

## EMISSIONS REDUCTION ASSURANCE COMMITTEE

C/- ERAC Secretariat  
GPO Box 787  
CANBERRA ACT 2601

The Hon Josh Frydenberg MP  
Minister for the Environment and Energy  
Parliament House  
CANBERRA ACT 2600

Dear Minister

On behalf of the Emissions Reduction Assurance Committee (ERAC), I am pleased to inform you it has considered the draft *Carbon Credits (Carbon Farming Initiative – Coal Mine Waste Gas) Methodology Determination Variation 2016* (our reference: 003MG2016V1) (draft Variation) and advises it is suitable to be made into a final Variation.

The draft Variation will make a number of changes to the *Carbon Credits (Carbon Farming Initiative – Coal Mine Waste Gas) Methodology Determination 2015* (existing method), the most notable of which is the inclusion of flameless oxidation devices as an eligible technology. The combustion-based technologies recognised under the existing method reduce greenhouse gas emissions by converting the methane content of coal mine waste gas to carbon dioxide. However, combustion-based technologies are unable to treat ventilation air methane (VAM), which accounts for approximately 60 per cent of emissions from Australia's underground coal mines, because the methane concentration in VAM is too low to support combustion. The inclusion of flameless oxidation devices as an eligible technology under the method will address this issue as they are able to oxidise methane at low concentrations.

The draft Variation was developed by the Department of the Environment and Energy in collaboration with a technical working group of experts and the Clean Energy Regulator. The ERAC invited public submissions on the draft Variation and also commissioned a technical assessment.

Having considered the information from these processes, advice from the Clean Energy Regulator, the draft Explanatory Statement and the text of the draft Variation and existing method, the ERAC concluded the *Carbon Credits (Carbon Farming Initiative – Coal Mine Waste Gas) Methodology Determination 2015*, as proposed to be varied by the draft Variation, complies with the offsets integrity standards in section 133 of the *Carbon Credits (Carbon Farming Initiative) Act 2011*. On this basis, the ERAC agreed the draft Variation is suitable to be made into a final Variation.

Further details of the reasons for the ERAC's advice are provided in the attached notice.

Yours sincerely



Andrew Macintosh  
Chair  
Emissions Reduction Assurance Committee

13 October 2016

## **EMISSIONS REDUCTION ASSURANCE COMMITTEE**

### **Notice of advice to the Minister for the Environment and Energy under subsection 123A(2) of the *Carbon Credits (Carbon Farming Initiative) Act 2011* (the Act)**

#### ***Draft Carbon Credits (Carbon Farming Initiative—Coal Mine Waste Gas) Methodology Determination Variation 2016 (draft Variation)***

On 29 September 2016, the Emissions Reduction Assurance Committee (ERAC) agreed that the draft Variation is suitable to be made into a final Variation.

In forming this view, the ERAC considered:

1. the offsets integrity standards specified in section 133 of the Act;
2. the public submissions received during the public consultation period; and
3. advice from the Clean Energy Regulator.

The ERAC was not directed to have regard to any additional issues under section 123B of the Act in providing its advice on the draft Variation.

The ERAC took into account and endorses the proposed changes to the draft Variation made after the draft was released for public consultation.

## 1. Assessment against the offsets integrity standards

Section*	Requirement	Statement
133(1)(a)	The Determination, as varied, should result in carbon abatement that is unlikely to occur in the ordinary course of events (disregarding the effect of the Act).	<p>The Determination, as varied, will include appropriate requirements to ensure that projects are delivering additional abatement. These include requirements to:</p> <ul style="list-style-type: none"> <li>• prevent crediting of abatement where there is a regulatory requirement to destroy the methane component of coal mine waste gas;</li> <li>• only install and operate eligible devices (e.g. flaring devices, flameless oxidation devices and electricity production devices);</li> <li>• not capture or use coal seam methane; and</li> <li>• not capture or use coal mine waste gas drawn from a decommissioned underground coal mine.</li> </ul> <p>Accordingly, the ERAC considers the draft Variation complies with this offsets integrity standard.</p>
133(1)(b)	Estimations of removal, reduction or emission, as the case may be, are measurable and capable of being verified.	<p>Appropriate equations are specified for the calculation of emissions reduction and project emissions.</p> <p>Appropriate methods to enable verification of these estimations are specified for data collection, monitoring and reporting.</p> <p>Accordingly, the ERAC considers that the above draft Variation complies with this offsets integrity standard.</p>
133(1)(c)	Carbon abatement used in ascertaining the carbon dioxide net abatement amount for a project must be eligible carbon abatement from the project.	<p>The carbon abatement used in ascertaining the abatement amount is eligible carbon abatement from the project.</p> <p>Accordingly, the ERAC considers that the above draft Variation complies with this offsets integrity standard.</p>
133(1)(d)	The Determination, as varied, is supported by clear and convincing evidence.	<p>The Determination, as varied, is supported by clear and convincing evidence, including in relation to the efficacy and destruction efficiency of flameless oxidation devices.</p> <p>Accordingly, the ERAC considers that the above draft Variation complies with this offsets integrity standard.</p>
133(1)(e)	Material amounts, in carbon dioxide equivalent, of greenhouse gases that are emitted as a direct	<p>Net abatement is calculated after deducting material emissions generated as a direct result of</p>

	consequence of carrying out the project are deducted.	carrying out the project.  Accordingly, the ERAC considers that the above draft Variation complies with this offsets integrity standard.
133(1)(g)	Estimates, projections or assumptions included in the methodology are conservative.	The assumptions and estimates included in the draft Variation are conservative. The net abatement estimate is conservative.  Amongst other things, this has been assured by using, where possible, parameter values specified in the <i>National Greenhouse and Energy Reporting (Measurement) Determination 2008</i> , including in relation to the destruction efficiency of flameless oxidation devices.  Accordingly, the ERAC considers that the above draft Variation complies with this offsets integrity standard.
133(1)(h)	Such other standards that are set out in the legislative rules.	Not applicable.

\* Section of the Act

## **2. Submissions received during public consultation period**

The draft Variation was published on the Department's website from 2 August 2016 to 29 August 2016 for public comment, consistent with the requirements of section 123D of the Act.

The ERAC received one public submission. This submission is subject to a request not to publish under subsection 123D(5), and so has not been published on the Department's website.

## **3. Relevant advice from the Clean Energy Regulator**

The Clean Energy Regulator advised the ERAC that it supports the draft Variation.

## **Conclusion**

On the basis all the offsets integrity standards are met, the ERAC agreed the draft Variation is suitable to be made into a final Variation.