



Australian Government

EMISSIONS
REDUCTION
ASSURANCE
COMMITTEE

Via email: ERAC@cleanenergyregulator.gov.au

The Hon Angus Taylor MP
Minister for Industry, Energy and Emissions Reduction
Parliament House
CANBERRA ACT 2600

Dear Minister

I write to advise you of the outcomes of the Emissions Reduction Assurance Committee's (ERAC) crediting period extension review of the *Carbon Credits (Carbon Farming Initiative—Commercial and public lighting) Methodology Determination 2015* (the Lighting method).

The Lighting method allows proponents to generate Australian carbon credits units (ACCUs) by upgrading, modifying, replacing, or supplementing a lighting system in a commercial area, road, or public space to increase its energy efficiency, thereby reducing emissions through reduced electricity use. There are currently eight lighting projects registered under the Emissions Reduction Fund.

The crediting period extension review is in accordance with section 255A in the *Carbon Credits (Carbon Farming Initiative) Act 2011*, which requires a crediting period extension review to be undertaken at the first point in time when a project covered by the method begins the final year of its crediting period.

In performing this review, the ERAC was required to have regard to whether, if the crediting period were extended, eligible projects would continue to result in abatement that would be unlikely to occur in the ordinary course of events.

To inform its review, the ERAC undertook public consultation and received one submission. As the ERAC did not receive project level financial data, a qualitative analysis was undertaken to determine the extent to which activities under the Lighting method would be likely to continue in the ordinary course of events if the crediting period was extended. The ERAC found that there was evidence to suggest that extending the crediting period risks crediting non-additional abatement.

Based on its findings, the ERAC recommends that the crediting period for Lighting projects not be extended. Further, as the submission raised concerns about the ongoing additionality of some of the activities in the method given evolving market conditions and regulations, the ERAC will initiate the process to undertake a periodic review of the method using its risk assessment framework before the end of the 2021 calendar year.

The Clean Energy Regulator will advise stakeholders of the outcome of the crediting period review. Further details of the ERAC's findings and recommendations are provided in the attached report.

Please contact me if you have any questions regarding the review.

Yours sincerely



David Byers
Chair
Emissions Reduction Assurance Committee

9 November 2021