



Submission Template

Design of the Carbon Farming Initiative

Overview

This submission template should be used to provide comments on the consultation paper outlining the proposed design of the Carbon Farming Initiative.

Contact Details

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Confidentiality

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A request made under the *Freedom of Information Act 1982* for access to a submission marked confidential will be determined in accordance with that Act.

Do you want this submission to be treated as confidential? Yes No

Submission Instructions

Submissions should be made by **close of business 21 January 2011**. The Department reserves the right not to consider late submissions.

Where possible, submissions should be lodged electronically, preferably in Microsoft Word or other text based formats, via the email address – CFI@climatechange.gov.au.

Submissions may alternatively be sent to the postal address below to arrive by the due date.

Emerging Policy Section, Land Division
Department of Climate Change and Energy Efficiency
GPO Box 854
CANBERRA ACT 2601

Scheme design principles

The Clean Energy Council agrees with the scheme design principles.

The Clean Energy Council has the view that the main beneficiaries of this policy will not be individual farmers and this is confirmed by the complex policy and legislation that support this scheme. Therefore it is important that the scheme recognises the well-informed aggregators and promoters who will benefit from the scheme. The Clean Energy Council encourages the Government to broaden the approach in section 4 and include processes which will make other products accessible to this Scheme that are farm product linked, but not farmer specific, for example, bio source.

Scheme coverage

The Clean Energy Council believes that the Carbon Farming Initiative (CFI) should cover all waste from landfills. "Legacy waste" should be defined by a continuing date which will ensure all waste is covered until a mandatory emissions trading scheme (or similar) is introduced in Australia.

By setting the date for legacy waste at 1 July 2011 and not having a mandatory emissions trading scheme (or similar) to give a value to new waste, the incentive to capture emissions from new landfills and smaller existing landfills is significantly diminished.

Sale of units

The Clean Energy Council agrees with the CFI scheme providing a source of domestic offsets under the National Carbon Offset Standard (NCOS). The Clean Energy Council also agrees that CFI credits that are voluntarily surrendered are not double counted in order for the schemes integrity to be maintained.

It is important that in the process of administrating NCOS, the administration requirements for proponents is kept at a minimum and remains effective for the CFI scheme.

Regional Communities, Water and Biodiversity

The definition of native forests needs to be addressed and clarified, with similar arrangements to the Renewable Energy Target legislation, where the wastes are recognised as a resource. If wastes which would otherwise be burned for disposal could be diverted to energy/biochar then this should be recognised as a positive activity for climate mitigation and renewable energy and should be allowed under this scheme.

The definition of wood waste in the renewable energy legislation is as described in Section 8 as follows.

8 Meaning of wood waste

(1) For section 17 of the Act, wood waste means:

- (a) biomass:
 - (i) produced from non-native environmental weed species; and
 - (ii) harvested for the control or eradication of the species, from a harvesting operation that is approved under relevant Commonwealth, State or Territory planning and approval processes; and
- (b) a manufactured wood product or a by-product from a manufacturing process¹; and
- (c) waste products from the construction of buildings or furniture, including timber off-cuts and timber from demolished buildings; and
- (d) sawmill residue; and
- (e) biomass from a native forest that meets all of the requirements in subregulation (2)

(2) Biomass from a native forest must be:

- (a) harvested primarily for a purpose other than biomass for energy production; and
- (b) either:
 - (i) a by-product or waste product of a harvesting operation, approved under relevant Commonwealth, State or Territory planning and approval processes, for which a high-value process is the primary purpose of the harvesting; or
 - (ii) a by-product (including thinnings and coppicing) of a harvesting operation that is carried out in accordance with ecologically sustainable forest management principles; and
- (c) either:
 - (i) if it is from an area where a regional forest agreement is in force — produced in

¹ Examples for paragraph (b): Packing case, pallet, recycled timber, engineered wood product (including one manufactured by binding wood strands, wood particles, wood fibres or wood veneers with adhesives to form a composite).

accordance with any ecologically sustainable forest management principles required by the agreement; or

(ii) if it is from an area where no regional forest agreement is in force — produced from harvesting that is carried out in accordance with ecologically sustainable forest management principles that the Minister is satisfied are consistent with those required by a regional forest agreement.

(3) For subparagraph (2) (b) (i), the primary purpose of a harvesting operation is taken to be a high-value process only if the total financial value of the products of the high value process is higher than the financial value of other products of the harvesting operation.

Integrity standards

The Clean Energy Council agrees it is very important that the environmental integrity of the scheme is maintained to ensure consumer confidence for Carbon Farming Initiative credits and that all abatement credited under the Carbon Farming Initiative meet internationally recognised standards.

The Clean Energy Council suggests that the methodology that is reflected in the legislation is consistent with the international standards as applied under the Clean Development Mechanism (CDM) and Joint Implementation (JI), that is, the Kyoto mechanisms, as it will gain integrity for the CFI scheme.

Additionality

An additionality test should apply for a landfill gas electricity generation project by using a relatively low baseline for the amount of gas that would be converted in a 'business as usual' scenario. The Clean Energy Council is part of the CFI landfill methodology - Technical Working Group where this low baseline is to be agreed.

However, apart from the baseline, existing projects should not be subject to an additionality test if the project was previously eligible under an incentive based scheme or green tariff, such as Greenhouse Friendly, GGAS or a green tariff provided by a purchase agreement. Such incentives and tariffs were regulatory arrangements that acknowledged the need for a revenue stream, in addition to standard wholesale electricity market revenue, for landfill gas electricity generation projects to be economically viable. Specifically, the entitlement to accredit under the CFI should arise where those incentives are no longer available. Current examples include, Greenhouse Friendly having ended, Category A in GGAS having ceased, power purchase agreements with green tariffs expiring.

Permanence

No comments.

Leakage

No comments.

Scheme processes

The Clean Energy Council believes that the scheme processes should be simple and adequate in terms of administration and that declarations of projects for eligibility have appropriate and workable processes.

Methodology approval

The Clean Energy Council believes that methodologies should be consistent with internationally recognised and approved methodologies as much as possible, for example the CDM landfill gas methodology ACM0001.

Taxation treatment of credits

No comments.

Any additional comments

To ensure the international market does not consider that the credits from the CFI scheme are Chicago Carbon Financial Instruments credits the Clean Energy Council suggests that Carbon Farming Initiative credits are given a different name.