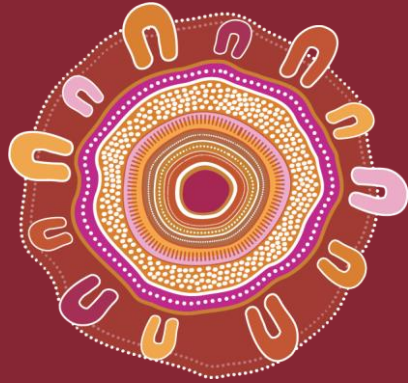


Australian Carbon Credit Units (ACCU) Scheme 2023

Megan Surawski
September 2023





We acknowledge the Traditional Owners of country throughout Australia and recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past and present.





Overview

Our shared goal

- The ACCU Scheme

The ACCU Scheme

- Policy development and regulation
- The role of government
- Checks and balances

Our learnings

- The review
- The pros, cons and adjustments

Our shared goal

To help Australia reach net zero by 2050

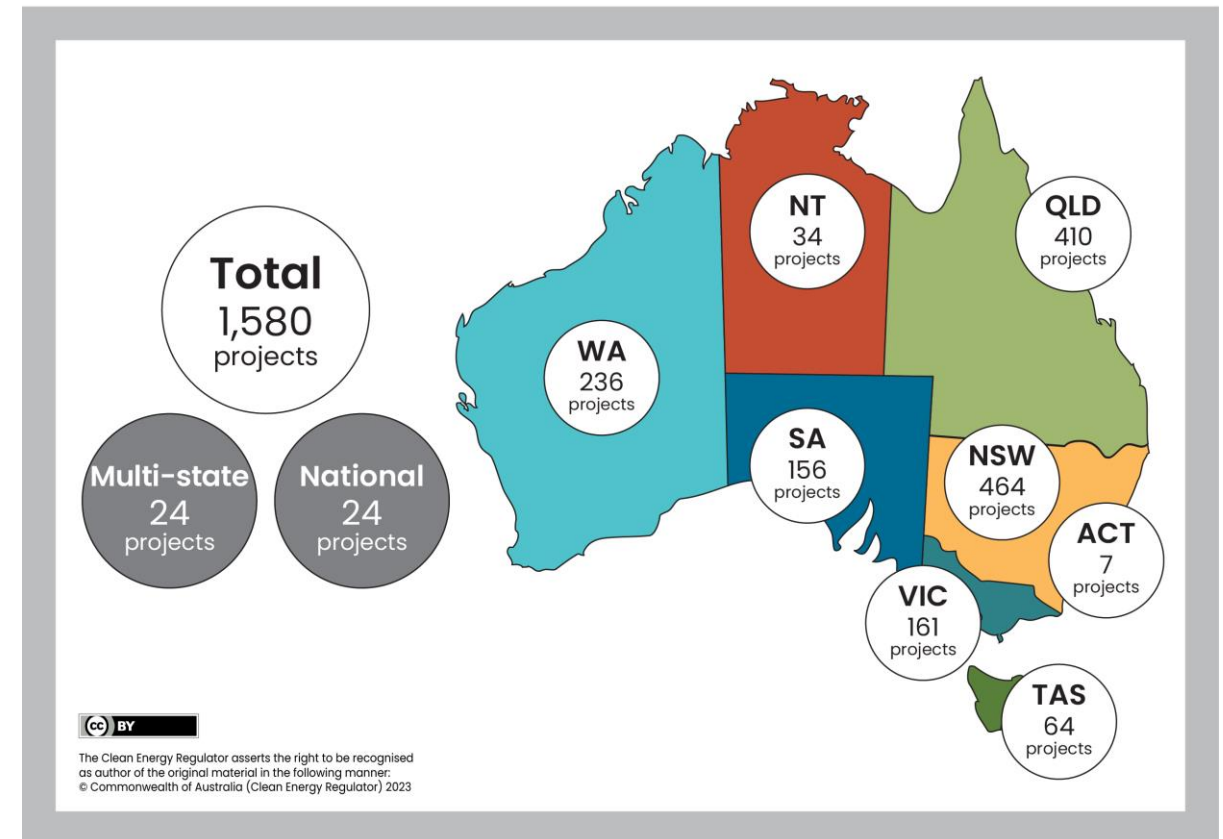
- The ACCU Scheme is designed to:
 - avoid the release of greenhouse gas emissions
 - or remove and sequester carbon from the atmosphere.
- It is enacted through the *Carbon Credits (Carbon Farming Initiative) Act 2011* and the *Carbon Credits (Carbon Farming Initiative) Rule 2015*.
- From July to December 2022, an independent panel reviewed the ACCU Scheme.
- The panel recommended several changes to enhance its integrity and effectiveness.
- The Australian Government released the Australian Carbon Credit Unit (ACCU) implementation plan to ensure the ACCU Scheme continues to help us reach net zero by 2050.
- The Australian Government has also announced it will be developing decarbonisation plans for 6 key sectors

ACCU Scheme overview



Cumulative projects across Australia - June 2023

- Voluntary, provides incentives to reduce emissions
- Participants earn ACCUs for emissions stored or avoided.
- ACCUs can be sold either to private buyers or to the Australian Government.
- 1 ACCU = 1 tonne of CO₂ equivalent emissions avoided or stored



ACCU Scheme architecture

- *Carbon Credits (Carbon Farming Initiative) Act 2011 and the Carbon Credits (Carbon Farming Initiative) Rule 2015*
- *National Energy and Greenhouse Reporting Scheme Act 2007*
- *Clean Energy Regulator Act 2011*
- Australian National Greenhouse Inventory
- Reporting frameworks – Scheme participants
- Regular review by the Climate Change Authority

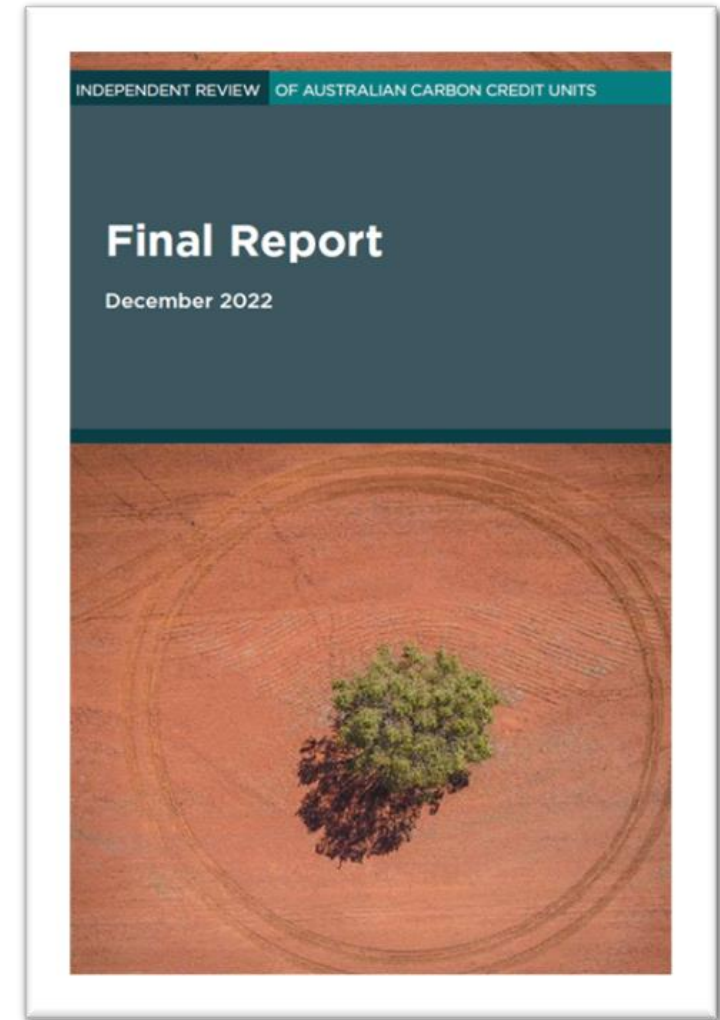
ACCU Review outcomes

Commissioned to consider

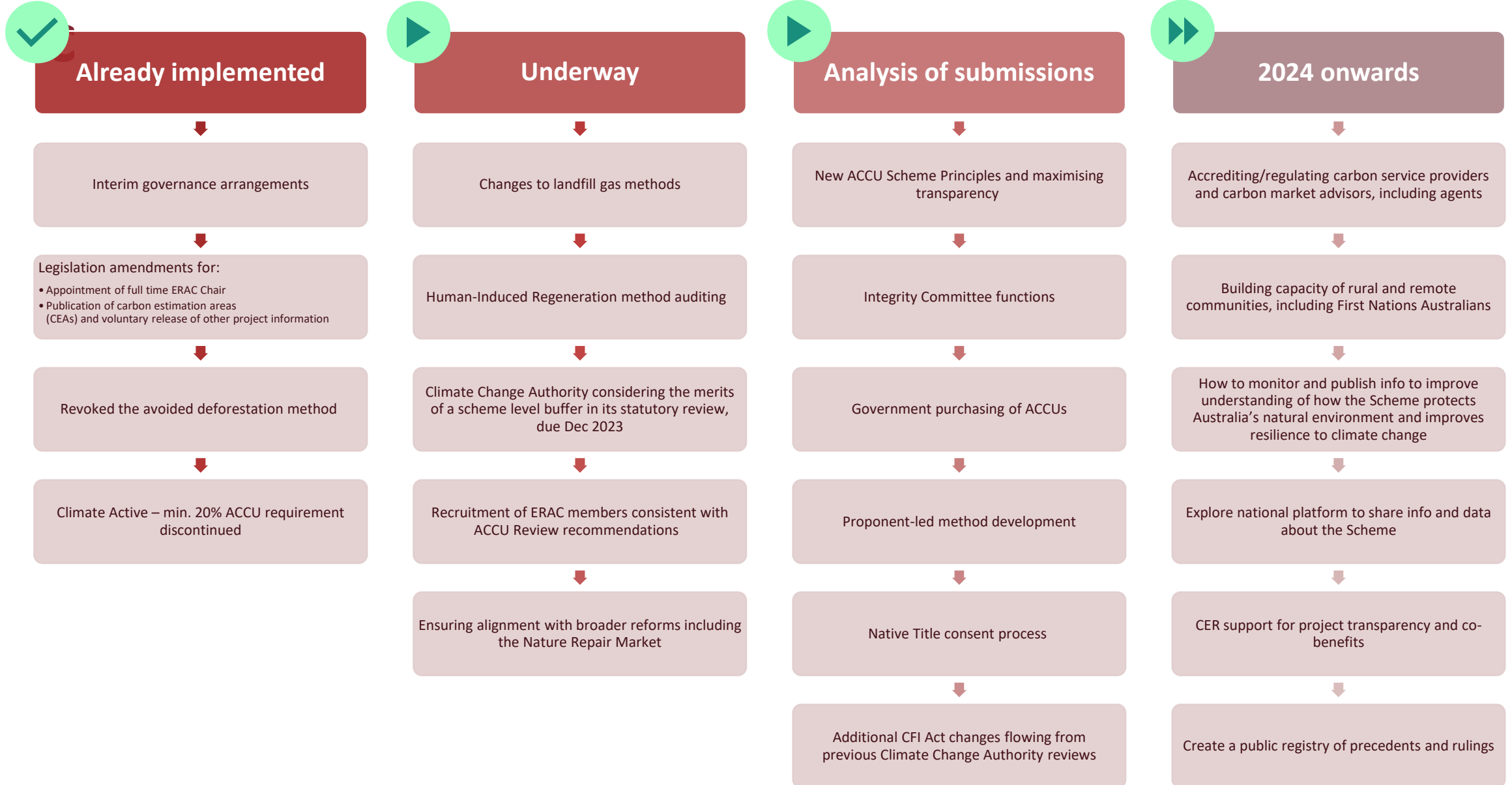
- Integrity of ACCUs
- Governance arrangements for the ACCU Scheme
- Impacts on regional communities including First Nations Australians

Government accepted in principle all 16 recommendations

- Review concluded **ACCU Scheme is sound**
- Made **16 recommendations** centred around:
 - Improving governance and integrity
 - Maximising transparency
 - Innovation in method development and project implementation
 - Greater participation and benefits for rural and remote communities, particularly First Nations people



Implementing the ACCU Review



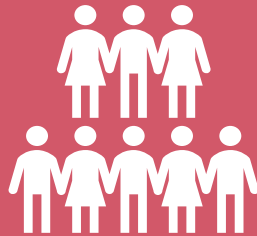
Our learnings from the ACCU Scheme so far



ACCU workshop summary

5

In-person workshops



*Held across
Australia*

6

Virtual thematic
workshops

*Scheme Principles,
Transparency,
Purchasing, Method Development,
Native Title Consent and Open Q&A*

2

First Nations
workshop



Number of attendees

750+



Across all workshops

95+

Written
submissions



ACCU workshop outcomes

ACCU Scheme Principles

- Broad stakeholder support for the stated Principles
- Guidance is required for application
Note: This will be a responsibility of the CAIC
- Principles may be tiered based on importance
- The level of adherence to Principles may attract a higher market price
- International consistency of principles and standards is important for investors

Transparency

EOI process

- Strong support for CAIC decisions to be made public
- IP protection and fostering innovation are important
- An opt out system for publication was favoured
- More transparency assists with triaging methods

Project information

- Need to balance supply and demand positions
 - Supply - Onerous reporting discourages participation
 - Demand - Easily digestible information to track integrity and provenance of ACCUs
- International comparability and inclusion of co-benefits are important
- Method specific information held mixed views.

ACCU Holdings

- Strong opposition to publishing disaggregated ACCU holdings
- Some concessions for aggregated data, however support is still minimal across all sectors
- Concerns raised on market liquidity and power and resource imbalances

Purchasing and Pilot Exit Arrangements

Purchasing

- Support for a move away from least cost abatement and focus on co-benefits
- Alignment with international accounting is welcome
- Money should be focussed progressing priority method development

Pilot exit arrangements

- Some support for permanent exits, with others concerned its outside the ACCU Scheme's purpose
- Indigenous businesses or charities may be exempt from the exit charge
- Concerns over market distortion and price if too many in reserve
- Better access to volume (supply/demand) information wanted
- Any changes need to be communicated early to prevent market shock

Method Development

EOI and triage

- Process needs to be as fast as possible - methods with great potential should be identified early and expedited through the process
- Stakeholders support an open communication with the CAIC Secretariat - Support for a 'case manager' within the Secretariat
- The ability for method developers to collaborate throughout the EOI process is supported, with the option to opt out and work alone noted - A register of method ideas could facilitate collaboration
- Considerable cost implications of creating methods, which could be a barrier - potential for government funding was broadly supported

Developing a method or module

- Some support for a process to resolve challenges to science. For example, dispute resolution or other process if multiple proponents disagree on the accounting or science
- Some aversion to method developers progressing legislation drafting
- More clarity is sought on what a module would be and how it would be treated legislatively

Newness

- Stakeholders are seeking clarification on how the newness requirement will be interpreted by the CAIC
- Currently reservation to undertake R&D to test the viability of projects due to the risk it will no longer be considered new
- Focus being on scale is supported - meaning the ability to be scaled up to create a bigger project or scaled out to many projects.

Native Title

- Considered a key aspect of the ACCU Scheme, with preliminary consent broadly supported
- Gaining Free, Prior and Informed Consent is an ongoing discussion - all variations to projects should require consent. Support for a framework as guidance, rather than a tick box approach is supported
- Ability to withdraw consent at any time supported by some, where others saw risk to longevity of projects
- Concern the current Eligible Interest Holder (EIH) consent model does not consider the complexity of land lender types.
- Reporting deadlines should be able to be extended to support consultation.

Indigenous Carbon Industry Network run workshops

- Divergent views on what constitutes evidence of consent (complex legal question) - EIH consent form is recommended as evidence of agreement
- Important to have clear definition of preliminary and full consent
- Resourcing the cost of gaining consent must be accepted by government to ensure fully informed consent

Key message

Main message is 'it's tricky' and we're constantly adjusting.



Contact us

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