



Australian Government

EMISSIONS  
REDUCTION  
ASSURANCE  
COMMITTEE

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

Dear Minister

On behalf of the Emissions Reduction Assurance Committee (the Committee), I am pleased to advise that the Committee has considered the proposed *Carbon Credits (Carbon Farming Initiative—Electricity Generation from Landfill Gas) Methodology Determination 2021* (the proposed Determination) and found it suitable to be made into a Determination.

The proposed Determination would allow project proponents to earn carbon credits for emissions reductions achieved through the capture and destruction of landfill gas generated from decomposing waste where the landfill operator intends to generate electricity. The method would enable an extended crediting period of 12 years for projects that generate electricity or alternate between flaring and electricity generation from landfill gas.

In 2018, the Committee advised against extending the crediting period for landfill gas projects generating electricity. In 2019, the Committee agreed to review that decision based on new industry data.

Further analysis of industry data in 2019 and 2020 and updated forecasts on electricity prices and large-scale generation certificate prices in 2021 indicated that extending the crediting period for landfill gas generation projects to 12 years would continue to produce abatement that would not ordinarily occur.

Under section 114(7A)(b) of the *Carbon Credits (Carbon Farming Initiative) Act 2011* (the Act), a variation to a methodology determination extending the crediting period for projects covered by that determination cannot be made where the Committee has previously advised against it. Therefore, a new methodology determination would be required to extend the crediting period for existing landfill gas generation projects. On this basis, your delegate wrote to the Committee on 6 May 2021 requesting that the Clean Energy Regulator develop a new methodology determination to enable an extended crediting period for landfill gas generation projects.

The Clean Energy Regulator developed the proposed Determination to extend the crediting period to 12 years for existing and new projects involving generating electricity from landfill gas. The Committee invited public submissions on the draft Determination between 24 May and 13 June 2021. Seventeen of the 19 submissions supported making the new Determination as soon as practicable given the crediting period of many projects will expire in December 2021.

Based on the outcomes of the consultation and analysis provided to us by the Clean Energy Regulator, the Committee has concluded that the draft Determination complies with the Offsets Integrity Standards specified in section 133 of the Act. On this basis, the Committee has agreed that it is suitable to be made into a Determination.

The draft Determination and its explanatory statement as well as a summary of the submissions received during public consultation are attached to this letter.

Please contact me if you have any questions regarding this advice.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'D. Byers', is written over a light blue horizontal line.

Mr David Byers  
Chair  
Emissions Reduction Assurance Committee

17 July 2021

## EMISSIONS REDUCTION ASSURANCE COMMITTEE

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

#### *Draft Carbon Credits (Carbon Farming Initiative—Electricity Generation from Landfill Gas) Methodology Determination 2021* (draft Determination)

On 13 July 2021 the Emissions Reduction Assurance Committee (the Committee) agreed that the draft Determination is suitable to be made into a Determination.

In forming this view, the ERAC considered:

1. the offsets integrity standards specified in section 133 of the Act;
2. the 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 Determination.

#### Assessment against the offsets integrity standards

The table below provides a summary of how the draft determination has addressed the offsets integrity standards. The Committee considers that the draft Determination complies with the offsets integrity standard.

Section of CFI Act	Offsets integrity standard	How the draft determination addresses the offsets integrity standards
133(1)(a)	<b>Additionality:</b> projects covered by the draft method should result in carbon abatement that is unlikely to occur in the ordinary course of events (disregarding the effect of the Act).	<ul style="list-style-type: none"> <li>• At the April 2021 meeting the Committee agreed that a five-year crediting period extension for all electricity generation projects would likely result in additional abatement.</li> <li>• This assessment was based on analysis and built on previous analysis by the Committee. It showed that after taking into account updated forecasts of lower electricity and large-scale generation certificate prices there was a projected decline in revenue from these projects. This analysis combined with no evidence that</li> </ul>

Section of CFI Act	Offsets integrity standard	How the draft determination addresses the offsets integrity standards
		project costs have declined significantly supports the continued additionality of these projects over the extended crediting period.
133(1)(b)	<b>Measurable and verifiable:</b> Estimates of emissions, removals or reductions are measurable and capable of being verified.	<ul style="list-style-type: none"> <li>The proposed Landfill gas (generation) method contains appropriate equations for calculating emissions reductions and project emissions, as well as appropriate methods to enable verification of these estimates for data collection, monitoring and reporting.</li> </ul>
133(1)(c)	<b>Eligible carbon abatement:</b> Carbon abatement used in ascertaining the carbon dioxide net abatement amount for a project must be eligible carbon abatement from the project.	<ul style="list-style-type: none"> <li>The carbon abatement from the project's net abatement will be included in the National Greenhouse Gas Inventory.</li> <li>The Department has advised it is eligible carbon abatement.</li> </ul>
133(1)(d)	<b>Evidence based:</b> The draft method is supported by clear and convincing evidence.	<ul style="list-style-type: none"> <li>The analysis by the former Committee's landfill gas subcommittee and updated analysis by the Clean Energy Regulator indicates that landfill gas generation projects will continue to provide additional abatement under the Emissions Reduction Fund (ERF).</li> <li>The analysis is based on industry and market data.</li> </ul>
133(1)(e)	<b>Project emissions:</b> Material greenhouse gases that are emitted as a direct consequence of carrying out the project are deducted.	<ul style="list-style-type: none"> <li>Net abatement is calculated after deducting material emissions generated as a direct result of carrying out the project.</li> </ul>
133(1)(g)	<b>Conservative:</b> Estimates, projections or assumptions included in the methodology are conservative.	<ul style="list-style-type: none"> <li>The assumptions and estimates included in the proposed Landfill gas (generation) method are conservative, including the net abatement estimate. For example, the default methane proportion is updated to reflect a more conservative estimate of project conditions consistent with the 2021 varied (flaring) method.</li> </ul>
133(1)(h)	Such other standards that are set out in the legislative rules.	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>