



Australian Government

Department of Climate Change, Energy,
the Environment and Water

ACCU Review Discussion paper

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Introduction

The Australian Carbon Credit Unit (ACCU) Scheme has a critical role in achieving Australia's legislated emissions reduction targets of 43 per cent below 2005 levels by 2030, and net zero by 2050.

The Australian Government is committed to ensuring the ACCU Scheme has high integrity and delivers confidence to participants, the market, and the wider public. This includes implementing the recommendations of the recent Independent Review of Australian Carbon Credit Units ([the ACCU Review](#)).

On 9 June 2023, the government published an [Implementation Plan](#) for the ACCU Review that outlines the timing and approach to implementing each recommendation.

Consultation – August to September 2023

The government is now seeking your views on implementing the recommendations from the ACCU Review on:

- new ACCU Scheme Principles (recommendation 6)
- information publication requirements (recommendations 4, 5.4, and 8.3)
- defining the ongoing role of the Commonwealth Government as a purchaser of ACCUs (recommendation 3.3)
- delivering a new process for method development (recommendation 5)
- identifying Integrity Committee functions (recommendation 5)
- establishing appropriate consent requirements for Native Title consent to projects (recommendation 11).

Appendix A outlines other proposed changes to the *Carbon Credits (Carbon Farming Initiative) Act 2011* (the CFI Act) based on previous consultations to improve and streamline processes. It is proposed to bring forward these legislative changes as part of the reform package implementing the ACCU Review recommendations. Views on these proposals are also welcomed.

To have your say:

- read this discussion paper
- answer the consultation questions and upload your submission via the [consultation hub](#). You can choose to answer all the questions, or just those that matter to you. Please attach any supporting information/evidence.

The Department of Climate Change, Energy, the Environment and Water will also host a series of workshops around the country as well as online workshops on specific topics to help ensure all stakeholders have an opportunity to inform implementation of the recommendations from the ACCU Review. You can register for a workshop via our [Registration for ACCU Scheme consultation workshops link](#).

If you prefer to have your say by email, please contact ACCUscheme@dcceew.gov.au

Please submit your feedback by 10am AEST 3 October 2023.

SECTION 1 – IMPROVING GOVERNANCE AND TRANSPARENCY

The ACCU Review found that one of the ways to maintain confidence in the ACCU Scheme is through a robust and transparent institutional framework. It suggested that this could be achieved by:

- Introducing ACCU Scheme Principles to guide and support the consistent application of the existing Offsets Integrity Standards (OIS)
- improving ACCU Scheme transparency by publishing more information about projects
- moving responsibility for government purchase of ACCUs out of the Clean Energy Regulator into another government entity.

1.1 ACCU Scheme Principles

Recommendation 6. The Offsets Integrity Standards (OIS) should be clearly defined and supplemented with ACCU Scheme Principles to support their consistent application in method development and project implementation and administration.

Recommendation 5. Establish a transparent proponent-led process for developing and modifying methods as soon as practicable, with the Integrity Committee assuring the integrity of methods and the Department providing support for participants who otherwise may not be able to participate:

5.2 The Minister is not obliged to approve any method.

5.2.2 Before making or varying a method, the Minister must be satisfied that it complies with the Offsets Integrity Standards (OIS) and ACCU Scheme Principles.

The ACCU Review found that introducing ACCU Scheme Principles could provide additional clarity and guidance, improve transparency and reduce ambiguity in how the ACCU Scheme is administered and what is considered during decision making processes.

The OIS, contained in the *Carbon Credits (Carbon Farming Initiative) Act 2011* (the CFI Act)¹, are the legislated requirements that ACCU Scheme methodology determinations (methods)² must meet. There are 6 standards:

- **Additionality:** a method should result in carbon abatement that is unlikely to occur in the ordinary course of events.
- **Measurable and verifiable:** a method involving the removal, reduction or emissions of greenhouse gases should be measurable and capable of being verified.

¹ s.133 of the CFI Act sets out the Offsets Integrity Standards (OIS)

² Appendix C lists all the current ACCU methods.

- **Eligible carbon abatement:** A method should provide abatement that is able to be used to meet Australia’s international mitigation obligations.
- **Evidence-based:** a method should be supported by clear and convincing evidence.
- **Project emissions:** material greenhouse gas emissions emitted as a direct result of the project should be deducted.
- **Conservative:** where a method involves an estimate, projection or assumption it should be conservative.

The OIS are applied at the method level and supported by the broader ACCU framework. When it is established, the Carbon Abatement Integrity Committee (the Integrity Committee) will provide guidance on how it will interpret and apply the OIS when considering new method proposals and during method reviews.

It is proposed the ACCU Scheme Principles will complement the objects of the CFI Act³ and OIS, as highlighted in Figure 1. Their purpose will be to guide how the ACCU Scheme is administered rather than met or complied with as is the case for the OIS. For example, method developers would be asked how their method addresses the ACCU Scheme Principles. Similarly, the Integrity Committee would consider how new method proposals, method variations, or modules⁴ address the ACCU Scheme Principles. Consistent with recommendation 5.2.2, the ACCU Scheme Principles would be included in the matters the Minister⁵ could consider when asked to decide whether to make or vary a method. Proposed methods or method variations would need to reflect the ACCU Scheme Principles relevant to them but would not be required to demonstrate compliance.

A benefit to having ACCU Scheme Principles is that in conjunction with the OIS they will assist in guiding method development proponents on what activities are likely to form the basis of a new method.

Not every principle will be relevant to every decision made in administering the ACCU Scheme. However, collectively they would contribute to ensuring the ACCU Scheme continues to have high integrity (that is, meeting the OIS) and is meeting its objectives and the community’s expectations.

³ s.3 of the CFI Act

⁴ The ACCU Review recommended method development could include a modular approach to allow existing methods to be expanded to new activities or to meet specific regional or other needs. These changes to a method are called modules. Section 2.3.2 discusses the proposed modular approach in detail.

⁵The Minister referred to here will be the Minister responsible for administering the CFI Act.

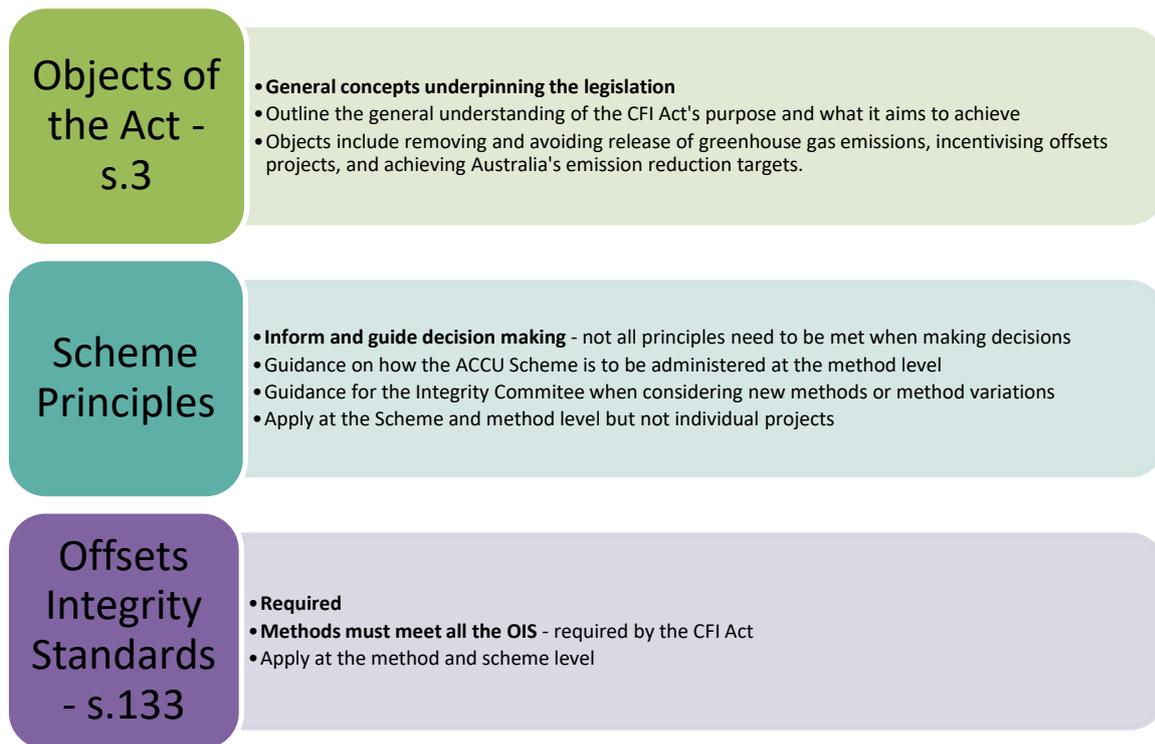


Figure 1 – How ACCU Scheme Principles might be used

The government proposes to incorporate the new ACCU Scheme Principles into the Scheme's legislative framework via a legislative rule. Prior to amending or incorporating new ACCU Scheme Principles, the Integrity Committee could provide advice to the Minister. This will allow them to be amended as necessary to apply lessons from experience and to keep pace with international best practice.

The government proposes the following as ACCU Scheme Principles. These have been informed by ACCU Review's findings, international schemes such as California's Cap-and-Trade program⁶ and the Integrity Council for the Voluntary Carbon Market's Core Carbon Principles⁷, as well as the 2022 Climate Change Authority's Review of International Offsets.⁸

- **Integrity** – Australia's carbon crediting scheme represents real and additional greenhouse gas emission reductions or removals by maintaining a rigorous approach to design, independent appraisal and assurance, and continuous improvement.

⁶ California Code of Regulations, Title 17, Chapter 1, subchapter 10, Sub article 13, [Cal. Code Regs. Tit. 17, § 95972 - Requirements for Compliance Offset Protocols | State Regulations | US Law | LII / Legal Information Institute \(cornell.edu\)](#)

⁷ Integrity Council for the Voluntary Carbon Market, *Core Carbon Principles*, [The Core Carbon Principles - ICVCM](#)

⁸ Climate Change Authority, *2022 Review of International Offsets*, [2022 Review of International Offsets | Climate Change Authority](#)

- **Transparency** – data is publicly available and accessible subject to privacy and culturally sensitive information protections as appropriate, to support greater public trust and confidence in the ACCU Scheme.
- **Equitable access, participation, and benefit sharing** – increasing participation in emissions reduction projects through ensuring equitable access to scheme information, reducing barriers, and supporting rural and remote communities, including First Nations Australians, to participate in and benefit from the ACCU Scheme.
- **Practicality** – maximise high quality abatement outcomes through usable and implementable activities that can be delivered at scale.
- **Environmental and regional sustainability** – methods and scheme administration ensures carbon abatement projects contribute to enhanced land management and resilience to climate change and avoid adverse impacts.
- **Respect for First Nations** – First Nations Australians unique knowledge, expertise, rights and interests are respected, recognised, valued and with their permission, incorporated into method development and ACCU Scheme administration. First Nation Australians benefit from the ACCU Scheme including Indigenous-led initiatives and enterprises that are aligned with cultural responsibilities to care for Country.

Some concepts contained in international guidance material are already contained in the CFI Act, including in the OIS, such as no double counting and additionality and are not proposed to be replicated in the proposed ACCU Scheme Principles. The Integrity Committee will be responsible for overseeing any additional guidance materials on how the ACCU Scheme Principles will be used.

Box 1: Examples of principles from other initiatives

Sustainable development goals⁹

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

The Integrity Council for the Voluntary Carbon Market¹⁰

Transparency: The carbon-crediting program shall provide comprehensive and transparent information on all credited mitigation activities. The information shall be publicly available in electronic format and shall be accessible to non-specialised audiences, to enable scrutiny of mitigation activities.

The Oxford Offsetting Principles¹¹

Cut emissions, use high quality offsets, and regularly revise offsetting strategy as best practice evolves. Current best practice involves:

- Prioritise minimising the need to use offsets in the first place
- Ensure environmental integrity by using offsets that are verifiable and currently accounted for with a low risk of non-additionality, reversal, and creating negative unintended consequences for people and the environment.
- Maintain transparency by disclosing current emissions, accounting practices, targets to reach net zero, and the type of offsets used.

Questions:

- 1. Are the proposed principles fit for purpose and how should they be applied to improve ACCU Scheme governance and integrity?**

⁹United Nations, Department of Economic and Social Affairs, *Transforming our world: the 2030 Agenda for Sustainable Development*, [United Nations](#)

¹⁰Integrity Council for the Voluntary Carbon Market, *Core Carbon Principles*, [The Core Carbon Principles - ICVCM](#)

¹¹[The Oxford Principles for Net Zero Aligned Carbon Offsetting 2020](#)

1.2 Maximising ACCU Scheme transparency

Recommendation 4. Provisions in the governing legislation should be amended to maximise transparency, data access and data sharing, while enabling protection of privacy and commercial-in-confidence information, to support greater public trust and confidence in scheme arrangements.

4.1 The default should be that data be made public, including carbon estimation areas (CEAs).

Recommendation 5. Establish a transparent proponent-led process for developing and modifying methods as soon as practicable, with the Integrity Committee assuring the integrity of methods and the Department providing support for participants who otherwise may not be able to participate:

5.4 The Minister and the Integrity Committee must publish reasons for recommendations and decisions.

Recommendation 8. Project administration for the human-induced regeneration (HIR) method should ensure that all HIR projects conform to its current intent: that it is reasonable to expect that the project area will become native forest, attain forest cover, and permanently store carbon as a direct result of project management actions:

8.3 The Clean Energy Regulator should include nominated suppression mechanism(s) and eligible HIR activities for new and existing projects on the project register, as soon as feasible, and routinely publish project assessment data and results.

The ACCU Review found that the ACCU Scheme's governance, and public trust and confidence in the ACCU Scheme, could be improved by increasing its transparency. Greater transparency could also provide more opportunities for data to be scrutinised by third parties, which may contribute to an overall program of continuous improvement.

Improving transparency has implications for each part of the ACCU Scheme governance structure: the department, the Integrity Committee and its Secretariat, and the Clean Energy Regulator.

The government has already passed legislation to require the publication of carbon estimation areas (CEAs) and is now consulting on what other information should be published to provide greater insight into activities and outcomes associated with an ACCU project and/or method. The Minister would need to make changes to the *Carbon Credits (Carbon Farming Initiative) Rule 2015* (CFI Rule) to allow this information to be published.

1.2.1 Transparency in the method development process

The ACCU Review recommended a new method development process, including expressions of interest (EOIs) on new methods being submitted for consideration by the Integrity Committee. The Integrity Committee will decide which EOIs proceed to the next stage of method development. It is proposed that anyone who submits an EOI will receive advice on, and reasons for, the Integrity Committee's decision.

In addition, the Integrity Committee could periodically publish a de-identified record of the EOIs received and a summary of why EOIs were approved or rejected. It is proposed that commercially sensitive data would remain confidential, where requested.

The Integrity Committee could also publish a summary of how EOIs are addressing the ACCU Scheme Principles, particularly for the Respect for First Nations and Equitable access, participation, and

benefit sharing principles as a performance indicator of First Nations and regional community participation and involvement in the ACCU Scheme (see recommendations 14 and 15).¹²

The proposed new method development process is discussed in detail in Section 2.

1.2.2 Project information

In administering the ACCU Scheme, the Clean Energy Regulator collects a wide range of information about projects and project proponents. Some information is common to all projects, while other information is specific to the method a project is conducted under.

Various information is already published by the Clean Energy Regulator in the [Project Register](#) including:

- project name, project proponent, and registration date
- the method being used and a general description of the activities being undertaken
- the number of ACCUs issued to the project and in what year.

As part of implementing the ACCU Review recommendations, the government has amended the CFI Act to require the Clean Energy Regulator to publish CEA information¹³ (recommendation 4.1). A CEA is the area of a project where the activities for creating the carbon abatement to be credited take place. All area-based methods except savanna burning methods have CEAs.¹⁴ In Figure 2 below, the red line is the boundary of the project area. The CEAs are the yellow outlined area. Project activities that result in the abatement to be credited, take place within these yellow outlined areas. The figure also shows what areas are excluded from a CEA.

¹² This would contribute to implementing recommendations 14 - The Australian Government should continue to support the capacity and capability of rural and remote communities, including First Nations Australians, to participate in and benefit from the ACCU scheme, and 15 - Reforms relating to First Nations Australians' participation in the ACCU scheme should align with the accepted recommendations of concurrent reviews and reforms.

¹³ s.168 of the CFI Act

¹⁴ In savanna burning methods, eligible vegetation types effectively function as CEAs for the purpose of determining net abatement.

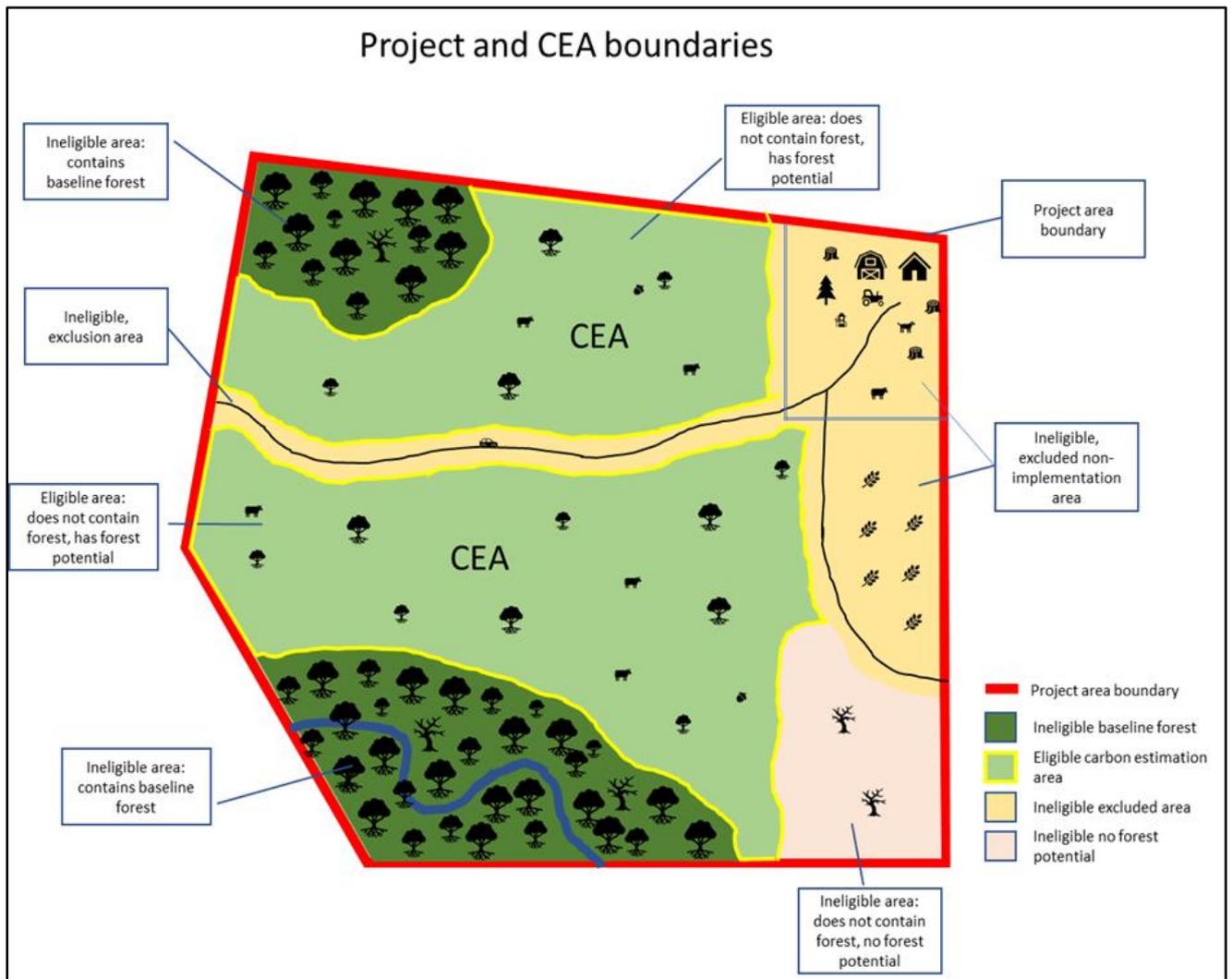


Figure 2 – Difference between project and carbon estimation area boundaries¹⁵

The Clean Energy Regulator is now publishing this data for all relevant area-based offsets projects in the form of shape-files.¹⁶ This provides greater transparency of where the project activities that are being credited ACCUs are occurring.

To improve ACCU Scheme transparency, it is proposed that the Clean Energy Regulator could publish the following additional information in the Project Register:

- the location of all projects, not just projects under area-based methods

¹⁵ *Factsheet - Understanding Carbon Estimation Areas*, Clean Energy Regulator. [Factsheet - Understanding Carbon Estimation Areas.pdf \(cleanenergyregulator.gov.au\)](https://www.cleanenergyregulator.gov.au/factsheet-understanding-carbon-estimation-areas.pdf)

¹⁶ The shape-files detail the boundary of CEAs. The files do not contain information about the activities, growth pauses, or restratification. Alongside the CEA shape-files, the Clean Energy Regulator is publishing voluntary explanatory information where provided by project proponents.

- improved description or detail of project activities including listing suppressors and removals for human-induced regeneration projects consistent with recommendation 8.3¹⁷
- project crediting period start dates¹⁸
- type of estimation approach used
- ACCUs issued for each reporting period
- the carbon service providers and associated agents involved in a project's management
- whether enforceable undertakings or adverse fit and proper person findings have been issued.

There may be method specific information that could be published, for example:

- for sequestration projects:
 - growth pauses, re-stratification of a CEA, the modelling commencement date, and applicable abatement model and version
 - estimated forest cover assessment dates
 - year of first and future next regeneration gateway checks
 - permanence plan
- for landfill gas and other waste projects involving the capture and combustion of waste methane including animal effluent management, project baseline percentage and site-specific methane proportion.
- for carbon capture and storage (CCS) projects, the CCS project plan.
- for energy efficiency projects, the activities and interventions that are being undertaken with sufficient detail such as the equipment being installed, or the upgrade/s being undertaken.
- for savanna fire management projects, the vegetation map.
- for soil carbon projects, the land management plan.
- for beef herd management projects, the project activities involved such as increasing the density of water points, new fences, or improving pastures, as well as live weight data.
- for waste diversion projects¹⁹ the activities being undertaken, the technology being used, and volumes and content of waste being diverted.

¹⁷ On 3 May 2023, the Minister issued a direction to the Clean Energy Regulator to implement recommendation 8 to the extent permitted by law, including publishing information as recommended in 8.3. Once future amendments to the CFI Rule are made, the Clean Energy Regulator will be able to publish a project's nominated suppression mechanism or mechanisms and the HIR activities being undertaken.

¹⁸ Registration dates are already published on the Project Register.

¹⁹ Alternative waste treatment method (2014), Source separated organic waste method (2016), Domestic, commercial and industrial wastewater method (2015)

In the future, other information could be collected and published such as, the type and characteristics of the land including vegetation and ecological communities within a CEA, or for other land sector methods, the management history of the area.

Information would be published over time in a way that is consistent with relevant privacy and confidentiality provisions.

Box 2: Information published by international carbon crediting schemes

Other carbon offset schemes and programs publish similar information to what is currently published by the Clean Energy Regulator.

Climate Action Reserve publishes project information including a bespoke description, the operator, identification details, commencement and reporting start dates, crediting period expiry date, general project location, and how many credits created.²⁰

American Carbon Registry publishes project information including method or protocol used, crediting period start and end dates, project developer, how many credits created, and the Sustainable Development Goals the project is contributing to. Third party verification opinions are also published to provide additional assurance.²¹

1.2.3 Publishing ACCU holding information

The *Safeguard Mechanism (Crediting) Amendment Act 2023* amended the *Australian National Registry of Emissions Units Act 2011* to allow the publication of unit holdings of ACCUs and Safeguard Mechanism Credit (SMC) units.²² Publication of unit holdings was previously recommended by the Climate Change Authority (CCA) in its 2017 statutory review of the ACCU Scheme.²³ Publishing this information along with a new registry platform and exchange traded market being developed by the Clean Energy Regulator may increase market transparency and price discovery. The nature of these units as financial products and their role in the Safeguard Mechanism is also relevant to what sort of information should be made public.

The government is seeking views on what information about unit holdings should be disclosed. Disclosure options include:

- **Publishing all information:** This would involve publishing all the information about a unit such as the project the ACCU was generated from, and in the future, any claims made about co-benefits associated with the project such as First Nations involvement that may be included in the ANREU. This would allow market participants to better understand the provenance and availability of ACCUs.
- **Publishing information of holdings over a certain size:** This would involve only publishing information as outlined above of holdings over a particular size. A benefit of this approach is attention could be focussed on the behaviour and holdings of key market participants.

²⁰ [The Reserve \(apx.com\)](#)

²¹ [American Carbon Registry \(apx.com\)](#)

²² *Australian National Registry of Emissions Units Act 2011*, ss 60A and 60B

²³ Climate Change Authority (2017), *Review of the Emissions Reduction Fund*, [ERF Review Final Report 2017 \(climatechangeauthority.gov.au\)](#)

However, it means that smaller holdings would avoid the same level of scrutiny. What constitutes a small holding could be determined by analysing the provenance of and transactions involving ACCUs in smaller holdings.

- **Publishing de-identified information only:** Holdings of entities would be published but the ACCUs would be de-identified, that is, information about an ACCU's source or provenance would not be published.

Box 3 – California Cap-and-Trade program²⁴

The California Air Resources Board regularly publishes aggregated information about allowances and credits including:

- transactions, average price, and type of credits
- the project types that have generated the credits, including whether credits from projects are also contributing to
- the number of credits in the forest buffer account
- auction participants and outcomes.

Examples of non-aggregated information published under the program includes enforcement activities and how the program's revenues are spent is also published.

1.2.4 When should information be withheld?

While publication and transparency of ACCU Scheme information is in the public interest, genuine privacy, reporting burden, and cultural or biocultural considerations could warrant protection of information in some cases.

For example, full disclosure of the mechanisms and activities being applied in a CEA, without some protections or caveats, may cause negative outcomes for project proponents – including privacy concerns and cultural sensitivity. Information disclosure over and above what is required of comparable government schemes or programs that involve financial payments may create an unreasonable regulatory burden.

It is proposed that when requested, information is withheld:

- on privacy grounds, such as where to disclose the details would pose risks to the individual's safety
- on cultural or biocultural grounds by First Nations peoples
- on the grounds that a CEA or land sector project contains an ecologically sensitive community, or endangered, threatened or vulnerable species; and disclosure could

²⁴ California Cap-and-Trade program, California Air Resources Board, [Cap-and-Trade Program | California Air Resources Board](#)

reasonably be considered likely to increase the risk of damage to the community or loss of species due to illegal activities.

Questions:

- 2. Is there other information that could be published or collected to improve the transparency of the ACCU Scheme?**
- 3. What information should be published about ACCU holdings that delivers greater transparency in the market?**
- 4. What are the risks to the market from publishing information about ACCU holdings?**
- 5. Are there other grounds or circumstances where information should be withheld, for example, an exemption for existing projects?**

1.3 Australian Government purchasing of ACCUs

Recommendation 3: The CER be responsible for project monitoring, compliance and enforcement, and providing transparent project and scheme information:

3.3 Responsibility for Australian Government purchasing of ACCUs should be moved out of the CER and into another Australian Government body to avoid actual or perceived conflicts of interest.

Following the ACCU Review and the Safeguard Mechanism reforms, the role of government purchasing of ACCUs will now change. To date, the government has been by far the largest buyer of ACCUs focused on driving least-cost abatement.²⁵ Private purchase of ACCUs is growing and is expected to accelerate due to the Safeguard Mechanism reforms. The government remains committed to purchasing ACCUs through the Powering the Regions Fund, as indicated in the Powering Australia plan – however, the reforms provide an opportunity to reconsider its objectives and role in the market.

Government purchase will be important to ensure ACCUs are available to support operation of the Safeguard Mechanism's cost containment measure. Under this measure, Safeguard facilities that exceed their baseline will be able to access a government reserve of ACCUs at a fixed price.²⁶ While the government expects there will be sufficient ACCUs and Safeguard Mechanism Credits (SMCs) available in the market below the fixed price, the measure is intended to provide certainty on the maximum compliance costs facilities might face. The ACCUs available for use under this measure will be sourced from ACCUs delivered to government from 12 January 2023 onwards under carbon abatement contracts. Any funds delivered to government from this measure will be allocated to the Powering the Regions Fund to support ongoing abatement activities towards meeting Australia's targets.

²⁵ s.20G(2) and (3) of the CFI Act

²⁶ Fixed price of \$75 in 2023-24, increasing with Consumer Price Index (CPI) plus 2 per cent each year

To date, government purchase has focused on purchasing 'least cost' abatement. As private purchases grow, the government could consider targeting some or all of its purchases to ACCUs from projects that deliver additional benefits, such as:

- new method development, to help stimulate uptake of a wider set of activities and technologies across the economy
- innovation, to help accelerate the uptake of technologies that are pre-commercial or in the very early of commercialisation
- other outcomes such as increasing social, cultural, environmental, and economic benefits.

Purchasing could achieve these outcomes via:

- **targeted or banded auctions** to allow the government to target specific themes, participants, or activities through ACCU purchasing. For example, a purchase round may include criteria seeking projects involving First Nations communities or delivery of priority co-benefits, such as improved biodiversity outcomes, riparian restoration, or building climate change refugia.
- **targeted contracting** between the government and third parties such as conservation trusts or other non-government organisations, to maximise funding sources, support innovative carbon abatement activities, and deliver additional benefits. This could be managed through a competitive expression of interest or approach to market process.

ACCUs could be purchased either through optional or fixed contracting arrangements.

In addition to the role of future purchases, the government is considering whether the current structured exit arrangements for fixed delivery contracts, which commenced as a pilot in 2022, should be made permanent. These arrangements were introduced in response to concerns about spiking ACCU prices in late 2021, to provide market stability and mitigate risks associated with large-scale non-delivery of ACCUs.

The pilot arrangements work by allowing fixed delivery contract holders with ACCU milestone deliveries due to the government in an identified 6-month period to apply to be released from that obligation within a specified 'window' by paying an exit fee. For example, fixed delivery contract holders with ACCUs due to be delivered to the government between 1 January and 30 June 2023 can apply in the third pilot window up until 17 August 2023.

Table 1 below outlines the outcomes of the first two pilots. It highlights that the first two windows resulted in 4.33 million ACCUs being exited from fixed contract arrangements, equivalent to 48 per cent of total amount of ACCUs due to be delivered in that period. In coming years, there are over 87 million ACCUs contracted for delivery to government under fixed contract arrangements.

Window	Total ACCUs eligible for exit during window	ACCUs exited	Estimated contract value of exited ACCUs ²⁷
4 Mar - 30 June 2022	5.8 million	2.6 million (45% of ACCUs eligible to be exited)	\$29.7 million
1 Jul - 31 Dec 2022	3.2 million	1.7 million (54% of ACCUs eligible to be exited)	\$19.4 million
1 Jan to 30 Jun 2023	9.1 million	N/A	N/A
Total	18.1 million	4.3 million (to date)	\$49.1 million

Table 1: Outcomes of exit window arrangements pilots²⁸

With the Safeguard Mechanism reforms increasing demand, it is expected that fixed contract holders may seek to exit a greater percentage of ACCUs in the future. This is likely to provide confidence for many Safeguard facilities that there will be sufficient ACCU supply available for purchase in the market. However, the government is also seeking to accrue sufficient ACCUs for effective operation of the cost containment measure. While the government expects there will be sufficient ACCUs and SMCs available in the market below the cost containment measure price – and does not expect material use of the cost containment measure – sufficient reserves would provide confidence the measure will operate as intended and provide an effective cap on maximum compliance costs. An option for achieving this could be to require fixed contract holders to deliver a minimum percentage of their ACCUs due for delivery during an exit window (for example, 10 or 20 per cent) to be eligible to exit the remaining percentage. This approach could provide greater certainty for all participants in Australia’s carbon market.

Feedback on these issues will inform the government’s decision on the appropriate entity for purchasing ACCUs, and the mode of government market participation. For example, if feedback indicates that future government purchase of abatement should focus on delivering environmental co-benefits, then the relevant entity should have skills in ecological decision-making. If the focus on benefits may vary between approaches to market for abatement, then an entity with a more neutral financial focus may be better positioned to take on this role. Regardless of where the purchasing function is placed and the purpose of government purchasing, legislative amendments will be necessary.

Questions:

6. Should the government continue to focus its purchasing on least cost abatement? If not, what other considerations should it prioritise and why?

²⁷ Average value of \$11.40 per ACCU

²⁸ Correct as at 7 August 2023

7. Should the pilot exit arrangements for fixed delivery contracts be made permanent? Would requiring a minimum percentage be delivered to government in each window help strengthen market confidence and reduce risk?

SECTION 2 – PROPONENT-LED METHOD DEVELOPMENT FRAMEWORK AND INTEGRITY COMMITTEE FUNCTIONS

Recommendation 5. Establish a transparent proponent-led process for developing and modifying methods as soon as practicable, with the CAIC assuring the integrity of methods and the Department providing support for participants who otherwise may not be able to participate:

- 5.1 Replace current priority setting process with an open EOI process, with the CAIC involved in setting priorities for method endorsement and approval. The Minister may nominate priorities but is not required to do so.
- 5.2 The Minister is not obliged to approve any method.
 - 5.2.1 The Minister may only make or vary methods which have been endorsed by the CAIC.
 - 5.2.2 Before making or varying a method, the Minister must be satisfied that it complies with the Offsets Integrity Standards (OIS) and ACCU Scheme Principles.
- 5.3 The CAIC must only endorse a method if it is satisfied that it complies with the OIS.
- 5.4 The Minister and the CAIC must publish reasons for recommendations and for decisions.
- 5.5 The Department should support method development, including supporting community and NGO participation. Support could include allocation of staff resources, grants and other mechanisms.
- 5.6 The proposed process should apply to methods currently in development.
- 5.7 Until the CAIC is established, the Department should develop a framework for proponents to follow when proposing and developing methods and modifications.

2.1 Proponent-led method development overview

The ACCU Review recommended the government move from the current method prioritisation and development process to a *proponent-led approach to method development*. A proponent-led approach seeks to promote innovation and greater uptake of methods by giving proponents the flexibility to propose and develop methods for crediting carbon abatement. The ACCU Review also recommended replacing the Emissions Reduction Assurance Committee (ERAC) with a new Integrity Committee. The Integrity Committee will be an independent expert committee tasked with the primary responsibility of assuring method integrity using the OIS under the new proponent-led method development process.

The new process will allow industry stakeholders, carbon service providers, land managers, experts, and others ('method developers') to submit proposals for new methods and modules to the Integrity Committee. Figure 3 is a schematic from the ACCU Review report showing the proposed process. It is expected that the Integrity Committee will work with method developers and the department to continually monitor for ways to improve the proponent-led approach, and update processes and guidelines accordingly.

The new process aims to increase the transparency and accessibility of method development. After reviewing and triaging proposals, the Integrity Committee will prioritise the methods to be

developed for Ministerial consideration, rather than the Minister setting priorities. Method developers will be responsible for developing the new methods or modules. The ACCU Review also proposed the new process include the ability to develop 'modules' to provide greater flexibility and fit-for-purpose methods.

An Interim Framework for Method Development will be published separately to provide guidance to potential method developers ahead of new process being established.

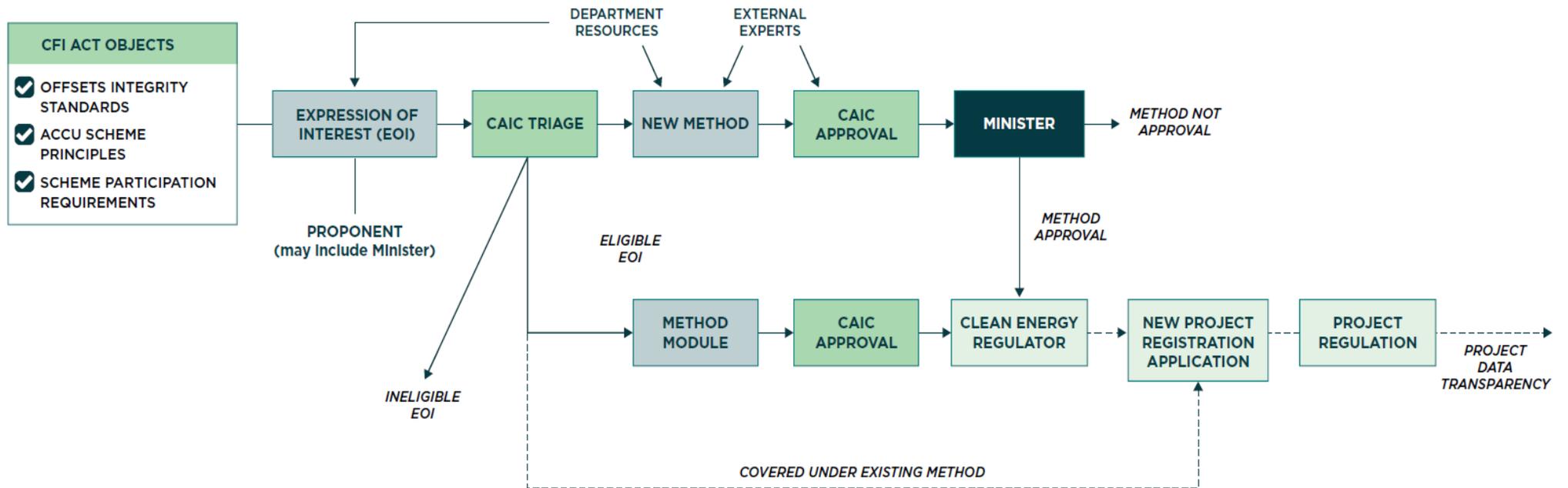


Figure 3 – Proponent-led process for method development and modification²⁹

²⁹ Chubb, I., Bennett, A., Gorring, A., Hatfield-Dodds, S., 2022, *Independent Review of ACCUs*, Department of Climate Change, Energy, the Environment and Water, Canberra, December, [Independent Review of Australian Carbon Credit Units - DCCEEW](#)

2.2 Expression of interest (EOI) and triage

The process starts when a method developer submits an initial proposal – an EOI – to develop a new method or module, or to vary an existing method to the Integrity Committee for consideration. Method developers will be able to submit EOIs for new methods, modules, or variations for any sector.

An EOI will be expected to cover the proposal’s potential to deliver carbon abatement, how it will comply with the OIS, and, where relevant, aligns with the ACCU Scheme Principles as well as:

- describe the activities to be carried out under the proposed method or module.
- detail how the abatement will be quantified, including the technology used to measure abatement, any new emission factors required,³⁰ or whether new or existing models or tools will be required.
- where a tool is proposed to be developed to support the method, a tool development and maintenance plan (see section 2.3 for further discussion of this requirement).
- evidence of current industry practice so baseline emissions can be quantified and calculated, as well as evidence for assessing additionality of the activity, that is, whether the activity would occur in the absence of the ACCU Scheme.
 - Evidence could include providing data or information about normal business practices or standards in that sector or industry.
 - It is expected the evidence provided will be peer or independently reviewed and could include industry and academic studies.³¹
- whether the proposed method could result in adverse environmental, economic, or social impacts. This is because the Minister is required to consider these before making a method.³²
- an outline of how the proponent will consult and/or has consulted with relevant stakeholders and other experts.
- the proponent’s skills and expertise.
- any other information requested by the Integrity Committee to assist in triaging proposals.

The proposed EOI process is intended to strike an effective balance between the Integrity Committee’s need for detail to assess a proposal, while recognising that method developers are

³⁰ An emission factor is a ratio that quantifies the emissions or removals of a greenhouse gas per unit activity. The activity may involve a natural process or human activity. See IPCC [CHAPTER 1 \(ipcc.ch\)](#).

³¹ Under the OIS, a method must be based on clear and convincing evidence and may include relevant scientific results published in peer-reviewed literature, s.133(1)(d) and (2) of the CFI Act. The ACCU Review found that method development must continue to be supported by clear and compelling evidence that is independently peer reviewed, preferably scientific results published in peer-reviewed literature.

³² s.106(4)(c) of the CFI Act

unlikely to invest significant resources before receiving approval to proceed with method development.

The Integrity Committee will use the information provided to assess the potential of EOIs to be developed into methods via a triage process. The triage process will also assist the Integrity Committee in managing and prioritising its work program. In assessing EOIs, the Integrity Committee could consider:

- whether the EOI provides sufficient evidence the proposed method will be able to meet the OIS when fully developed, including whether the abatement is eligible.³³ The Integrity Committee will provide guidance on how the OIS should be interpreted.
- the abatement potential of the proposed method.
- the likely uptake of the proposed method.
- whether the proposed method is likely to incentivise industry innovation and address opportunity gaps for a sector.
- the relationship to current methods and other EOIs, for example, overlap or duplication.
- the skills and resources available to the method developer to develop the proposal, or whether additional requirements or funding is needed to support the proposed method's development.
- opportunities for generating environmental, social, economic, and cultural co-benefits and/or increasing participation by First Nations people or regional communities.
- what is required to maintain proposed method tools.
- current workload and capacity of the department or the Integrity Committee to assist with method development and assess method proposals.

Following this assessment, the Integrity Committee will decide which EOIs are prioritised for development. Where there are multiple EOIs with a similar idea it is proposed the Integrity Committee would connect those stakeholders and ask them to collaborate on developing a single method. This will ensure the method developed is broadly applicable and reducing costs for method developers and government.

The department will develop templates setting out the information required for EOIs to assist method developers.

Transparency measures will also be key to ensuring an effective EOI process. It is proposed the Integrity Committee provides all EOI submitters feedback on why their application was accepted or

³³ This means the abatement from the project can be used to meet Australia's international obligations and emission reduction targets (see definition of "eligible carbon abatement" in s.5 of the CFI Act). In practice, the method must generate carbon abatement from sources and sinks covered by Australia's annual National Inventory Report under the Paris Agreement.

not, publish a record of the EOIs received and a summary of why EOIs were approved or rejected. Proponents will be able to rework and resubmit EOIs at a later time, where appropriate.

It is proposed method developers will be able to submit an EOI at any time, noting the triage process will help enable the Integrity Committee to maintain a reasonable pace in progressing the method development pipeline given likely department and Committee capacity and resourcing.

2.2.1 Assistance in preparing an EOI

The government recognises that not every stakeholder with a good proposal will have the resources to develop an EOI. The government is open to investigating how it could support stakeholders such as First Nations and not-for-profit organisations to prepare EOIs and potential future methods. The aim is to ensure equitable access to the process allowing a broad range of stakeholders to contribute and participate. There are various potential models for providing such support including: grants, cost-recovery models, or other departmental facilitation support.

2.2.2 Accounting for intellectual property

Methods are legislative instruments and need to be able to be used by any person who wishes to carry out a project. Method developers will need to be mindful of this when developing their proposals, particularly if there are proprietary or intellectual property considerations. Intellectual property can include practices that use First Nations people's traditional knowledge.

Generally, method developers should ensure a proposed method is broad in its design while individual projects deal with proprietary and intellectual property. Method developers will be required to negotiate independently with third parties to ensure they recognise the rights and contributions of those parties in establishing a new project under a method.

Questions:

- 8. What assistance or guidance would proponents need to effectively participate in the EOI process?**
- 9. Does the proposed content of an EOI submission balance the need to deliver enough detail to enable a robust assessment, while limiting the upfront investment to a reasonable level?**
- 10. Will the proposed approach to triaging EOIs promote participation and efficiency?**
- 11. Are there any matters not addressed appropriately by the proposed EOI process?**

2.3 Developing a method or module

It is proposed the method development stage involves proponents building on their EOIs and developing a method or module by describing in detail the baseline emissions, project activity or activities, and the abatement calculations. The onus will be on method developers to provide robust evidence, including peer-reviewed scientific evidence where available, and demonstrate that the proposed method aligns with the OIS and, where relevant, aligns with the ACCU Scheme Principles.

Templates will be developed to outline what a method needs to cover so it can be turned into a legislative instrument. Method developers will also need to prepare a supporting simple method guide in plain English explaining how to carry out a project under the method.

Methods may require new emission factors, or models and tools to support calculating abatement. This may involve procuring specialist technical expertise. For new emission factors, proponents will need to provide evidence of how a factor is calculated, supported by data and scientific papers. Where a method proposes to incorporate a tool or model these will need to be made freely available for use by any potential project proponent that wants to use the new method or module. Method developers will also need to provide a plan outlining how to and who would maintain the tool for the time it is required.

The [Full Carbon Accounting Model](#) (FullCAM) and [Blue Carbon Accounting Model](#) (BlueCAM) are examples of tools used by existing ACCU methods.

Box 3: Example of ACCU Scheme tools

FullCAM is primarily used to model land sector greenhouse gas sources and sinks in Australia's National Greenhouse Accounts. Some ACCU Scheme vegetation methods such as Avoided Clearing and Environmental Plantings use FullCAM to estimate abatement. It is free to use and is maintained and updated by the Government.

BlueCAM was developed specifically for the tidal restoration of blue carbon ecosystems ACCU method. BlueCAM uses emission factors and assumptions underpinned by the best available scientific research. The model was developed specifically for the ACCU Scheme's blue carbon method by a technical working group comprised of scientific experts.

2.3.1 Assistance during the method and module development process

Method development is time and resource intensive. In recommending the new method development process, the ACCU Review recommendations sought to increase ACCU Scheme accessibility and the variety of methods available. In keeping with these objectives without constraining the process, the department could provide the following assistance to method developers:

- **Legislative drafting:** All methods are legislative instruments and drafting them is often a complex and iterative process. Assistance could be provided to groups without the resources to access legal drafting services. Method developers will need to work with the department to address issues that arise during drafting. The Department will be responsible for the finalisation of all instruments for consideration by the Minister.
- **Assistance liaising with other public officials:** Methods must generate eligible carbon abatement – that is, abatement from sources and sinks covered by Australia's annual National Inventory Report under the Paris Agreement and capable of being used to meet Australia's emission reduction targets. Many methods may be able to use existing emission factors from the National Greenhouse and Energy Reporting (NGER) Measurement

Determination.³⁴ New activities may require new emission factors to be developed. In these cases, the department will take a coordination role to review whether proposed calculations do not duplicate and are consistent with existing NGER methods. Methods must also be able to be administered effectively and this requires consulting with the Clean Energy Regulator. Having a departmental contact will assist in streamlining this process for method developers and government.

- **Advice on the policy landscape:** Understanding the broader policy landscape may be needed to determine whether potential methods will drive additional emission reductions, or whether emissions reductions will be achieved by other policy measures. Method developers should note that it will be the Integrity Committee's role to provide guidance on how the OIS should be interpreted.
- **Education on the ACCU Scheme:** The department will help method proponents understand how to participate in the ACCU Scheme, particularly method development, through clear guidance material. The department could also run workshops and seminars or meet with interested parties.

It is proposed the Integrity Committee would also provide feedback during the method development process to ensure methods are being developed in line with requirements. Method developers could submit progress updates to the Integrity Committee, for example every 3 months. Following a high-level review of a progress update, the Integrity Committee could provide feedback on any area identified as needing further clarification or work. The purpose of this feedback would be to guide method developers rather than a detailed assessment identifying all potential issues with a method. It will also be open to the Integrity Committee to advise that a proposed method is unlikely to meet the OIS based on progress reports.

2.3.2 Dealing with newness

Currently, projects cannot register if they are considered as having already started.³⁵ This is the 'newness' requirement under the additionality test.³⁶ Under a proponent-led process, method developers are likely to be undertaking research and trials to test both productivity and emissions abatement of new technologies to inform the calculations to be used in a method. This may mean, in some cases, a project will be considered as having already started, and therefore 'not new' and cannot be registered under the ACCU Scheme.

To allow some projects to be eligible for registration, the CFI Act provides that methods can include 'in lieu of newness' provisions. This could provide a way for method developers to undertake necessary research and trials without prejudicing future crediting opportunities. Method developers

³⁴ *National Greenhouse and Energy Reporting (Measurement) Determination 2008*. NGER emission factors enable companies to fulfil mandatory obligations to calculate facility level emissions from the energy, industrial processes, and waste sectors. The emission factors align with Intergovernmental Panel on Climate Change emission estimation guidelines to support compilation of Australia's national inventory under the Paris Agreement, and implementation of the Safeguard Mechanism. Methods under the ACCU Scheme are for calculating project level abatement resulting from specified activities.

³⁵ s.27(4A)(a)(i) of the CFI Act

³⁶ s.27(4A) of the CFI Act

should consider whether their method requires such provisions and provide appropriate evidence for this. Box 4 provides an example of how the 'in lieu of newness' provision operates.

There is also an opportunity to provide clarity on where the newness requirement applies, including potentially via legislative amendments. For example, reforms could allow people to undertake research projects to inform a method's development and undertake a project under that method in the future, particularly where the project would only continue because of the incentive provided by ACCU Scheme. Organisations and land managers involved in or undertaking trials or research projects could be required to submit a notice of intent to the Clean Energy Regulator indicating they are doing so to inform the development of a new method.

Box 4: How 'in lieu of newness' operates

The 2022 Plantation forestry method includes an in lieu of newness provisions to allow some project activities to be undertaken after a registration or area variation application is submitted but before the project is registered or declared. For example, the in lieu of newness means project proponents can:

- lease or purchase a tangible asset for site preparation or planting activities
- some site preparation and planting activities, such as:
 - preparing fallow land for planting by burning existing vegetation to remove it, applying fertiliser, or weed control
 - purchasing seeds and seedlings, and planting, seeding or coppicing to establish a new plantation or start a new rotation.

Questions:

12. Are the proposed areas where the department could provide assistance during method development the right areas or skill gaps to focus on?

13. Is the proposed approach to deal with newness appropriate to support participation in research, trials and demonstration projects needed to support method development?

2.3.3 Developing modules

The ACCU Review proposed a 'modular' approach for changing methods to allow for particular ways of implementing one or more existing methods to account for regional or other circumstances. A modular approach would allow methods to be more adaptable to changing circumstances and technology advancements, and foster innovation by the private sector.

Currently, changes to methods are implemented as variations to the primary legislative instrument. As regulatory instruments, they are actively brought to the attention and scrutiny of parliament as soon as they are made. Under a modular approach, the Integrity Committee would be able to independently approve method modules that meet the OIS. While this would make the method development process more adaptable and flexible it may decrease the overall level of oversight. Modules are proposed to differ from method variations by having a shorter development process which may involve 'minor' method variations with streamlined consideration processes.

For the Integrity Committee to properly exercise its powers, a module would also need to be very clearly defined. Modules could include:

- **Activity/technology modules:** introducing a new way to undertake an activity under a method.
 - Minor changes to method definitions or eligibility criteria could allow activities that would otherwise be restricted under a method to be undertaken in specific circumstances. For example, harvesting biomass including seeds is restricted in some native vegetation regeneration projects, but there are circumstances where this is a culturally significant practice that should be allowed where there are no material impacts on abatement.³⁷
 - Introducing new technologies or management approaches under an existing activity.
- **Measurement approach modules:** introducing a new type of measurement approach, such as a new measurement technology or estimation model to an existing method.
 - For example, the soil carbon method³⁸ allows for multiple options to determine the abatement, including measurement (sampling) or modelled approaches. Each of these options could be considered as a measurement or estimation module.
- **Abatement methodology factors module:** changing the value used in a calculation or calculations in a subset of scenarios to increase the accuracy of abatement estimates.
 - For example, introducing a region or climate-specific emission factor within a given measurement approach.

Modules are not intended to **substantively** change the eligibility requirements for projects, how the abatement is determined, or the primary abatement activity type under the method. Some of the above proposed changes may be considered too significant to be permitted as part of a modular addition to a method. The Integrity Committee may decide an EOI for a module must be progressed as a method variation where it considers the change is too substantive. The Integrity Committee may also choose to release guidance for method developers on how it will make such decisions.

The intended purpose of modules is to increase flexibility and encourage as much uptake of methods and abatement creation as possible. If a module is approved, any project for which it is applicable will be able to use it. Modules may not be suitable under all methods nor able to accommodate bespoke project circumstances.

A modular approach could add complexity in administering methods and increase the importance of project audits, which is a cost largely incurred by project proponents. The proposed scope of the modular approach seeks to balance ensuring flexibility without being administratively burdensome.

Changes to both the CFI Act and CFI Rule are likely to be required to facilitate a modular approach.

³⁷ s.3.7(1) of the *Carbon Credits (Carbon Farming Initiative) (Native Forest from Managed Regrowth) Methodology Determination 2013* restricts the removal of biomass from a CEA. This is to ensure sequestered carbon remains in the project area and the removal does not need to be modelled in FullCAM.

³⁸ *Carbon Credits (Carbon Farming Initiative – Estimation of Soil Organic Carbon Sequestration using Measurement and Models) Methodology Determination 2021*

Question:

14. Does the proposed modular approach ensure the method development process is adaptive to changing circumstances while ensuring there continues to be an appropriate level of Ministerial oversight to preserve integrity? If so, what kind of variations should be permitted as part of a module?

2.4 Discontinuing method and module development

It is proposed a method developer can choose to discontinue developing their method at any point in time by writing to the Integrity Committee and the department. Before a method development process can be discontinued, it is proposed the Integrity Committee notifies all method development stakeholders of the proposed discontinuance and invites another stakeholder to take over the proposed method's development. This invitation would be open for at least 14 days. If no one opts to do so, the Integrity Committee would publicly advise that work on the proposed method has been discontinued.

The Integrity Committee would also be able to require a method developer to discontinue a proposed method if new evidence becomes available indicating the proposed method will be unlikely to meet the OIS. If the method developer wishes to continue, they would be required to provide evidence to the Integrity Committee to support their case. After considering the proponent's justification, if the Integrity Committee still considers the method should be discontinued, it will notify the method developer accordingly that it will not consider the proposed method for assurance. If the evidentiary bases changes, the method developer would be able to submit a revised EOI.

Question:

15. Are there any concerns with the proposed approach for discontinuing method development?

2.5 Public consultation

The ACCU Review envisaged the new method development process continue to use a co-design approach where method developers engage with a range of industry stakeholders, government, and technical experts. Consultation plays a critical role in the method development process by:

- ensuring method developers consider a range of perspectives and helps ensure methods and modules are broadly applicable
- assisting to improve a proposed method's credibility and integrity by increasing transparency
- improving the likelihood of acceptance by communities potentially affected by resulting projects
- assisting to identify possible future issues in using and administering a proposed method at an early design stage
- making the process including the information being relied upon accessible to all stakeholders.

It is proposed the Integrity Committee would manage the public consultation on a proposed method, method variation, or module (where required) using the completed method development template, the accompanying draft legislative instrument (where required), and a supporting simple method

guide. The requirements for modules may be simpler as modules may not be legislative instruments. The consultation process would invite submissions and provide the resulting feedback to the proponent for consideration.

Often submissions received during the public consultation process on proposed methods contain commercially sensitive data, and providing appropriate protection for this information can be important. This type of data and evidence is helpful in assessing whether a proposed method is likely to be practically implementable and deliver abatement outcomes. Under the current method development consultation processes, submissions are not published if marked confidential. This allows stakeholders to submit commercially sensitive information relevant to the method development process that may not otherwise be submitted.

To ensure stakeholders remain comfortable sharing commercially sensitive data under a proponent-led method development process, it is proposed there will continue to be options to request either anonymity or submissions (or parts of the submissions) remain confidential. It is proposed the Integrity Committee's secretariat would compile and anonymise all submissions where this is requested before providing them to the method developer and the public. Where commercial-in-confidence data is provided, the Integrity Committee would aggregate the data for sharing with the method developer (if possible) or otherwise provide advice there is conflicting data and the method developer may need to undertake further research. To ensure it balances transparency, integrity, privacy, and commercial-in-confidence concerns, the Integrity Committee will monitor the effectiveness of its approach to consultation.

Following public consultation, method developers would need to address the feedback received. Method developers would need to demonstrate to the Integrity Committee that all submissions were considered and, where appropriate, incorporated into the proposed method. Submissions and a response to submissions would be published following method finalisation. The Integrity Committee would review the revised proposed method and supporting materials and decide whether submissions were adequately addressed.

If the Integrity Committee is satisfied, the department will finalise a draft legislative instrument with assistance from the method developer.

The final draft method instrument, and simple method guide will then be submitted to the Integrity Committee to assess whether the draft method complies with the OIS and if relevant, the ACCU Scheme Principles. Where methods are determined as meeting the OIS and any other requirements, the Integrity Committee will recommend them to the Minister for making. The Minister will decide whether to make a method or method variation but must not make a method unless the Integrity Committee advises it meets the OIS. The Integrity Committee will provide feedback to the method developer if the draft method does not meet these requirements.

Questions:

16. Will the proposed process for dealing with confidential data in consultation submissions balance the desire to ensure the ACCU Scheme is transparent while encouraging commercially sensitive data and information to be provided?

17. How should proponents demonstrate that feedback was appropriately considered?

18. Should modules be subject to the same public consultation processes that new methods are subject to? If not, what should public consultation for modules look like?

2.6 Timeframes for method development and method assessment

Method development previously operated on an annual basis, with priorities determined annually for development over the following year. Setting clear timeframe expectations will assist the Integrity Committee to manage its work program and the method development process transparently, as well as provide guidance for the market for when new methods might become available for use.

It is proposed method developers would have up to 12 months after an EOI is approved to submit a draft module, and up to 18 months to submit a draft method for consideration by the Integrity Committee. The timeframes would include legislative drafting. Following approval by the Integrity Committee, it is proposed draft methods or modules would be out for public consultation for a minimum of 4 weeks.³⁹ After this, method developers would be expected to submit final draft modules or methods to the Integrity Committee for consideration within 3 and 6-month windows respectively. These timeframes would allow a total of 18 months for modules and up to 2 years for new methods.

Hard deadlines would likely constrain the process unnecessarily, and potentially increase risks such as errors and costs of developing a method outweighing the benefit of its development. Therefore, the timeframes are proposed to be targets and not strict requirements. Some methods may be developed more quickly. The Integrity Committee would also have discretion to extend timeframes where it considers appropriate and in the interests of transparency, would regularly publish information on the progress of methods underway, including delays.

Questions:

19. Are the proposed timeframes reasonable? Could they be shorter?

20. Should there be a mandated requirement to complete method development within a set timeframe?

2.7 Review and maintenance of methods

Methods must be maintained to ensure emission factors, activities and tools remain up to date and reflect the latest technologies and scientific knowledge. There are currently 2 types of review mechanisms:

- **Crediting period extension (CPE) reviews**, which consider whether a method should have its crediting period extended where projects under the method are assessed as continuing to deliver additional carbon abatement.⁴⁰

³⁹ s.123(3) outlines the exceptions to the 28 day public consultation requirement

⁴⁰ s.255(ha) of the CFI Act

- **Periodic reviews**, which ensure methods remain compliant with the OIS and in future, potentially the ACCU Scheme Principles. Currently, these can be initiated by the ERAC or by an external party requesting a review.⁴¹

Methods also expire prior to sunset, which is standard for all legislative instruments where they are automatically repealed 10 years after their registration⁴². When a method is due to sunset, a decision needs to be made to make a new method with similar activities, revoke the method, or let it expire.

It is proposed the Integrity Committee would continue to be responsible for conducting CPE and periodic reviews, as well as providing advice to the Minister on expiring methods.

2.7.1 CPE and periodic reviews

Implementing the ACCU Review recommendations provides an opportunity to consider current arrangements for CPE and periodic reviews, given the focus on ACCU Scheme integrity and as more methods are developed.

The length of a crediting period is fundamental to a method's integrity, as it is the period over which the abatement generated is considered to be additional. Setting a fixed crediting period is a somewhat arbitrary approach, but it does provide investment certainty for project developers. A method sets the crediting period and can only be varied once following a CPE review⁴³, which is to be undertaken before the first project registered under the method enters the last 12 months of its crediting period.⁴⁴ Currently, if ERAC advises the Minister a method's crediting period should not be extended following a CPE review, it cannot be varied later to extend the crediting period even if new evidence becomes available that the activities would generate additional abatement, and a new method needs to be developed. Drafting a new method for this purpose can be resource intensive.

Under the new process, it is proposed CPE reviews would be undertaken on an as needs basis as part of a periodic review and crediting periods could be amended as part of any method variation. Further, it would be open to the Integrity Committee to advise whether to increase or decrease a crediting period taking into account how this would affect existing projects, and whether transitional arrangements should be made. A more dynamic approach to crediting periods may increase ACCU integrity without risking market uncertainty.

It is proposed the existing approach to periodic reviews, including the ability to ask the Integrity Committee to undertake a review, would be continued.

2.7.2 Sunsetting legislation – expiry of methods

All legislative instruments sunset 10 years after they were registered⁴⁵. ACCU methods are set to expire immediately before their sunset date to allow registered projects to continue operating until

⁴¹ s.255AA of the CFI Act

⁴² s.50(1) of the *Legislation Act 2003*

⁴³ s.114(7A)(c) of the CFI Act

⁴⁴ s.255A(4) of the CFI Act

⁴⁵ [Legislation Act 2003](#)

the end of their crediting period⁴⁶. It is proposed the Integrity Committee would review an expiring method within a reasonable timeframe prior to the date it is due to sunset. This would include assessing against the OIS and ACCU Scheme Principles, and public consultation if considered necessary. The Integrity Committee would provide advice to the Minister on whether to remake or allow a method to sunset.

Method developers who think activities covered by an expired method could continue to generate additional abatement could submit an EOI to make a new method with the same activities.⁴⁷ The Integrity Committee would assess such proposals against the OIS and ACCU Scheme Principles, as well as other method development priorities.

Question:

21. Does the proposed approach for reviewing and maintaining methods properly balance the need for integrity with the industry need for certainty?

2.8 Transition to new or varied methods, including baselines

Currently, the CFI Act allows projects to continue to use the version of the method in place when a project starts for the length of that crediting period.⁴⁸ If a method is varied or replaced by a new method during that crediting period, a project proponent can choose whether to move onto the new or varied method or remain on their current method.⁴⁹

Practically, this means:

- project proponents can choose to remain on a previous version of a method even if a method is updated to reflect new scientific evidence, changed market dynamics, or to correct errors in an original method
- any differences in calculating abatement between different method versions could potentially affect public perceptions of ACCU and abatement integrity
- administrative burden for proponents, auditors, the Integrity Committee, the department and Clean Energy Regulator is increased if there are multiple method variations for the same types of projects
- the government may need to use other regulatory mechanisms to address risks of nongenuine abatement being credited, such as legislative rules restricting the issuance of a credits to certain projects.

⁴⁶ Ahead of the sunset date, methods expire allowing existing projects that have commenced their crediting period will not be affected. Projects that have not started their crediting period will be revoked and will not be able to create ACCUs. Proponents can seek to register a new project under a new method if a relevant method is available.

⁴⁷ A new method is required as there needs to be a new legislative instrument.

⁴⁸ s.125(2), 126(2) and 127(2) of the CFI Act

⁴⁹ s.128(1) of the CFI Act

In contrast, where a method incorporates a document or model “as in force from time to time” used for calculating abatement, it is automatically applied to all projects and all previous versions of the method.

In its 2017 statutory review of the Emissions Reduction Fund (now the ACCU Scheme), the CCA recommended that ACCU Scheme participants transition to new methods or updated requirements and tools within 2 years of a new method being made or varied.⁵⁰ The CCA considered that the risks to investment certainty were outweighed by the value to all ACCU Scheme participants of maintaining integrity over the long-term.

The CCA chose the 2-year lead-in time as the appropriate balance between allowing participants sufficient time to adjust to variations while maintaining integrity. However, a 2-year lead time may not always be suitable. For example, where there are serious integrity concerns, quickly moving proponents onto a varied method may be required to prevent reputational risks to the ACCU Scheme. The impact of any timeframe on existing investments would also need to be carefully considered and it is not intended this process would force projects to be revoked if method requirements change.

It is proposed the CFI Act would provide circumstances where legislative rules would be able to require proponents to move onto new or varied methods after a new method is made or an existing method is varied, taking into account the Integrity Committee’s advice on need, and whether transitional arrangements are required. The Integrity Committee’s advice would be informed by consulting with affected project proponents.

This proposal would also include varying baselines. For example, baselines could be updated over time with the legislative rules requiring all or a subset of existing projects to apply new baselines after considering the Integrity Committee’s advice. Legislative amendments will be necessary to implement these changes.

Questions:

22. What are the risks and benefits of providing for legislative rules to compel existing projects to be carried out in accordance with varied or new method requirements?

23. Should the Integrity Committee explicitly consider transitional arrangements as part of making new methods or method variations?

2.9 Functions and responsibilities under the proponent-led method development process

A clear separation of functions in the new proponent-led method development process will help ensure integrity and avoid actual or perceived conflicts of interest. Table 2 sets out the proposed

⁵⁰ 2017 Review of the Emissions Reduction Fund, Recommendation 4, [ERF Review Final Report](#)

separation of functions between the department, the Clean Energy Regulator, and the Integrity Committee and its secretariat under the new process.

Functions and responsibilities	
The Integrity Committee	The Integrity Committee’s primary role is to assure method integrity. The Integrity Committee, supported by a secretariat, will be responsible for triaging EOIs, managing consultation on methods, endorsing new methods, approving modules, and conducting method reviews.
Department of Climate Change, Energy, the Environment and Water	The department will be primarily responsible for policy development and advising the Minister on legislative amendments to the ACCU Scheme. It will support proponents with method and module development and may act as a proponent on behalf of the Minister.
Minister	The Minister will continue to approve or ‘make’ as well as revoke methods and method variations.
Clean Energy Regulator	The Clean Energy Regulator will continue to be responsible for administering the ACCU Scheme, including project registration, crediting, and compliance and enforcement as well as providing transparent project and ACCU Scheme information. It will advise the Integrity Committee on the feasibility of administering proposed methods and other matters or improvements to methods it becomes aware of through administering and monitoring of methods.

Table 2: Proposed separation of functions

Under this proposed process, the Integrity Committee, its secretariat, and the department would have different roles and responsibilities in developing methods.

The Integrity Committee would balance being sufficiently involved in the process to provide guidance to method developers so they can meet the requirements, while also maintaining independence so it can provide assurance a method is robust and meets the OIS. That is, the Integrity Committee would focus on method assurance, while proponents would focus on method development, with the secretariat supporting both parties in fulfilling these roles.

The department would assist method developers in the process by providing statutory drafting and ensuring the process is accessible to a wide range of stakeholders, as well as potentially other forms of support.

The Clean Energy Regulator would provide additional assurance at the project level by assessing whether projects meet method requirements. Where activities outlined in an EOI could fall under an existing method, the Integrity Committee could refer the method developer to the Clean Energy Regulator for advice.

2.9.1. The role of the Integrity Committee

The Integrity Committee would have a set of defined functions of:

- triaging EOIs
- coordinating consultation for method proposals
- assessing method proposals to determine whether they meet the OIS
- reviewing methods including considering CPEs and ahead of a method sunseting.

While these functions can be clearly defined, they can be conducted in different ways. For example, the Integrity Committee may:

- consider whether an EOI is likely to meet the OIS, aligns with the ACCU Scheme Principles, or could result in adverse environmental, economic or social impacts, during the triage process.
- develop and publish guidance on how it will apply the OIS when assessing methods, modules, or variations. This may mean that the Integrity Committee takes on a quasi-policy role in relation to determining how the OIS are to be interpreted.
- consider, when undertaking a review, methods should be amended to make them easier to use or for the Clean Energy Regulator to administer. This might result in the Integrity Committee considering factors beyond integrity.

Expanding the Integrity Committee's functions, role and responsibilities is consistent with the ACCU Review recommendations and would be designed for ensuring the proponent-led process is efficient. These new functions would need to be clearly defined and the Integrity Committee appropriately resourced so it can maintain public, market, and Ministerial confidence.

Question:

24. Does the proposed scope of the Integrity Committee's role compromise its primary role as an independent ACCU Scheme assurer?

SECTION 3 – NATIVE TITLE CONSENT

3.1 Eligible interest holder consents

Currently, the CFI Act allows 'area based' projects to be conditionally registered without obtaining all eligible interest holder (EIH) consents, including Native Title holders with a registered Native Title body corporate, provided the proponent has the legal right to run the project.⁵¹ All consents, including from Native Title holders must be obtained before a project can progress to being unconditionally registered and apply for and be issued ACCUs. In practice, this means a project might be established over land, and activities started, for up to 5 years before a proponent must provide evidence of EIH consent. The ability to conditionally register a project and undertake project

⁵¹ Federal Court of Australia, s.28A, CFI Act, [Country Carbon Pty Ltd v Clean Energy Regulator \[2018\] FCA 1636](#)

activities, while a financial risk for project proponents, erodes Native Title holders' self-determination and ability to determine what activities can take place on their land. For example, the project activities may result in unintentional damage to culturally significant areas or constrain access.

The ACCU Review considered that achieving positive outcomes for First Nations Australians requires the Scheme to ensure alignment with the principles of free, prior and informed consent (FPIC)⁵² and recommended that to achieve this, the ability to conditionally register a project without EIH consent should be removed.

This recognises the importance of early engagement with First Nations people before projects are established. Appropriately consulting with Native Title holders and reaching agreement to support consent can be time consuming, even when parties are following best practice and negotiating in good faith. Thus, if full consent is required before a project can begin, this could delay or significantly limit projects being developed and abatement opportunities – reducing outcomes for the climate, the project proponent, and potentially the Native Title holders.

The proposed approach to implementing recommendation 11 is to align with the approach taken in the *Nature Repair Market Bill 2023* (the NRM Bill). The NRM Bill proposes to allow a Native Title registered body to give written, unconditional, or conditional agreement to a project being registered. Projects would not be able to commence until initial written agreement is provided⁵³. The benefits of this approach include:

- regulatory consistency across Australia's environmental markets
- market certainty and stability
- certainty of process for Native Title holders and project proponents
- Native Title holders are engaged early and shown respect.

This approach would also allow Native Title holders to withdraw their initial agreement to a project's registration before full consent is provided. This is important to ensure alignment with principles of FPIC. Additional processes could also be introduced such as dispute resolution processes: for example, third party mediation could be used to streamline negotiations and reduce costs for Scheme participants and Native Title holders.

Other options could be to:

- allow conditional registration provided the project proponent pays the Native Title body corporate a fee or regular payments before the project starts and while all necessary consents and approvals are being obtained.

⁵² FPIC is described in the [ACCU Review](#) Report (p.27) as meaning consent is: "free from force, intimidation, manipulation, coercion or pressure; obtained prior to the project starting; obtained after Indigenous people are fully informed about the costs, benefits, risks and any other implications of the project; and allows the opportunity and time to seek independent advice".

⁵³ *Nature Repair Market Bill 2023*, s.18A, [Nature Repair Market Bill 2023](#)

- to implement the recommendation so that a project cannot be registered at all unless Native Title consent is provided to carrying out the project with no option for a second consent process after registration despite the risks indicated above.

Both options have risks including increasing project costs, thus reducing market opportunities for all Scheme participants including Native Title holders compared to the preferred approach. For example, payment of a fee as a form of 'rent' while negotiating consent may increase project costs to the point that they are financially unviable. If no 'first step agreement' option is available, project proponents are unlikely to commence negotiations on consent without a clear process given the uncertainty and costs associated with these processes.

A Native Title holder will be an EIH under the ACCU Scheme for the purposes of giving consent, when:

- the land is 'native title land', that is, there is an entry on the National Native Title Register specifying that a native title determination over that land exists. The Native Title may be exclusive or non-exclusive.
- there is a registered native title body corporate⁵⁴.

If these conditions are met, the eligible interest rests with the registered native title body corporate.

Active participation by those with knowledge of Country and its care will result in increased integrity of and benefits to the project, particularly if co-benefits related to Indigenous participation are being claimed by a project proponent. Benefit sharing arrangements could also be a way to ensure that First Nations people can access potential financial and non-financial benefits that ACCU projects may bring to a community or region, where other forms of interest exist that fall short of title.

Recommendation 11 proposes that resources should be provided to ensure First Nations communities have access to the resources and support needed to freely participate in consent processes and in an informed way. To improve participation, the government is seeking input on what support communities and First Nations project proponents need when asked to provide consent to a carbon project.

⁵⁴ s.45A of the CFI Act

Questions:

- 25. Should the ACCU Scheme allow for a preliminary form of EIH consent to be given by a registered Native Title body corporate to allow a project to be registered by agreement? If yes, what form should or could that preliminary consent take?**
- 26. How could the preliminary agreement be withdrawn and what guidance or processes could be provided, noting the competing interests involved? Is a dispute resolution mechanism needed?**
- 27. How should eligible interest in land be defined for the purposes of the ACCU Scheme that ensures First Nations interests are appropriately respected? Are there other ways of recognising interests that fall short of a Native Title determination through benefit sharing arrangements, and how might this work?**
- 28. What support and resources do First Nations eligible interest holders, project proponents and communities need when considering or providing consent?**

Appendix A – Summary of Non-ACCU Review policy positions requiring legislative change

Prior consultation processes by the CCA and feedback provided to the department and the Clean Energy Regulator have identified several legislative amendments to the *Carbon Credits (Carbon Farming Initiative) Act 2011* (the CFI Act) since the last major legislative changes in 2014. The government is considering whether to progress these along with the legislative reforms to implement the next tranche of ACCU Review recommendations. Feedback is sought on the policy positions outlined below.

	Policy position	Outcome sought
1.	Replace all references to the “Emissions Reduction Fund” to the “Australian Carbon Credit Unit (ACCU) Scheme” in the CFI Act	The nomenclature used for the Australia’s carbon crediting scheme is being changed to reflect the government’s new climate policies and establishment of the Powering the Regions Fund. References to the Emissions Reduction Fund (ERF) in the legislation should be updated to refer to the ACCU Scheme.
2.	Add new relinquishment provision for abatement that is not achieved	Provides additional regulatory tools to maintain the permanence and the integrity of carbon abatement supported by the ACCU Scheme. Like the power under s88 of the CFI Act, ‘ <i>Requirement to relinquish false or misleading information</i> ’, this would enable the Clean Energy Regulator to ‘claw back’ credits from projects where it is found that abatement was not achieved. This would only apply if the applicable method specified that it was necessary for ACCU Scheme integrity and in the circumstances set out in the method.
3.	Enable flexibility to change the start time of a project more than once	Enabling project proponents to apply to change the start time of a project more than once, providing more flexibility for new projects to enter the Scheme and not risk exclusion due to newness or additionality requirements.
4.	Enable the ability to report and apply for ACCUs up to 9 months after the end of a reporting period	Extend the general time limit, from 6 to 9 months, for participants to submit offsets reports after the end of a reporting period. This would enable more thorough reporting by Scheme participants.
5.	Allow for Scheme participants to transition from 25 to 100-year permanence periods	Allow projects to switch between permanence periods and allow project proponents to receive a portion of the credits they otherwise would have received if they had originally signed up for a 100-year permanence period. This would remove a barrier to Scheme participation stakeholders have suggested given proponents are familiar with the Scheme, they may be more willing to extend projects to a longer crediting period.
6.	Clarify that exclusive possession Native Title Torrens system	Aims to provide clarity to Scheme participants and align with feedback from First Nations peoples. This would

	Policy position	Outcome sought
	landholders do not require the consent from State, Territory and Commonwealth Ministers to participate in the Commonwealth ACCU Scheme	remove administrative barriers for proponents and reduce business risks for all entering the Scheme, such as delayed land approvals, thereby assisting Scheme participation.
7.	Clarify consent requirements for area-based emissions avoidance projects such as savanna fire management projects	Clarify consent obligations for area-based emissions avoidance projects by retaining any Native Title consent but removing the need to obtain consent from other eligible interest holders, such as banks with a mortgage over the property. The change would aim to assist Scheme participation by reducing the burden of unnecessary consent approvals needed to deliver a project.
8.	Facilitate transfers between avoidance and sequestration savanna fire management project types	<p>Enable a project to transfer from one method to the other if the project:</p> <ul style="list-style-type: none"> • satisfies the definitions of each project type, and • can satisfy the requirement of the methodology they are moving onto. <p>Enabling movement between projects should help to improve participation in savanna fire management projects.</p>
9.	Amend definition to clarify that a project to avoid emissions by the storage of captured greenhouse gases can be an emissions avoidance project	Enable developing of methods that may involve storage of carbon emissions, as per the IPCC's recommendations that carbon dioxide (CO ₂) removal will be necessary to achieve net-negative CO ₂ emissions (IPCC, 2023: Summary for Policymakers ⁵⁵). This may include direct air capture where it is eligible carbon abatement under the Act.
10.	Extend permanence obligation to the end of crediting period if the crediting period is longer than permanence period and add the project's crediting period to the project register.	Address the current anomaly where a crediting period may be longer than the permanence period applicable to the project, and also ensures the end date of a project's crediting period would be listed in the register of projects. This would assist to resolve transparency and reporting issues.

⁵⁵ [IPCC, 2023: Summary for Policymakers](#)

	Policy position	Outcome sought
11.	Clarify that Scheme participants are not required to report or monitor projects after both their permanence and crediting periods have expired	Clarify that the project reporting requirements do not extend beyond permanence and crediting periods. This would remove unnecessary obligations previously implied by the wording of the CFI Act and reduces unnecessary reporting by participants. This could help increase Scheme participation.
12.	Amend the fit and proper person test so that insolvency is a consideration, but does not prohibit crediting	Amend the fit and proper person test for individuals so that insolvency is a consideration but is not a prohibiting factor for crediting of projects. This would help in circumstances where a proponent could become solvent again by the issuance of credits. Currently, an individual can only be a fit and proper person if they are not insolvent under administration ⁵⁶ .
13.	Clarify the application of permanence obligations	Make a technical amendment to clarify the original intent of permanence obligations in the CFI Act being that the requirement to relinquish (hand back) ACCUs to the Clean Energy Regulator if carbon stores are lost applies to sequestration projects meant to both store carbon and avoid emissions, such as savanna sequestration and blue carbon projects.
14.	Extend crediting periods for emissions avoidance projects	Currently, the Minister must not vary a method to extend its crediting period for the eligible offsets projects covered by the method unless certain criteria are met. There is a need to facilitate circumstances where an emissions-avoidance offsets project wants to move onto a new or varied method after its crediting period or any extended accounting period has expired, such as where the relevant method's crediting period is extended after a project's crediting period has expired. This could help to increase participation and continue emissions reduction projects for activities found as continuing to meet the OIS.
15.	Adjust the timing of relinquishment ensuring the test is applied when the Regulator	Ensure that credits from revoked projects are not relinquished until the Clean Energy Regulator accepts the

⁵⁶ s.60(1)(b) of the CFI Act

	Policy position	Outcome sought
	decides on the application, not when the application is made	revocation application. This would help to improve Scheme administration.
16.	Clarify variations to, and removal of, carbon maintenance obligations	Address uncertainty regarding how carbon maintenance obligations would be applied and administered in relation to obtaining eligible interest holder consent to carbon storage projects, particularly for projects on pastoral leases in Western Australia. This change was requested by states and territories, and seeks to remove a barrier to participation in the Scheme and improve administration. It would allow ACCUs to be relinquished to remove part of a carbon maintenance obligation, without impacting the obligation outside of that area.
17.	Clarify the concept of 'net total number' where both emissions avoidance and sequestration credits are issued	Remove the obligation for proponents to relinquish ACCUs for avoided emissions not subject to permanence obligations. This change seeks to enable projects to trial the savanna fire management – emissions avoidance and sequestration method, and be able to discontinue without needing to return both emissions avoidance and sequestration credits. Stakeholders have provided feedback that is an impediment to the uptake of the savanna fire management – emissions avoidance and sequestration method and Scheme participation. The current definition of 'net total number' of credits issued to a project includes credits issued for both sequestration and emissions avoidance under the savanna emissions avoidance and sequestration, and the blue carbon methods.
18.	Change the newness test timeframe	Allow a project to begin implementation after an application for its registration has been made, but before the Clean Energy Regulator's declaration of an eligible offsets project is made. This means that the assessment of the 'newness' requirement would be determined at the time of the application. This change is to provide flexibility for project proponents and enable carbon abatement activities to be brought forward, should the administrative process to register projects take some time. As recommended by the CCA in 2020.
19.	Allow the Minister to extend a crediting period, based on advice from the ERAC (soon to be the Carbon Abatement Integrity Committee (the Integrity Committee) regardless of previous advice against an extension	Enable crediting periods to be based on the most up to date information by allowing the Minister to decide to extend the project's crediting period, providing the ERAC/Integrity Committee have advised that the crediting period should be extended regardless of previous advice or variations. This would help remove unnecessary complications for Scheme administration.

	Policy position	Outcome sought
		The government recognises the important role that the ERAC/Integrity Committee plays in ensuring that ACCU methods, which includes any extensions to their crediting periods, meet the OIS and support additional abatement. As recommended by the CCA in 2020.
20.	Replace requirement that ACCU Scheme participants must state whether area-based projects are consistent with Natural Resource Management plans with a requirement that participants consult with Natural Resource Management (NRM) bodies	Require project proponents to demonstrate engagement with the NRM body at the point of project registration, with the aim of assisting to identify the potential for projects to deliver additional benefits (i.e. local vegetation type for improved biodiversity) and avoid unintended impacts. Requiring potential Scheme participants to notify relevant NRM bodies of their proposed projects informs the bodies in advance about anticipated landscape level changes in their area. This would help to improve linkages to broader regional planning, agricultural impacts and biodiversity outcomes. As recommended by the CCA in 2017.
21.	Extend fit and proper person requirements to designated agents	Extend the 'fit and proper person test' to agents to ensure agents are covered by the same requirements as other participants with equally significant roles in the Scheme. Agents may include persons, of a kind specified in the CFI Rules, that wholly or substantially prepare the relevant application or the offsets report accompanying the application. This amendment governs the behaviours of proponents acting on behalf of others and would help ensure integrity. As recommended by the CCA in 2017.
22.	Allow the Clean Energy Regulator to issue infringement notices	Allow the Clean Energy Regulator to issue penalty infringement notices like fines for lower-level infringements, rather than seeking remedies in the courts. This aims to encourage Scheme compliance and improves cost-effective administration of the Scheme. As recommended by the CCA in 2017.
23.	Clarify the Clean Energy Regulator's powers to reverse decisions based on false and misleading information	Make it explicit that the Clean Energy Regulator can review and reverse decisions that a delegate has made where the original information relied on is found to be false or misleading. This would enable remaking of decisions that should not have been made due to incorrect information and speaks to the integrity of the Scheme. As recommended by the CCA in 2017.

Appendix B – Glossary of Terms

Term	Meaning
ACCU	An Australian Carbon Credit Unit is a unit issued to a person or organisation by the Clean Energy Regulator by making an entry for the unit in an account kept by the person in the electronic Australian National Registry of Emissions Units. Each ACCU represents one tonne of carbon dioxide equivalent (tCO ₂ -e) stored or avoided.
ACCU Scheme	Australia's carbon crediting scheme, the Australian Carbon Credit Units Scheme (previously known as the Emissions Reduction Fund (ERF), as established by the CFI Act.
ANREU Act	<i>Australian National Registry of Emissions Units Act 2011.</i>
ANREU	The Australian national registry of emissions units.
CAIC	Carbon Abatement Integrity Committee (Integrity Committee).
CCA	The Climate Change Authority is an independent statutory body established under the <i>Climate Change Authority Act 2011</i> to provide expert advice to the Australian Government on climate change, by conducting regular and specifically commissioned reviews and undertaking targeted climate change research.
CEA	Carbon Estimation Areas under the ACCU Scheme (or ERF).
CER Act	<i>Clean Energy Regulator Act 2011.</i>
CFI Act	<i>Carbon Credits (Carbon Farming Initiative) Act 2011.</i>
Clean Energy Regulator	The Clean Energy Regulator is the independent statutory agency established under the <i>Clean Energy Regulator Act 2011</i> , which is responsible for administering the Renewable Energy Target, the National Greenhouse and Energy Reporting Scheme, the Australian national registry of emissions units and the ACCU Scheme.
Closed method	Some ACCU Scheme methods have been revoked. Projects that were registered under these methods may continue. No new projects may be registered under them.
CO ₂	Carbon dioxide.
Crediting period	The period a project can apply to claim ACCUs.
Crediting period extension review	A review to assess whether a method should be varied to extend the period for which projects under the method can receive ACCUs.
ERAC	Emissions Reduction Assurance Committee.
EIH	Eligible interest holder, refers to eligible interest , in relation to an area of land, has the meaning given by section 43, 44, 45 or 45A of the CFI Act. Sections 43 to 45A of the CFI Act contain a list of people and organisations that have an eligible interest in the land where an ACCU Scheme project will be carried out. These people and organisations are called 'eligible interest-holders' and include anyone registered on the relevant land title (e.g. land owner, lease holder, Crown lands Minister, banks and other mortgagees) and registered native title bodies corporate.

EOI	An expression of interest that a method developer submits as an initial proposal to develop a new method or module, or to vary an existing method to the Integrity Committee for consideration.
Independent Review of Australian Carbon Credit Units (also known as the ACCU Review or Chubb Review)	Undertaken by an independent panel and led by Professor Ian Chubb. The ACCU Review aimed to ensure the carbon crediting framework has integrity and that it warrants a strong and credible reputation.
Methodology determination or method	ACCU Scheme methods set out the rules and instructions for undertaking ACCU Scheme projects, estimating emissions reductions and reporting to the Clean Energy Regulator.
Native title	Native title is the bundle of rights and interests in land and waters held by Indigenous communities, groups and individuals under traditional laws and customs.
Native title land	Section 5 of the CFI Act defines an area of land as native title land if there is an entry on the National Native Title Register specifying that native title exists in relation to the area.
OIS	Offsets Integrity Standards as defined in the <i>Carbon Credits (Carbon Farming Initiative) Act 2011</i> (the CFI Act) and are the legislated requirements that ACCU Scheme methodology determinations (methods) must meet.
Paris Agreement	A legally binding international treaty on climate change. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) on 12 December 2015. Its overarching goal is to hold “the increase in the global average temperature to well below 2°C above pre-industrial levels” and pursue efforts “to limit the temperature increase to 1.5°C above pre-industrial levels”.
Project	A project is a specific activity that can be registered using an approved method under the ACCU Scheme. ACCUs can then be earned by measuring the resulting reduction in emissions.
SMCs	Safeguard facilities automatically generate tradeable Safeguard Mechanism Credits (SMCs) when their emissions are below their baseline, with the exception of landfills and facilities accessing borrowing arrangements or deemed surrender provisions.
The department	The Department of Climate Change, Energy, the Environment and Water.

Appendix C – List of current and revoked (closed) ACCU methods

Current methods

Agriculture

- Animal effluent management method
- Beef cattle herd management method
- Estimating sequestration of carbon in soil using default values method
- Estimation of soil organic carbon sequestration using measurement and models method
- Fertiliser use efficiency in irrigated cotton method
- Reducing greenhouse gas emissions in beef cattle through feeding nitrate containing supplements method
- Reducing greenhouse gas emissions in milking cows through feeding dietary additives method

Carbon capture and storage

- Carbon capture and storage method

Energy efficiency

- Aggregated small energy users method
- Commercial building energy efficiency method
- High efficiency commercial appliances method
- Industrial and commercial emissions reduction method
- Industrial equipment upgrades method
- Refrigeration and ventilation fans method

Facilities

- Facilities method

Mining, oil and gas

- Coal mine waste gas method
- Oil and gas fugitives method

Transport

- Aviation method
- Land and sea transport method

Vegetation management

- Avoided clearing of native regrowth method
- Designated Verified Carbon Standard projects method
- Human-induced regeneration of a permanent even-aged native forest 1.1 method
- Measurement based methods for new farm forestry plantations method
- Native forest from managed regrowth method

- Plantation forestry method
- Reforestation and afforestation 2.0 method
- Reforestation by Environmental or Mallee Plantings - FullCAM method
- Savanna fire management - emissions avoidance method
- Savanna fire management - sequestration and emissions avoidance method
- Tidal restoration of blue carbon ecosystems method

Waste and wastewater

- Alternative waste treatment method
- Domestic, commercial and industrial wastewater method
- Landfill gas method
- Landfill gas (generation) method
- Source separated organic waste method

Revoked (closed) methods

- Avoided deforestation
- Avoided deforestation 1.1 method
- Avoided emissions from diverting legacy waste from landfill for process engineered fuel manufacture
- Avoided emissions from diverting legacy waste through a composting alternative waste technology
- Capture and combustion of methane in landfill gas from legacy waste: upgrade projects
- Capture and combustion of methane in landfill gas from legacy waste
- Commercial and public lighting method
- Destruction of methane generated from manure in piggeries
- Destruction of methane from piggeries using engineered biodigesters
- Destruction of methane generated from dairy manure in covered anaerobic ponds
- Diverting waste to an alternative waste treatment facility
- Emissions Abatement through Savanna Fire Management 2015
- Enclosed mechanical processing and composting alternative waste treatment
- Human-induced regeneration of a permanent even-aged native forest 1.0
- Industrial electricity and fuel efficiency method
- Measurement of soil carbon sequestration in agricultural systems
- Plantation forestry (2017)
- Quantifying carbon sequestration by permanent environmental plantings of native species using the CFI reforestation modelling tool
- Quantifying carbon sequestration by permanent mallee plantings using the reforestation modelling tool
- Reforestation and afforestation (1.0, 1.1 and 1.2)
- Reduction of greenhouse gas emissions through early dry season savanna burning (1.0 and 1.1)
- Sequestering carbon in soils in grazing systems

Appendix D – Consolidated consultation questions

Section 1 – Improving governance and transparency

ACCU Scheme Principles

1. Are the proposed principles fit for purpose and how should they be applied to improve ACCU Scheme governance and integrity?

Maximising ACCU Scheme transparency

2. Is there other information that could be published or collected to improve the transparency of the ACCU Scheme?
3. What information should be published about ACCU holdings that delivers greater transparency in the market?
4. What are the risks to the market from publishing information about ACCU holdings?
5. Are there other grounds or circumstances where information should be withheld, for example, an exemption for existing projects?

Australian Government purchasing of Australian Carbon Credit Units

6. Should the government continue to focus its purchasing on least cost abatement? If not, what other considerations should it prioritise and why?
7. Should the pilot exit arrangements for fixed delivery contracts be made permanent? Would requiring a minimum percentage be delivered to government in each window help strengthen market confidence and reduce risk?

Section 2 – Proponent-led method development framework and integrity committee functions

Expression of interest and triage

8. What assistance or guidance would proponents need to effectively participate in the EOI process?
9. Does the proposed content of an EOI submission balance the need to deliver enough detail to enable a robust assessment, while limiting the upfront investment to a reasonable level?
10. Will the proposed approach to triaging EOIs promote participation and efficiency?
11. Are there any matters not addressed appropriately by the proposed EOI process?

Developing a method or module

12. Are the proposed areas where the department could provide assistance during method development the right areas or skill gaps to focus on?
13. Is the proposed approach to deal with newness appropriate to support participation in research, trials and demonstration projects needed to support method development?
14. Does the proposed modular approach ensure the method development process is appropriately adaptive to changing circumstances while ensuring there continues to be an appropriate level of Ministerial oversight to preserve integrity?

Discontinuing method and module development

15. Are there any concerns with the proposed approach for discontinuing method development?

Public consultation

16. Will the proposed process for dealing with confidential data in consultation submissions balance the desire to ensure the ACCU Scheme is transparent while encouraging commercially sensitive data and information to be provided?
17. How should proponents demonstrate that feedback was appropriately considered?
18. Should modules be subject to the same public consultation processes that new methods are subject to? If not, what should public consultation for modules look like?

Timeframes for method development and method assessment

19. Are the proposed timeframes reasonable? Could they be shortened?
20. Should there be a mandated requirement to complete method development within a set timeframe?

Review and maintenance of methods

21. Does the proposed approach for reviewing and maintaining methods properly balance the need for integrity with the industry need for certainty?

Transition to new or varied methods, including baselines

22. What are the risks and benefits from providing for legislative rules to compel existing projects to be carried out in accordance with varied or new method requirements?
23. Should the Integrity Committee explicitly consider transitional arrangements as part of making new methods or method variations?

Functions and responsibilities under the proponent-led method development phase

24. Does the proposed scope of the Integrity Committee's role compromise its primary role as an independent ACCU Scheme assurer?

Section 3 – Native Title consent

Eligible Interest Holders

25. Should the ACCU Scheme allow for a preliminary form of EIH consent to be given by a registered Native Title body corporate to allow a project to be registered by agreement? If yes, what form should or could that preliminary consent take?
26. How could the preliminary agreement be withdrawn and what guidance or processes could be provided, noting the competing interests involved? Is a dispute resolution mechanism needed?
27. How should eligible interest in land be defined for the purposes of the ACCU Scheme that ensures First Nations interests are appropriately respected? Are there other ways of recognising interests that fall short of a Native Title determination through benefit sharing arrangements, and how might this work?
28. What support and resources do First Nations eligible interest holders, project proponents and communities need when considering or providing consent?