



Department of Climate Change,
Energy, the Environment and Water

Proposed ACCU Scheme
transparency changes

submission

October 2024





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The Carbon Market Institute (**CMI**) welcomes this opportunity to respond to the Department of Climate Change, Energy, the Environment and Water's (**DCCEEW**) consultation on an exposure draft of amendments to the Carbon Credits (Carbon Farming Initiative) Rule 2015 (**CFI Rule Exposure Draft**) to improve ACCU Scheme transparency, which opened on 16 September 2024.

CMI is an independent, member-based institute that promotes the use of market-based solutions and supports best practice in decarbonisation to limit warming to 1.5°C. Our membership includes 150 primary producers, carbon service providers, First Nations organisations, legal and financial institutions, technology firms and emissions-intensive companies in Australia and the Asia Pacific. The CMI Board updates CMI's Policy Positions annually, which draw on practical insights from—but are ultimately independent of—members.¹

CMI also administers the Australian Carbon Industry Code of Conduct (**ACI Code**), which was established in 2018 to steward consumer protection and market integrity.²

CMI consults members to gain practical feedback to inform our positions. However, the recommendations put forward in this submission are ultimately CMI's view, independent of members, and do not represent any CMI individual, member company or industry sector.

Strategic outlook

CMI continues to engage constructively as the Australian Government implements the recommendations of the 2022 Independent Review of Australian Carbon Credit Units (**ACCU Review**) to improve the governance, transparency, participation—and ultimately integrity—of the ACCU Scheme.³

CMI welcomes the release of the CFI Rule Exposure Draft with proposed ACCU project-level transparency improvements as a key step in important and ongoing ACCU Scheme renovations.

The ACCU Scheme is a foundational element of Australia's evolving climate policy suite. ACCUs have a key role to play in lowering Australia's emissions by 43 percent below 2005 levels in line with the 2030 nationally determined contribution (NDC), including as an important flexibility for facilities meeting declining emissions baselines under the reformed Safeguard Mechanism.

Beyond 2030, CMI maintains that strategically leveraging carbon markets and the ACCU Scheme can facilitate an even more ambitious 2035 NDC of well over 70 percent emissions reductions.⁴ Carbon markets can be

¹ CMI 2023, 'CMI Policy Positions', https://carbonmarketinstitute.org/app/uploads/2023/11/CMI-Policy-Advocacy-Positions_FINAL-2023.pdf.

² CMI 2024, 'Australian Carbon Industry Code of Conduct', <https://carbonmarketinstitute.org/code/>.

³ CMI 2023, 'DCCEEW ACCU Review Discussion Paper submission', https://carbonmarketinstitute.org/app/uploads/2023/10/2023.10_CMI_ACCU-Review-Discussion-Paper_submission.pdf; CMI 2022, 'Australian Government Independent Review of ACCUs submission', <https://carbonmarketinstitute.org/app/uploads/2022/10/FINAL-CMI-ACCU-Review-submission.pdf>.

⁴ As first recommended by CMI in: CMI 2023, 'Climate Change Authority: Setting, tracking and achieving Australia's emissions reduction targets submission', https://carbonmarketinstitute.org/app/uploads/2023/07/FINAL_CMI-submission_CCA-2023-consultation.pdf.



further leveraged to accelerate Australia's transition to net zero emissions by, and ideally before, the 2050 bipartisan target.⁵

CMI has welcomed government efforts to date to implement ACCU Review recommendations, including bolstering the independent Emissions Reduction Assurance Committee (**ERAC**)⁶ and launching a new, more participatory method development process.⁷

We recognise immediate actions undertaken in 2023 to uplift ACCU Scheme transparency, as outlined in the ACCU Review Implementation Plan.⁸ These included amendments to the *Carbon Credits (Carbon Farming Initiative) Act 2011* (Cth) (**CFI Act**) that provide for project-level transparency provisions to be enhanced through the CFI Rules, as well as the publication of project carbon estimation areas (**CEAs**).⁹

CMI considers that the introduction of additional project-level transparency provisions as proposed in the CFI Rule Exposure Draft will complement these initial actions and facilitate more holistic scrutiny of ACCU projects, in turn supporting public and investor confidence in the framework.

We make recommendations to strengthen project transparency further, including incorporating the proposed description of suppression mechanisms into related project activity descriptions, and publishing audit information to support third-party analysis of ACCU project performance.

CMI also recommends that the ability for proponents to voluntarily disclose additional project information beyond what the Clean Energy Regulator (**CER**) is legally required to publish continues, however encourages that the CER look to standardise publication of these variables. We also recommend that the CER explore standardised ways to facilitate the voluntary disclosure of co-benefits on the Project Register.

We support balancing enhanced transparency with the proposed provisions that allow for information to be withheld in limited circumstances and recommend a third exemption provision that enables commercially sensitive information to be withheld.

Accessibility is key in enabling transparency. CMI therefore recommends that the government expedite implementation of ACCU Review recommendation 4.2 and establish a national data platform. This platform should be interoperable with existing relevant systems, including Environment Information Australia and the Australian Bureau of Statistics.

We also encourage advance consideration of how the Project Register will interact with the new Unit and Certificate Register, in terms of information linkages and other relevant connections.

Finally, broader ACCU Review implementation is needed to not only ensure integrity, but also investment certainty and forward ACCU supply that can help enable uplifted NDC ambition going forward.

⁵ CMI 2024, 'A National Carbon Market Strategy for Australia: CMI policy brief', https://carbonmarketinstitute.org/app/uploads/2024/06/2024.06_FINAL_National-carbon-market-strategy_CMI-policy-brief.pdf.

⁶ See: DCCEEW 2023, 'Suzanne Thompson appointed to the Emissions Reduction Assurance Committee (ERAC)', <https://www.dcceew.gov.au/about/news/suzanne-thompson-erac>; DCCEEW 2023, 'Professor Karen Hussey appointed Chair of Emissions Reduction Assurance Committee' (media release), <https://minister.dcceew.gov.au/bowen/media-releases/professor-karen-hussey-appointed-chair-emissions-reduction-assurance-committee>;

⁷ See: CMI 2024, 'Bowen takes key step to expand carbon credit scheme' (media release), <https://carbonmarketinstitute.org/2024/05/21/bowen-takes-key-step-to-expand-carbon-credit-scheme/>.

⁸ DCCEEW 2023, 'Independent Review of Australian Carbon Credit Units: Implementation Plan', <https://www.dcceew.gov.au/sites/default/files/documents/accu-review-implementation-plan.pdf>.

⁹ See: CMI 2023 'CEA data release a welcome boost to transparency' (media release), <https://carbonmarketinstitute.org/2023/06/02/cea-data-release-a-welcome-boost-to-transparency/>.



We therefore urge government to secure drafting resources to fast-track the implementation of outstanding, delayed priority reforms, as designated in the ACCU Review Implementation Plan.¹⁰ Required legislative amendments should be tabled by the end of 2024.

Additional resourcing should also facilitate the parallel finalisation of methods; the integrated farm and land management (**IFLM**) method, new savanna fire management and environmental plantings methods, and revised or new landfill gas (**LFG**) method.

Further commentary is included under our six recommendations in the **Attachment** below.

Should you wish to discuss this submission in greater detail, please contact Gabriella Warden (gabriella.warden@carbonmarketinstitute.org).

Yours sincerely

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¹⁰ See p. 3 in: DCCEEW 2023, 'Independent Review of Australian Carbon Credit Units: Implementation Plan', <https://www.dcceew.gov.au/sites/default/files/documents/accu-review-implementation-plan.pdf>.



ATTACHMENT

CMI Recommendations

- 1. The government should incorporate amendments under Paragraph 1(b) into Paragraph 1(a), so that the publication of detailed, method-specific project activities requires a description of related suppression mechanisms and baseline land management for projects under applicable methods. This would more clearly illustrate how a project supports abatement.**

For projects where activities are undertaken to address suppression mechanisms, requiring explicit reference to these suppression mechanisms and the baseline management of the project area *within* the project activity description would more clearly illustrate how the project activities are supporting abatement. This is instead of allowing the suppression mechanisms to be outlined as a separate line item, as is currently proposed.

Folding the proposed amendment under Paragraph 1(b) into Paragraph 1(a) would achieve this, ensuring that project activities, under relevant methods, include a direct reference to the suppression mechanism(s) they respond to.

CMI recommends this is achieved by removing Paragraph 1(b) and redrafting Paragraph 1(a) as follows (added text in *italics*):

“a description of the project that includes a list of activities that have been, are being, or are to be, carried out during the project’s crediting period and, where the project is carried out under a methodology determination that requires identification of suppression mechanisms in the baseline period, the description of project activities should include their relationship to, and description of, any identified suppression mechanisms and a description of how the project area was managed in the baseline period;”

- 2. In addition to the information proposed in the CFI Rule Exposure Draft, the government should consider publishing additional variables on the CER Project Register that would further support transparency and facilitate third-party project analysis,¹¹ including:**
 - a) information about project audits;**
 - b) maintaining the ability for proponents to voluntarily disclose additional data and information, but exploring ways to standardise this information; and**
 - c) voluntary options for proponents to disclose co-benefits and relevant certification and verification frameworks in a standardised manner.**

CMI generally supports the proposed additional project-level information that would be published on the CER website’s Project Register. This additional information will complement already publicly available CEAs to facilitate more comprehensive and accurate public scrutiny of individual project performance.

CMI understands that audit report information would support accurate and holistic third-party analysis and scrutiny of project performance, which would support public confidence.

Therefore, we recommend an additional CFI Rule amendment is included to require publication of audit information. This should include a list of audits that have been undertaken and relevant dates and crediting periods they cover, as well as links to audit summary reports.

¹¹ CMI 2023, ‘Guidance Brief: Carbon Estimation Area Data Release’, <https://carbonmarketinstitute.org/app/uploads/2023/06/Guidance-Brief-Carbon-Estimation-Area-Data-Release.pdf>.



To support this, CER should develop a standardised audit summary report template that auditors should be required to fill in when completing audits. This template could be developed in consultation with auditors and should ensure that private financial and personal information is protected while disclosing information to support third-party scrutiny of project performance and abatement outcomes.

CMI welcomes proponent willingness to voluntarily disclose additional data. Since the requirement for the CER to publish CEAs was introduced, the CER has facilitated voluntary disclosure of additional information to assist third party analysis of project performance.¹² This should be maintained, however CMI recommends that the CER explore options for standardising publication of voluntarily disclosed information and data on Project Register listings, rather than enabling this through proponent-supplied PDF files that may vary from project to project.¹³

This should be maintained, however CMI recommends that the CER explore options for standardising publication of voluntarily disclosed information and data on Project Register listings, rather than enabling this through proponent-supplied PDF files that may vary from project to project.¹⁴

We support the 6-month implementation window for implementing these changes and encourage appropriate resourcing of the CER to ensure this is completed in a timely and accessible manner.

To further support transparency, we encourage the government and/or CER to also explore standardised options for voluntary publication of self-declared project co-benefits on the Project Register, as well as applicable certification and verification frameworks.

Finally, CMI notes that Part 12, Section 5(168) of the CFI Act stipulates that the Project Register must set out if the project is covered by a natural resource management (NRM) plan and whether the project is consistent with the plan. While the current Project Register discloses NRM plans where relevant, we encourage the CER to revisit applicable project listings and ensure that information is also provided on whether the project is consistent with these plans.

3. The government should consider including a third provision for withholding information in circumstances where there are genuine commercial sensitivities, as defined by Australian law.

CMI maintains our support for full disclosure as the default for all projects, however reiterates that there are projects where there will be reasonable grounds to withhold certain information.¹⁵

CMI supports the CFI Rule Exposure Draft's proposed exemption provisions that provide grounds for withholding project information where it is required to protect or respect Aboriginal tradition, or to protect ecological communities or threatened species, in accordance with legislative definitions.

¹² Examples of additional information and data that can support third party analysis of CEA-based project performance is listed in: CMI 2023, 'Guidance Brief: Carbon Estimation Area Data Release',

<https://carbonmarketinstitute.org/app/uploads/2023/06/Guidance-Brief-Carbon-Estimation-Area-Data-Release.pdf>.

¹³ The CER's current consent form enables proponents to publish additional project information, for example to support third party scrutiny CEA-based project performance, by providing a PDF file. Available for download at: <https://cer.gov.au/document/cer-erf-as001-voluntary-provision-supplementary-information-carbon-estimation-area-publication>.

¹⁴ See CER form in footnote above.

¹⁵ As advocated in: https://carbonmarketinstitute.org/app/uploads/2023/10/2023.10_CMI_ACCU-Review-Discussion-Paper_submission.pdf, p. 14



We recommend a third circumstance be added to this list that provides grounds for withholding or deidentifying project information where it is commercially sensitive, as defined under Section 47 the *Freedom of Information Act 1982* (Cth).

For example, the *Carbon Credits (Carbon Farming Initiative – Estimation of Soil Organic Carbon Sequestration using Measurement and Models) Methodology Determination 2021* provides for proponents to bring their own model to support abatement calculation.¹⁶ This model may be proprietary information that could classify as commercially sensitive.

Projects with withheld information should be labelled as such in the Project Register, with relevant exemption grounds—to protect Aboriginal tradition, ecological communities or threatened species, or commercial sensitivities—listed.

In introducing exemption provisions that allow project information to be withheld in limited, clearly defined circumstances (as above), CMI recommends that the CER and government draft regulatory guidance that provides valid as well as invalid examples of when exemption provisions could be exercised and how a proponent would notify the CER.

4. The government should expedite ACCU Review recommendation 4.2 to implement a National Data Platform to ensure additional project information is accessible,¹⁷ which should be interoperable with, and/or could be hosted by, existing agencies including Environment Information Australia and the Australian Bureau of Statistics. In the interim, the CER should prioritise accessibility and accuracy when publishing additional project information on the existing Project Register.

To facilitate transparency and public scrutiny, information and related data must be accessible.

In the immediate term, the government should direct—and appropriately resource—the CER to prioritise accessibility when publishing additional project information.

To achieve this, as part of the initial 6-month implementation window, the CER should optimise the existing Project Register by identifying barriers and solutions to improve accessibility and overall user experience. This could be done by undertaking a user survey, for example.

The CER should regularly update and maintain entries on the Project Register, as is required under Part 12, Division 5(168) of the CFI Act. There should be maximum timeframes within which the CER updates information for information that changes, such as restratified CEAs and/or changes to the estimation, measurement or modelling tools being used to calculate abatement. Project Register pages should disclose when the page was last updated and include a record of historical information, where applicable.

Learnings should be applied to the eventual Nature Repair Market Project Register, which should be linked with the ACCU Project Register to support scheme interoperability and alignment.

In parallel, CMI urges the government to progress the National Data Platform recommended by the ACCU Review as a priority action that will facilitate more complete project transparency in the medium to long term.

¹⁶ More information is available in the CER's simple method guide: CER 'Understanding your soil carbon project', <https://cer.gov.au/document/understanding-your-soil-carbon-project-simple-method-guide>

¹⁷ See in: I. Chubb et al, 2022, 'Independent Review of Australian Carbon Credit Units: Final Report', <https://www.dcceew.gov.au/sites/default/files/documents/independent-review-accu-final-report.pdf>.



Given the interconnected climate and biodiversity crises, it is important that the government's net zero and nature positive targets and plans reinforce one another. To support this, the National Data Platform should be hosted by and/or interoperable with existing relevant services, including Environment Information Australia and the Australian Bureau of Statistics.

5. To support public and investor confidence, the government should fast-track implementation of outstanding priority ACCU Scheme reforms and prioritised methods, namely:

- a) formally re-establish ERAC as the Carbon Abatement Integrity Committee (recommendation 2);**
- b) clarify Australian Government ACCU purchasing arrangements, including both the responsible entity and the guiding principles or strategy informing purchase decisions (recommendation 3.3);**
- c) introduce ACCU Scheme principles (recommendation 6);**
- d) remove the option to conditionally register ACCU projects on Native Title lands and clarify approach to supporting Free, Prior and Informed Consent (FPIC) (recommendation 11); and**
- e) finalise drafting of IFLM, new savanna fire management and environmental plantings, and revised or new LFG methods.**

As part of this, required legislative amendments should be tabled by the end of 2024.

6. As the government continues to progress ACCU Review implementation, it should update the ACCU Review Implementation Plan and, going forward, provide quarterly updates on the progress of reforms and prioritised method development to support public accountability and transparency.

CMI has welcomed the government's in-principle acceptance of all 16 recommendations of the ACCU Review and recognises actions undertaken to date to progress the priority reforms outlined in the ACCU Review Implementation Plan.¹⁸ The release of this CFI Rule Exposure Draft and the opportunity to provide feedback marks another important step forward towards improved project-level transparency.

While sensitive to the busy legislative agenda across whole of government and compressed timeline for government business, with limited sitting days remaining in the calendar year, CMI encourages the government to prioritise finalising ACCU Review priority reforms.

As well as recommending the tabling of legislative amendments required to implement priority ACCU Review reforms by the end of 2024, we recommend that the government update the outdated ACCU Review Implementation Plan with revised timelines for completion to support accountability, transparency, and investor and market confidence.

CMI stresses that ongoing, cascading delays to the government's progression of priority ACCU Scheme reforms, as stipulated in the ACCU Review Implementation Plan,¹⁹ is causing significant investment uncertainty.

We have welcomed the opening of the new, more participatory method development process and expressions of interest (EOI) process for new methods overseen by the bolstered ERAC. However, the drawn-out drafting

¹⁸ CMI 2023, 'Chubb Review backs 'sound' carbon crediting framework' (media release),

<https://carbonmarketinstitute.org/2023/01/09/chubb-review-backs-sound-carbon-crediting-framework/>.

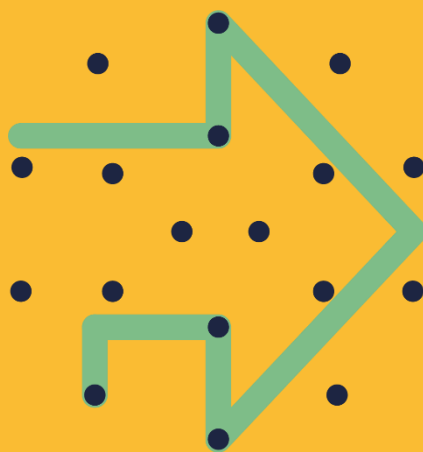
¹⁹ Priority reforms outlined on p. 3 - <https://www.dcceew.gov.au/sites/default/files/documents/accu-review-implementation-plan.pdf>



processes for the IFLM, new savanna fire management and environmental plantings, and revised or new LFG methods are contributing to prevailing market uncertainty.

The expiration of existing methods, such as human-induced regeneration and environmental plantings on 30 September 2023 and 2024 respectively, is compounding this by directly constraining opportunities for ACCU Scheme participation and investment that is required to ensure a future pipeline of projects and thus ACCUs.

We caution that if outstanding reforms and drafting of prioritised methods continue to be delayed, this may have lagging, material implications for investment flows and ultimately forward ACCU supply that may impede the Australia's ability to meet our 2030 NDC as well as constrain the ambition and achievement of forthcoming NDC targets.



for more information please contact

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The Carbon Market Institute is at the centre of climate change policy and business in Australia. Independent and non-partisan, we bring business, policy makers and thought leaders together to drive the evolution of carbon markets towards a significant and positive impact on climate change.

Engaging leaders, shaping policy and driving action, we're helping business to seize opportunities in the transition to a negative emission, nature positive economy.

