

ACCU Review Discussion paper

Responses from Forestry Australia's Carbon Working Group

Australia's productive forests play a critical role helping to mitigate the effects of climate change through carbon capture and storage. Forestry Australia has an interest in maximising the extent to which the forestry industry can participate via incentives generated through the ACCU Scheme.

1. Are the proposed principles fit for purpose and how should they be applied to improve ACCU Scheme governance and integrity?

Forestry Australia supports a robust Australian Carbon Credit Unit (ACCU) Scheme and is supportive of improvements to its legislative framework in line with the new principles being proposed.

However, we believe the principles should directly call out the concept of leakage beyond the boundary of the project in relation to a method.

Carbon leakage refers to the occurrence where efforts to mitigate greenhouse gas (GHG) emissions in one country or region leads to an increase in emissions in another country or region, or anywhere outside the project boundary.

Activities that result in leakage undermine the fundamental goal of the ACCU Scheme in efforts to address the global challenge of climate change. A direct reference to leakage is therefore considered prudent in the pursuit of a robust and transparent institutional framework for the ACCU Scheme.

We are confident that the pursuit of these principles in full and with the inclusion or reference to leakage, would better position forestry projects to access the ACCUs scheme and increase the contribution of Australian forestry sector to provide a significant volume of high integrity ACCUs into the market.

2. Is there other information that could be published or collected to improve the transparency of the ACCU Scheme?

We believe that carbon market frameworks in Australia should incentivise best practice tree growing and forest management through crediting genuine additional carbon abatement, that is supported by research and monitoring, and be able to be adapted as new information or approaches are identified to future-proof the industry.

In this way, it is essential that the ACCU scheme provides full transparency into process of method development, project evaluation, the issuance of credits, and the broader administration of the program. Weakness in the system, whether actual or perceived, undermines the whole process prevents the market from being able to differentiate between projects with higher or lower integrity.

We commend recent efforts to improve transparency the public release of Carbon Estimation Area (CEA) boundary data and would encourage further efforts in this direction. For example, we would encourage an examination of the VERA Scheme which allows public access to the all project registration documentation, including audit reports, and would extend that to the ACCUs Scheme publishing all relevant documentation including projects Offset Reports and Forestry management Plans.

6. Should the government continue to focus its purchasing on least cost abatement? If not, what other considerations should it prioritise and why?

With respect to the Australian Government's purchasing of ACCUs, we believe that ACCUs generated from methods that have a high level of integrity, or that deliver co-benefits that align with national policy priorities should be preferenced in the first instance, acknowledging that in some cases this may not deliver least cost abatement.

This could extend to plantation projects that are delivering new streams of wood supply into the domestic market and helping to alleviate a timber supply shortfall that the [Master Builders Association predict to read 250,000 house frames nationally by 2035](#).

Furthermore, a new approach to the preferencing of ACCU purchase may extend to preferencing credits generated from newer methods rather than those from early stage projects whose methods are either no longer supported, or where questions around their integrity are being asked.

12. Are the proposed areas where the department could provide assistance during method development the right areas or skill gaps to focus on?

With respect to the developments of new methods or modules, we recognise the complexity and resource intensity required to administer the scheme. As such, we recommend the targeted use of external resources should be considered to assist in the have an efficient turn around for the review and finalisation process.

Indeed a background in forestry is imperative to bring the necessary technical expertise, ecological understanding, risk assessment skills, industry knowledge, and compliance capabilities needed to develop robust and scientifically sound methods that accurately capture and quantify carbon sequestration in plantation forests, ensuring accountability and maintaining the integrity of the ACCU scheme.

16. Will the proposed process for dealing with confidential data in consultation submissions balance the desire to ensure the ACCU Scheme is transparent while encouraging commercially sensitive data and information to be provided?

Yes, but the process should prioritise transparency while respecting the legitimate concerns of project developers regarding the protection of sensitive business information. Clear guidelines should be provided to stakeholders regarding what types of information can be classified as confidential and the criteria for determining confidentiality. This ensures that project developers have a clear understanding of how their sensitive information will be treated.

The consultation process should include provisions for project developers to designate certain data or information as confidential. This could be done through a separate section or an accompanying confidential annex in the submission and allows project developers to freely provide commercially sensitive information while ensuring its protection. Or, in these situations a non-disclosure agreement (NDA) can be utilised to provide legal protection and assurances that the disclosed information will be treated as confidential and will not be shared without explicit permission.

21. Does the proposed approach for reviewing and maintaining methods properly balance the need for integrity with the industry need for certainty?

Risks:

Implementing new or varied method requirements may introduce regulatory uncertainty for existing projects that were approved under different rules. The sudden changes may disrupt project implementation and generate confusion among project developers, potentially leading to delays, disputes, and reduced investor confidence.

Changes in method requirements can have financial implications for existing projects. Project developers may have made investment decisions based on the original method requirements and changing those requirements afterward could impose additional costs. This can hinder financial viability, discourage future investment in carbon reduction projects, and pose a risk to existing project developers who may struggle to adapt to the new requirements.

Compelling existing projects to comply with new or varied method requirements may create an administrative burden for both project developers and the regulatory authorities. It may require project owners to modify their monitoring, reporting, and verification procedures, leading to additional paperwork, time, and resources.

Benefits:

Introducing new or varied method requirements can help improve the effectiveness, accuracy, and transparency of the ACCU scheme. As our understanding of carbon sequestration practices evolves, updating methods can ensure that projects are aligned with the most advanced scientific knowledge and technological advancements. This can enhance the scheme's credibility, accountability, and its contribution to climate change mitigation goals.

The ACCU scheme may undergo changes due to evolving policy objectives, technological advancements, or international commitments. Requiring existing projects to comply with new method requirements can ensure that the scheme remains in alignment with these changes. It allows the government to optimize the scheme's contribution to national greenhouse gas reduction targets and respond to evolving global standards.

Compelling existing projects to adhere to new or varied method requirements enhances the integrity and credibility of the ACCU scheme. It ensures that projects are consistently measured, reported, and verified using the most up-to-date standards and methodologies. Adherence to scientifically sound and rigorous requirements can boost investor confidence, increase public trust, and support the scheme's long-term sustainability.