
133(1)(g)	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 five public submissions regarding the draft Determination published on the Department's website between 15 October 2014 and 12 November 2014 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 Determination is suitable to be made into a Determination.