Department of Climate Change, Energy, the Environment and Water

Public consultation on the ACCU Scheme Savanna Fire Management Methods

submission

November 2025

Carbon Market Institute

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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) public consultation on the ACCU Scheme Savanna Fire Management Methods (SFM Methods), which opened on 7 October 2025. CMI has actively supported the development of the proposed methods since prioritisation in 2021 and recognises the collective efforts of DCCEEW and numerous stakeholders in delivering the methodology determinations and supporting materials for consultation.

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 140+ primary producers, carbon service providers, First Nations organisations, legal and financial institutions, technology firms and emissions-intensive companies in Australia and 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's submission has been informed through consultation with the CMI Board and its members, project developers, Indigenous carbon groups and service providers active in SFM and other ACCU Scheme projects. While CMI's submission on the SFM Methods has been informed by member insights, ultimately the positions put forward are CMI's and do not represent any CMI individual, member company or industry sector.

Strategic outlook

CMI has reviewed the methodology determination exposure drafts and accompanying materials for the *Carbon Credits (Carbon Farming Initiative – Savanna Fire Management – Emissions Avoidance) Methodology Determination 2025* (avoidance method) and the *Carbon Credits (Carbon Farming Initiative – Savanna Fire Management – Sequestration and Emissions Avoidance) Methodology Determination 2025* (sequestration method) – (herein referred to as SFM Methods) – and has prepared a principles-based response to both methods. SFM methods under the ACCU Scheme have delivered tangible environmental outcomes, but also have importantly enhanced cultural, economic and social outcomes for Indigenous communities across the north of Australia.

CMI is supportive of high integrity ACCU methods that deliver robust outcomes and co-benefits in projects, and therefore the timely finalisation of the 2025 SFM methods alongside an orderly transition from SavBAT to SavCAM, the Savanna Carbon Accounting Model. Savanna fire projects have been undertaken in Northern Australia for up to 15 years as emissions avoidance ACCU Scheme projects. The new sequestration and

[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/.

emissions avoidance method recognises related increases in woody biomass and aims to incentivise permanent sequestration in this biomass through a commitment to undertake ongoing fire management for a permanence obligation period.

The Government is exploring the option to issue ACCUs for accumulated carbon in transferring projects, which recognises the sequestration method's inclusion of new carbon pools. The precedent for this approach is set by the 2022 Plantation Forestry (Schedules 3 and 4) method, and the 2015 Avoided Clearing of Native Regrowth method.[3] Both of these methods quantify sequestration that has occurred prior to project registration, but that is at risk without the ACCU project. In this instance, it is the additional sequestration that has occurred since the emissions avoidance SFM project began, that would potentially be lost if there was not a permanence obligation. Any ACCU issuances for accumulated carbon in transferring projects therefore satisfy the additionality provision of the Offsets Integrity Standards (OIS). Furthermore, the commitment to a permanence period further supports the maintenance of any sequestration gains since the project's commencement, that commitment to permanence fulfilling the newness criterion.

Alongside the completion of key methods – including the SFM methods – CMI urges DCCEEW to finalise implementation of the ACCU Review Recommendations as a priority to further strengthen market confidence in the Scheme. Protracted delays to ACCU Scheme reforms, including outstanding amendments to the *Carbon Credits (Carbon Farming Initiative) Act 2011* and protracted timelines for priority method development are creating market uncertainty with the potential to undermine investment confidence and thus curb the pipeline of new project supply. Confidence is essential to scaling project investment, and can be supported through transparency, consistency and certainty in DCCEEW's processes and outcomes.

CMI's feedback on the SFM Methods as they relate to the broader policy context, are outlined below as considerations.

CMI Response to the SFM Methods Consultation: Considerations for Government

While CMI is supportive of the SFM Methods, careful consideration should be given to aspects of the SFM methods that may set a precedent for other ACCU methods, especially through the treatment of project transfers, and potential ACCU issuance for accumulated carbon. We encourage DCCEEW to take a forward outlook and begin considering future challenges to address, including whether an emissions avoidance project can apply for an extension or renewal of its crediting period once it expires.

1. Carefully manage ACCU issuance for accumulated carbon to support market stability

CMI is confident that ACCUs issued for accumulated carbon under the SFM methods will meet the OIS, however there are potential market implications that should be carefully evaluated with regards to issuance activity. Upfront crediting of ACCUs for accumulated carbon should be assessed against potential associated market risks and in conjunction with exploring smoothing mechanism options. A materiality assessment should be conducted to understand the risk of multiple projects requesting a simultaneous transfer to the sequestration method and any resulting flux of ACCUs through upfront crediting for accumulated carbon.

CMI has advocated widely for scaling ACCU supply, and driving investment into regional areas and local communities through land-based projects, however the policy landscape requires careful interpretation by the Government when making a decision on the long-term credit supply outlook and the balance between demand drivers. Market shocks invariably impact credit prices which can in turn impact and slow direct investment in emissions reductions. Regarding the SFM sequestration method, it is probable that smoothing will happen organically with transferring projects as transfer decisions and consent processes may take several

[3] Carbon Credits (Carbon Farming Initiative – Plantation Forestry) Methodology Determination 2022, s43 (9).

years, which may take some time owing to the complex governance structures of many SFM projects. However, upfront crediting for transferring projects (currently in the method) should be weighed against the option of balanced issuance over the crediting period, or a period within. DCCEEW should specifically consider this in relation to the broader domestic climate policy context.

Notably, there is still uncertainty around the future of the Climate Active program, which has historically been a key demand source for ACCUs from Indigenous-owned SFM projects. While the Safeguard Mechanism represents a significant demand source, liable entities are likely to prioritise least cost abatement to meet their obligations, which may lead to reduced demand for premium Indigenous Savanna Fire Management ACCUs. Additionally, if there is a significant supply flux on the market that lowers the spot price for all ACCUs, Safeguard Mechanism entities may prioritise ACCU purchases rather than investing direct decarbonisation. This could have material impacts on the achievement of the Government's 2035 Nationally Determined Contribution, and Net Zero Plan. With the new landfill gas method also expected to come online in the next 12 months, and IFLM in the next 18-24 months, a decision on ACCU issuances for accumulated carbon must carefully consider the potential impact of this anticipated increase of Scheme-wide supply in a short time frame.

Noting the potential to disrupt the carbon market, DCCEEW should consider including a smoothed issuance mechanism in the sequestration method. A precedence for smoothed credit issuance is established through two existing methods – Avoided Clearing and Plantation Forestry schedules – whereby credits are issued in equal amounts over a predefined timescale. Smoothing of issuance may also better align with ongoing, long-term management investment required for assuring and incentivising project permanence. A smoothing mechanism for SFM could take several forms:

a) **ACCUs for accumulated carbon released over an extended period.** In the current exposure draft, all ACCUs for accumulated carbon are proposed to be released with the first ACCU issuance under the new method. As with the aforementioned Avoided Clearing/Plantations methods, DCCEEW could consider distributing ACCUs for accumulated carbon annually over an extended period to support consistency in supply, price and investment flow for permanence management. This period could align with the crediting period, or could involve compressed crediting over a shorter period (e.g. 15 years as with the Plantations method). Another option could be to release any ACCUs for accumulated carbon after the crediting period has concluded, which would enable projects to continue financing fire management activities throughout the permanence period.
b) **Accumulated carbon ACCUs held in a buffer for release in lower or negative sequestration years.** Although the shift to SavCAM for measurement in the 2025 sequestration method enables annual recording of sequestration, there is a risk that some projects will "fall short" in certain years due to the natural fluxes of sequestration in savanna ecosystems. Although under the 2018 method negative sequestration years are balanced out in the next issuance, there is a risk that as SavCAM is periodically updated, some projects may be required to relinquish ACCUs previously issued as a result of changing forecasts. Holding ACCUs in a buffer for release in these sequestration loss years could avert some of the potential risks of over/under supply and related relinquishment, while smoothing supply.

Careful consideration should be given to the treatment of transferring projects, any ACCUs they may receive from accumulated carbon, and how their crediting and permanence periods are treated. The way that these are treated with in the new SFM methods may set a precedent for other ACCU method rules, notably the Integrated Farm and Land Management (IFLM) method, which may have projects transfer from single soil, environmental plantings, and human-induced regeneration projects to incorporate other carbon pools and activities.

At a higher level, CMI observes that the broader ACCU Scheme would benefit from greater consistency and transparency in supply. Alongside method-specific smoothing mechanisms, the Government should also explore options for the Clean Energy Regulator (CER) to manage ACCU issuances where there is a high likelihood that a significant volume may be issued in a compressed timeframe. Considering the substantial price impact of the announcement of the fixed delivery exit pilot, any decision on ACCU issuances for accumulated carbon should be transparently and expediently communicated to enable the market to absorb any potential supply shock.

2. Prioritise alignment of crediting and permanence periods to better support maintenance of project outcomes

CMI recognises that committing to a permanence period is a key requirement for any transferring projects to meet the OIS. However, there is a social license risk for projects – particularly those that may opt to undertake a 100-year permanence period – in terms of their ability to continue financing the required fire activity throughout the permanence period. Additionally, should some projects registered under the 2013 and 2015 avoidance-only methods request to transfer to the sequestration method, the crediting period may more than a decade before the permanence period.

DCCEEW should consider the potential risks of misalignment between crediting and permanence periods and whether it is more prudent to treat all projects as restarting projects, rather than transferring projects. This could follow the precedent set by the 2018 SFM sequestration method, and would ensure that permanence and crediting periods are aligned to 25 years. If projects are treated as restarting under the new methodology, original baselines should be maintained, and specific consideration should be given to how accumulated carbon is treated. It is notable that sequestration has significantly increased in savanna ecosystems since the introduction of the SFM methods.[4] For many existing projects it is probable that sequestration is at an equilibrium and is unlikely to materially increase,[5] however that sequestration is at risk of reversal without ongoing fire management activity. Here, DCCEEW could consider the precedent set by the Plantation Forestry (Schedules 3 & 4) methods 2022. Given that the new method is materially different to the previous method determination (sequestration pools based on SavCAM, standing dead/other pools, new weed provisions etc.), there is justification in considering uptake of the new method as restarting a new crediting period.

Additionally, DCCEEW should consider if an avoidance project could be renewed on the same project area after the crediting period concludes, with the new avoidance project providing ACCU finance for the mandated fire management activities. It is noteworthy that landfill gas projects have previously been able to apply for a second crediting period – under certain circumstances – and that should they transfer to the 2025 method, some projects will be eligible for a new 12-year crediting period. The treatment of crediting period extensions should be considered for the Scheme as a whole, but particularly for emissions avoidance projects where the project outcome is always additional.

While misalignment of crediting and permanence periods is a consideration for all land-based projects in the ACCU Scheme, SFM projects are in a unique position whereby the sequestration method exposure draft specifies that fire management activity must continue throughout the permanence period. Given that

[4] Roxburgh SH, Forrester DI (2025) Technical assessment of SavCAM/FullCAM for development of savanna fire management methods under the Australian Carbon Credit Unit (ACCU) Scheme. Report prepared for The Department of Climate Change, Energy, the Environment and Water (DCCEEW). CSIRO. P.5.

[5] Aurecon Carbon Advisory, Savanna Fire Management – Exposure Draft Analysis, 2025, pp. 15-16.

financial additionality is a core component of many SFM projects, any misalignment between crediting and permanence periods represents a social license, as well as a compliance risk.

3. **Refine the project transfer mechanism, and consider its potential impact on future method transfer requirements**

CMI notes that the project transfer mechanism outlined in the methods replicates that of the 2018 SFM methods. While this ensures that potential transferee projects are familiar with the mechanism, the timeframe in which a project could submit a request to transfer, and be declared by the CER is quite limited. Therefore, the transfer mechanism could be refined to allay potential adverse impacts if the CER receives an large volume of transfer requests and is unable to complete them before the December 1 deadline. Although this is a marginal risk, and it will be incumbent upon the CER to effectively manage a potential flux of project transfer requests, CMI suggests that DCCEEW consider options to alleviate this risk should it arise.

Furthermore, consideration should be given to the precedent that this transfer mechanism may set for transfer to other methods under development, in particular the IFLM method. Specifically, clarity should be provided as to whether the transfer is applicable solely for avoidance to sequestration projects or indeed for sequestration projects adding, or cumulating carbon pools.

4. **Release SavCAM calculations to support market confidence, and consider including Northern Arid Zone vegetation types**

CMI is supportive of the Government developing a single modelling tool for carbon abatement in woody vegetation, however in our consultations with members, we have frequently heard that there is a difficulty in understanding how outputs are being calculated. To improve transparency and effective input into the appropriateness of the tool, CMI requests that DCCEEW release the calculations/input data layers behind SavCAM. A public release including underlying data and calculations will ensure confidence in SavCAM as a tool, and mitigate potential broader market impacts. CMI also suggests that DCCEEW release a log outlining changes between the versions that have been consulted on to date. This would be similar to the process undertaken to develop FullCAM PR24. According to feedback from some CMI members, there are inherent useability and technical issues with SavCAM that render assessment of the tool difficult. A tool such as SavCAM that underpins method accounting, reporting and integrity must be user-centric, adequately funded and resourced and updated in a timely fashion.

The expansion of eligible vegetation fuel types to include pindan will support project uptake in the Western Kimberley. However, CMI understands that the Northern Arid Zone (NAZ) extension method currently under development through the proponent-led method development pathway, was originally intended to also be included in these methods. CMI understands that the work to incorporate the vegetation fuel maps for NAZ in SavCAM has already been undertaken, and that drafting requirements to incorporate it into the 2025 methods would be minimal. If a further round of public consultation is necessitated by the results of this consultation round, CMI asks that consideration is given to including NAZ as a part of the 2025 SFM methods. This would enable project uptake across a broader geographic range, while expediting introduction of the NAZ extension.

5. **Enable proponents to submit field plot measurements, and consider including a technology neutral pathway for measurement, reporting and verification**

CMI is supportive of the development of SavCAM, as a front end to FullCAM that will enable more accurate offsets reports based on annual sequestration dynamics, as compared to previous approaches of crediting based on long-term average modelled stock. However, there are challenges with applicability of nationally calibrated parameters to a project scale and the associated risk of systematic bias for particular savanna vegetation species, or a broader regional bias. CMI has heard from members that outputs from testing – even quite recently – are not consistent with field observations.

To future-proof the SFM methods, CMI suggests incorporating a technology neutral approach, rather than requiring all calculations to be solely through SavCAM. A qualification pathway for new technologies could be developed in the method guidelines so as not to further delay this method's development. A technology neutral approach would enable proponents to contribute field measurements to true up SavCAM outputs, in line with other vegetation-based methods. Technology neutral would also enable opportunities for use of higher resolution satellite imagery, or LiDAR to support greater accuracy in measurements of sequestration as a result of savanna fire management.

6. **Commit to ongoing funding for NAFI to support baseline period extension to 20-years**

CMI supports the extension of baseline periods to 20-years, noting that this enables a more accurate assessment of climatic cycles, and therefore further distinguishing project outcomes between climate-related impacts and project activities. However, CMI notes that implementing 20-year baseline periods will rely heavily on the North Australia & Rangelands Fire Information Service (NAFI), for which funding is not secured past the 2026 financial year. The Government should establish a stable line of financial support for NAFI to ensure that project proponents are able to utilise its services to accurately establish their baselines and comply with the method requirements.

The 2025 SFM methods represent substantial opportunities to expand existing, and register new Indigenous -owned projects across the north of Australia. These projects are unique in their ability to return Indigenous people to Country, and reinstating fire management practices. By expanding the eligible carbon pools to include live and dead standing biomass, the sequestration and avoidance method enables recognition of outcomes achieved under previous emissions avoidance methods. However, given the current policy context and a need to support a robust and buoyant ACCU market, careful consideration should be given to ensure that the parameters of these new methods – as well as other methods coming online – support these aims as well as the Government's sectoral net zero targets.

Should you wish to discuss CMI's submission in more detail, please contact Emily Tammes (emily.tammes@carbonmarketinstitute.org).

Yours sincerely

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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 low carbon economy.

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