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3 October 2023

Department for Climate Change, Energy, the Environment and Water
Commonwealth Environmental Water Office,
GPO Box 3090,
Canberra, ACT, 2601

RE: BMT ACCU Review Response

To whom it may concern,

Please find below BMT's response to the proposed changes to the ACCU Scheme under the ACCU Review.

Section 1 — Improving governance and transparency**ACCU Scheme Principles**

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

The proposed principles fit the purpose of improving governance and transparency for ACCU's. They should be applied in a manner that is consistent across projects and methods developed for ACCU's and should be implemented with the aim to improve ease-of-use and understanding for project proponents.

Maximising ACCU Scheme transparency

Is there other information that could be published or collected to improve the transparency of the ACCU Scheme?

For all projects, information pertaining to the land type and characteristics, as well as management history or general land-use history of the area and its surrounds, could improve the implementation of new abatement projects and method developments, as most information for existing projects would be available for scrutiny.

Are there other grounds of circumstances where information should be withheld, for example, an exemption for existing projects?

Only the information identified in Section 1.2.4 should be withheld. Retaining more information than required will likely decrease the transparency and potentially reduce the incentive for proponents to develop projects or methods.

Australian Government purchasing of Australian Carbon Credit Units

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

In the current situation, the purchase of least-cost abatement credits is required to maintain the Safeguard Mechanism's cost containment measure and ensure costs remain low for new and/or existing projects. However, the purchase of ACCU's with additional benefits would provide a greater incentive for more abatement projects to develop new methods and for more projects to be accepted under the ACCU Scheme. The purchase of additional benefit ACCU's should be an investment occurring sooner rather than later.

Should the pilot exit agreements 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?

By permanently introducing this, and requiring a minimum government percentage, the risk of ACCU price spikes or fluctuations in the market would be reduced. However, care should be taken when deciding the minimum percentage to ensure it does not take away from the proponents' incentives to carry out abatement projects.

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

Expression of interest and triage

What assistance or guidance would proponents need to effectively participate in the EOI process?

A simple graphic (such as Figure 3) with some brief dot-points of what information to include and where more detailed requirements can be found. This will help streamline the approach for proponents developing projects or methods, while simultaneously reducing the need to amend any missed information required for an EOI submission (saving both the proponent and the Integrity Committee time and money).

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?

Two key issues – funding and expertise in abatement – may hinder the proponents' effective participation in the EOI process to deliver sufficient detail for a robust assessment. To mitigate this, the government could commit funding for grants to support, for example, external expert consultations or research into the proposed abatement area, which would assist proponents with limited funds to use their existing funds for investment in the EOI submission process.

Will the proposed approach to triaging EOIs promote participation and efficiency?

By triaging EOIs, the initial assessment and evaluation process is fast-tracked and will likely increase participation and development of abatement projects.

Developing a method or module

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

By providing the assistance or services outlined in the ACCU Review to groups without the resources available, the department will incentivise and support the development of sound methods for abatement projects.

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

By including 'in lieu of newness' provisions, proponents can undertake research and trials to develop and demonstrate the abatement potential of new methods. In addition, existing methods can be applied to areas with little knowledge in relation to offsets (i.e., forest offset methods could be applied to coastal wetlands), and potentially demonstrate the adaptability or transitional effectiveness of some abatement methods. It would be beneficial to include a separate classification where a reduced amount of ACCU's are allocated for experimental research or trials to demonstrate the abatement potential of new methods/areas, which in turn, may increase the uptake of new method development. This may also reduce the risk of proponents sacrificing the potential ineligibility for a projects' ACCU registration for method development.

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?

The ability for proponents to amend or adapt methods, measurement approaches, or abatement calculations sufficiently accounts for the changing circumstances occurring over the lifetime of an abatement project. This also incentivises the development of new methods, which could be tested on areas with ACCU's already delivered. The modular approach allows for the proponent to develop methods within a module, providing guidance on each approach, while consulting with the Department and the Minister for clarification and/or approvals. Specific to the 'measurement approach' and 'abatement methodology' modules, incorporating new measurement approaches or changing the abatement calculations should be done through peer-review processes and/or external expert advice to ensure accuracy, reliability, and integrity of any proposed method changes.

Public consultation

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?

Withholding commercially sensitive information is essential for the success of some projects and/or proponents, however, some parties may find a lack of clarity for some aspects concerning in the consultation process. This can potentially be managed by clarifying the project objectives and expected deliverables for the project and surrounding area.

How should proponents demonstrate that feedback was appropriately considered?

The appropriate consideration of public consultation feedback should be incorporated in a tabular format, in a separate or amended review document, where the publics' concerns or comments are identified in one column, the proponents' response in a second column, and the actions taken or planned to address these concerns in a final, third column.

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?

Modules should be subject to public consultation; however, the type of consultation should be reflective of the type of module/change. For example, an activity/technology module should require an informal public consultation through door knocking, leaflets, or information signs in high-traffic areas and/or near the project area with QR codes linked to the module implementation and management plan for the public to comment on. In contrast, a potential module that has the chance to influence the surrounding area or have more impact than other methods may benefit from formal public consultations (i.e., town hall meetings).

Timeframes for method development and method assessment

Are the proposed timeframes reasonable? Could they be shortened?

The proposed timeframes are reasonable. By continuing to operate on an annual basis, proponents have sufficient time to develop modules and methods for consideration and allows sufficient time to incorporate expert advice or undertake any short-term research required. If these timeframes are shortened, regardless of the timeframes acting as a 'target', there are increased risks that errors and potential amendment costs associated with method development may outweigh the project's development benefit.

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

By requiring method development to be completed within a set timeframe, there is an increased potential for errors or key details to be missed or overlooked during the development process due to constraining time pressures. If mandated requirements are to be introduced, a maximum of 2-years for new method development would suffice.

Transition to new or varied methods, including baselines

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?

The benefits from providing legislative rules for existing projects to conduct in accordance with varied or new method requirements include: a reduced risk of issuing non-genuine ACCU's; improved consistency among projects and crediting criteria; and continually allowing for new method development. In contrast, the risks associated with this include: the public perception and the integrity of abatements being reduced (e.g., the public may see ACCU's as tangible or worthless, while project proponents may question the integrity of past ACCU's issued); and it may prevent the development of new methods as proponents may not want to risk non-genuine credits being issued to their project.

Functions and responsibilities under the proponent-led method development phase

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

Providing the Integrity Committee remains independent and provides guidance to method developers, its primary role is not compromised. The incorporation of a secretariat assists in maintaining this independency.

Section 3 — Native Title Consent

Eligible Interest Holders

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?

By obtaining a preliminary form of EIH consent to be given by a registered Native Title body corporate, then any restoration or alterations occurring within the proposed project area is consistent with areas of Indigenous significance and heritage. The preliminary consent should take the form of written approval, outlining the conditions agreed to and anticipated changes/outcomes occurring from the project.

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?

The preliminary agreement could be withdrawn based on a change in project expectations/outcomes, or an unresolved disagreement between the two parties. The agreement could be withdrawn through a letter addressed to the proponent and the Minister. A dispute resolution mechanism would be useful for parties requiring this; however, it is unlikely to be required.

How should eligible interest in land be defined for the purposes of the ACCU Scheme the 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?

Guidelines to direct how communications between all parties involved will assist in streamlining the communication process and ensure all aspects of seeking consent are required (e.g., project implementation and outcomes, anticipated disruption to areas of significance etc.).

Yours Sincerely,

BMT



Jack Robinson
Environmental Consultant