

Clean Energy Regulator – Audit  
Thresholds Instrument Consultation  
**submission**

December 2024



**Carbon  
Market  
Institute**



# Clean Energy Regulator: Audit Thresholds Instrument Consultation submission

The Carbon Market Institute (**CMI**) welcomes this opportunity to provide feedback to the Clean Energy Regulator's (**CER**) consultation that will inform the 2025 remake of the ACCU Scheme Audit Thresholds Instrument (**the Instrument**). Consultation opened on 18 November 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 of approximately 150 includes 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.<sup>1</sup> CMI also administers the Australian Carbon Industry Code of Conduct (**ACI Code**), which was established in 2018 to steward consumer protection and market integrity.<sup>2</sup>

CMI consults members to gain practical feedback to inform our positions. 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.

## Introduction

CMI welcomes the CER's focus on identifying opportunities to improve the efficiency and effectiveness of audit schedules prescribed by the Instrument as it approaches sunset and repeal from 1 April 2025.

In setting the audit schedule for ACCU projects, the Instrument provides an important complement to the CER's upfront approach to assurance and regulation that supports broader ACCU Scheme integrity.

CMI would support a 2025 remake of the Instrument that maintains a risk-based approach and allows future ACCU projects to deliver abatement efficiently and effectively, whilst upholding project and scheme integrity.

We consider the size-based audit thresholds in the current Instrument to adequately balance risk while minimising administrative burden for smaller project proponents.

CMI also emphasises the 2025 remake of the Instrument as an opportunity to ensure alignment and interoperability between the ACCU Scheme and the Nature Repair Market (**NRM**) that can reduce unnecessary administrative burden and streamline audit and reporting requirements.

To provide confidence in alternative assurance arrangements for low-risk projects, we encourage the CER to publicly demonstrate the lower-risk profile of such projects and process for determining this.

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<sup>1</sup> CMI 2024, 'CMI Policy Positions' <https://carbonmarketinstitute.org/app/uploads/2024/10/CMI-Policy-Advocacy-Positions-October-2024.pdf>.

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



Finally, we note the importance that the 2025 remake of the Instrument aligns with recommendations of the 2022 Independent Review of ACCUs (**ACCU Review**) that are still being implemented.

Our recommendations below outline these key elements for the CER to consider as it prepares to remake the Instrument in 2025 in more detail.

## CMI Recommendations

### **1. The 2025 remake of the Instrument should uphold existing audit thresholds as prescribed by the 2015 Instrument, as these support integrity while minimising administrative burden for smaller project proponents**

CMI considers that the current Instrument's three categories of thresholds for subsequent audits ensure that the burden is determined by the size of the project. In addition, we support flexibility arrangements based on the risk profile of a project, so long as the process for assessing risk profile is clear and evidence is publicly provided (see more under Recommendation 4, below).

### **2. In remaking the Instrument, the CER should consider opportunities to ensure ACCU Scheme-Nature Repair Market alignment**

Aligning audit requirements for ACCU and future Nature Repair Market projects will be key in ensuring the interoperability of the ACCU Scheme and future NRM. The CER should therefore take a future-proofing approach to remaking the Instrument to allow streamlined audit thresholds and requirements, particularly for 'stacked' ACCU/NRM projects.

This is particularly important given the pressure already on the limited number of auditors certified under the National Greenhouse and Energy Reporting Scheme, who are responsible for auditing ACCU projects, Safeguard Mechanism reports, and future NRM projects and reports.<sup>3</sup>

### **3. The CER should consider opportunities for the Instrument to be flexible in the content of audits as new technologies or processes come online**

CMI recognises that initial audits are the key tool to ensure that projects are on track, and that crediting is based on outcomes and subsequent audits and gateway checks to assure the continuity of outcomes. CMI is supportive of the CER having the discretion to modify audit schedules where appropriate. However, we note that as new technology comes online, there may be an opportunity to utilise geographical and/or satellite resources and thus reduce information requirements and analysis by an auditor. This will also reduce the burden on auditors and landholders.

Furthermore, the review of the Instrument provides an opportunity for the CER to consider how tools such as alternative assurance can be used to reduce the audit load after the initial audit, to support greater ACCU Scheme transparency, and accessibility of information.

### **4. The CER should publicly disclose evidence and the assessment process informing the designation of lower-risk projects that trigger alternative assurance arrangements**

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<sup>3</sup> CMI 2024, 'DCCEEW Nature Repair Market Rules Submission', *Position 4*:  
[https://carbonmarketinstitute.org/app/uploads/2024/10/FINAL\\_CMI-Submission\\_NRM-Rules\\_signed.pdf](https://carbonmarketinstitute.org/app/uploads/2024/10/FINAL_CMI-Submission_NRM-Rules_signed.pdf).



CMI is broadly supportive of the proposed alternative assurance arrangements for the 2024 Reforestation by Environmental or Mallee Plantings (EP) method, provided that the CER demonstrates the lower risk profile of this method. Noting that audits are intended to provide assurance that a project is performing as intended, alternative assurance arrangements for projects under other methods should be justified on a project-level risk assessment, unless they can demonstrate low-risk profile at the method level.

Additionally, it is important that alternative arrangements can be aligned with any potential NRM alternative assurance arrangements – allowing this may further incentivise uptake of ACCU/NRM stacked projects on smaller parcels of land.

**5. The CER should ensure that the 2025 remake of the Instrument provides for alignment with the outcomes of ongoing ACCU Scheme reforms**

Finally, CMI emphasises that any updates to the Instrument must be aligned, or ensure future scope for alignment, with recommendations still to be implemented from the ACCU Scheme Review.<sup>4</sup>

CMI particularly notes the ACCU Scheme Review’s recommendation to enhance transparency of project-level information and reports to support greater public confidence in the ACCU Scheme. As noted in our submission to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) on Proposed ACCU Scheme transparency changes, availability and accessibility of project-level audit information “would support accurate and holistic third-party analysis and scrutiny of project performance, which would support public confidence.”<sup>5</sup> Therefore the CER should consider how review of the Instrument can support market and investor confidence through enhancing the accessibility and availability of project-level audit information.

Should you wish to discuss any of the recommendations noted above further, please contact Emily Tammes (emily.tammes@carbonmarketinstitute.org).

Yours sincerely

*Janet Hallows*

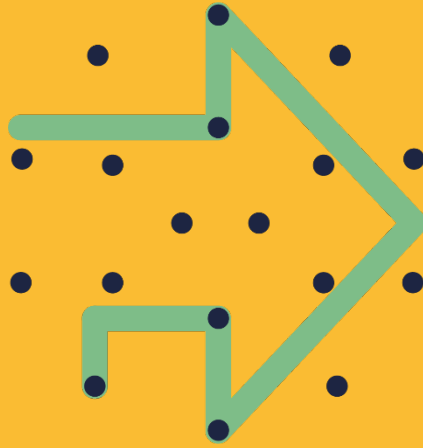
Janet Hallows

Director, Climate Programs & Nature-based Climate Solutions

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<sup>4</sup> Chubb, I., Bennett, A., Goring, A., Hatfield-Dodds, S., 2022, [Independent Review of ACCUs](#), Department of Climate Change, Energy, the Environment and Water, Canberra, December 2022.

<sup>5</sup> CMI 2024, ‘DCCEEW Proposed ACCU Scheme transparency changes: submission’ [https://carbonmarketinstitute.org/app/uploads/2024/10/FINAL\\_CMI-Submission\\_CFI-Rule-Exposure-Draft\\_transparency\\_signed.pdf](https://carbonmarketinstitute.org/app/uploads/2024/10/FINAL_CMI-Submission_CFI-Rule-Exposure-Draft_transparency_signed.pdf).



for more information please contact

Emily Tammes  
Policy & Project Coordinator  
[emily.tammes@carbonmarketinstitute.org](mailto:emily.tammes@carbonmarketinstitute.org)

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.

