



Australian Government  
Clean Energy Regulator

EMISSIONS  
REDUCTION  
ASSURANCE  
COMMITTEE

The Hon Chris Bowen MP  
Minister for Climate Change and Energy  
Parliament House  
CANBERRA ACT 2600

Dear Minister

On behalf of the Emissions Reduction Assurance Committee (the Committee), I am writing to advise you that the Committee has considered the *Carbon Credits (Carbon Farming Initiative—Industrial Electricity and Fuel Efficiency) Methodology Determination 2015* (the IEFE method) and recommends that it be revoked.

The IEFE method allows project proponents to generate Australian carbon credit units (ACCU) by undertaking electricity and fuel efficiency activities such as upgrading equipment, fuel switching, or changing operational practices. The method provides project proponents flexibility to determine what activities are most appropriate for each site included in the project.

The IEFE method was replaced by the *Carbon Credits (Carbon Farming initiative—Industrial and Commercial Emissions Reduction) Methodology Determination 2021* (the ICER method) in December 2021. The ICER method implements feedback from prior reviews of the IEFE method. The ICER method builds on the IEFE method, including by providing new abatement opportunities and improving method usability. All activities that can be undertaken under the IEFE method can be undertaken under the improved ICER method.

The Committee recommends the IEFE method be revoked to avoid duplication with the ICER method, as is usual practice. In addition, the Committee's consideration of the advice in this letter to revoke the IEFE method has had regard, pursuant to the requirement in paragraph 123A(5)(a) of the *Carbon Credits (Carbon Farming Initiative) Act 2011* (the Act), to the offsets integrity standards in section 133 of the Act. The Committee notes that the *Carbon Credits (Carbon Farming Initiative—Commercial and Public Lighting) Methodology Determination 2015* was revoked in April 2022 pursuant to findings that lighting upgrades to highly energy efficient products are increasingly likely to occur in the ordinary course of events. As such, the Committee believes there is the potential for IEFE projects to generate abatement that is non-additional, given the IEFE method currently allows lighting upgrade activities to be included in projects. This provides further grounds for the Committee's recommendation that the IEFE method be revoked. The attached notice of advice sets out the Committee's assessment of the IEFE method against the offsets integrity standard of additionality.

During public consultation on the exposure draft of the ICER method between 20 July and 17 August 2021, the Committee consulted on the proposal to revoke the IEFE method if the ICER method was made. Twelve submissions were received in response to this consultation. No submissions objected to the proposed revocation provided existing IEFE projects had a pathway to transition to the ICER method. In response to this feedback, the exposure draft of the ICER method was amended to provide this transition pathway.

There are currently 36 projects registered under the IEFE method. These projects are unaffected by the revocation of the method and can continue under the IEFE method during their 7-year crediting period or choose to transfer to the ICER method.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Abbey', written in a cursive style.

Rowena Abbey  
A/g Chair  
Emissions Reduction Assurance Committee  
8 December 2022

## EMISSIONS REDUCTION ASSURANCE COMMITTEE

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

*Carbon Credits (Carbon Farming Initiative – Industrial Electricity and Fuel Efficiency) Methodology Determination 2015* (the IEFE method)

On 8 December 2022 the Emissions Reduction Assurance Committee (the Committee) agreed that the IEFE method should be revoked.

In forming this view, the Committee considered:

1. the offsets integrity standards specified in section 133 of the Act; and
2. advice from the Clean Energy Regulator.

The Committee was not directed to have regard to any additional issues under section 123B of the Act in providing its advice on the IEFE method.

### Assessment against the offsets integrity standards

The Committee considers that the IEFE method no longer complies with the offsets integrity standards.

CFI Act reference	Offsets integrity standards	How the IEFE method no longer addresses the offsets integrity standards
133(1)(a)	<b>Additionality:</b> projects covered by the draft determination should result in carbon abatement unlikely to occur in the ordinary course of events (disregarding the effect of the CFI Act).	<ul style="list-style-type: none"> <li>• In April 2022, the Lighting method was revoked following the Committee’s finding that the activities covered by the method no longer meet the offsets integrity standard that abatement is additional.</li> <li>• The Committee is currently consulting on variations to the ICER and Facilities methods to remove lighting upgrades as an eligible activity to ensure abatement credited under those methods continue to be additional.</li> <li>• The IEFE method currently allows lighting upgrade activities to be included in projects. Retention of lighting upgrades as an eligible activity under the IEFE method risks crediting abatement that is not additional.</li> </ul>