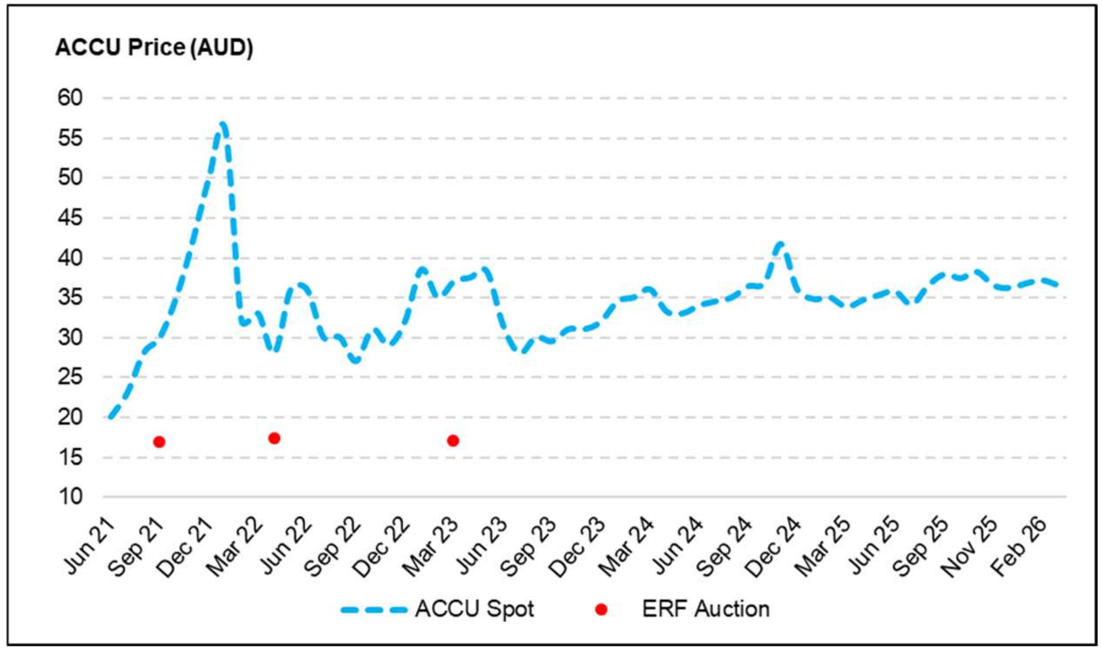
Forest Valuation Summit
Carbon standard – exposure draft

Melbourne 30-31 March 2026

Carbon market developments

- Carbon Farming Initiative (2011)
- Emissions Reduction Fund (reverse auction) (2015)
- ACCU Scheme (2021)
- Plantation Methodologies (2022)
- Safeguard Mechanism reform (2023)
- Aligned policies
  - Australian Government Supporting Plantation Establishment (2023-2027)
  - Various State Government schemes

- Meanwhile ACCU prices……



Carbon market developments – Support Plantation Establishment

	Project details (ha)		
Round Funded	**Hardwood**	**Softwood**	**Total**
Round 1 (2023-2024)	242	4,762	5,004
Round 2 (2024)		3,195	3,195
Round 3 (2024-25)	7,526	8,935	16,461
Total	**7,768**	**16,892**	**24,659**

	Project details (ha)		
Region	**Hardwood**	**Softwood**	**Total**
NSW	2,155	9,126	11,281
QLD	46		46
SA		622	622
TAS	173	1,718	1,891
VIC	167	971	1,137
WA	260	4,455	4,715
NT	4,968		4,968
Total	**7,768**	**16,892**	**24,659**

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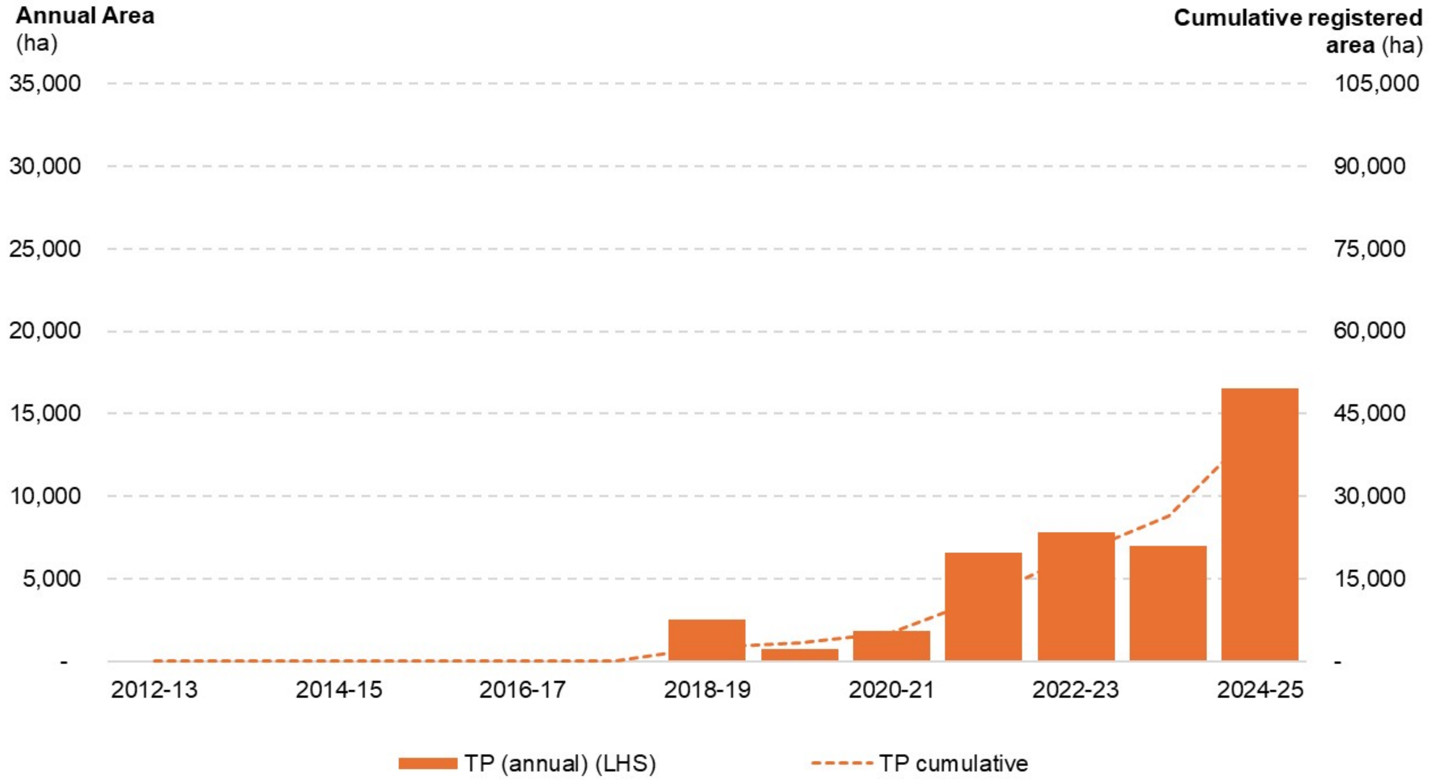
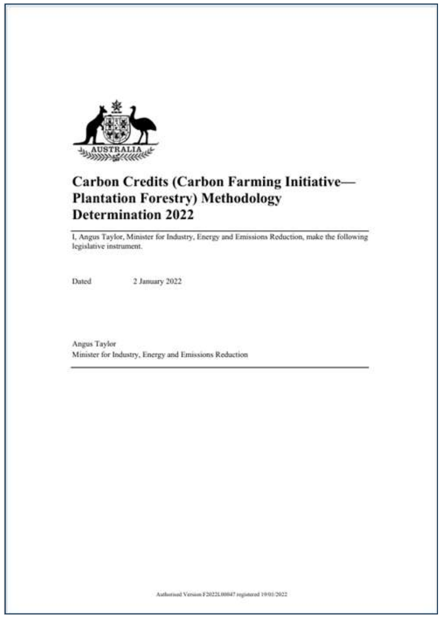
Carbon market developments
– ACCU Projects – Timber Plantations





AUSTRALIA

Carbon Credits (Carbon Farming Initiative—Plantation Forestry) Methodology Determination 2022

I, Angus Taylor, Minister for Industry, Energy and Emissions Reduction, make the following legislative instrument.

Dated 2 January 2022

Angus Taylor
Minister for Industry, Energy and Emissions Reduction

Authorised Version F2022L00047 registered 19/01/2022

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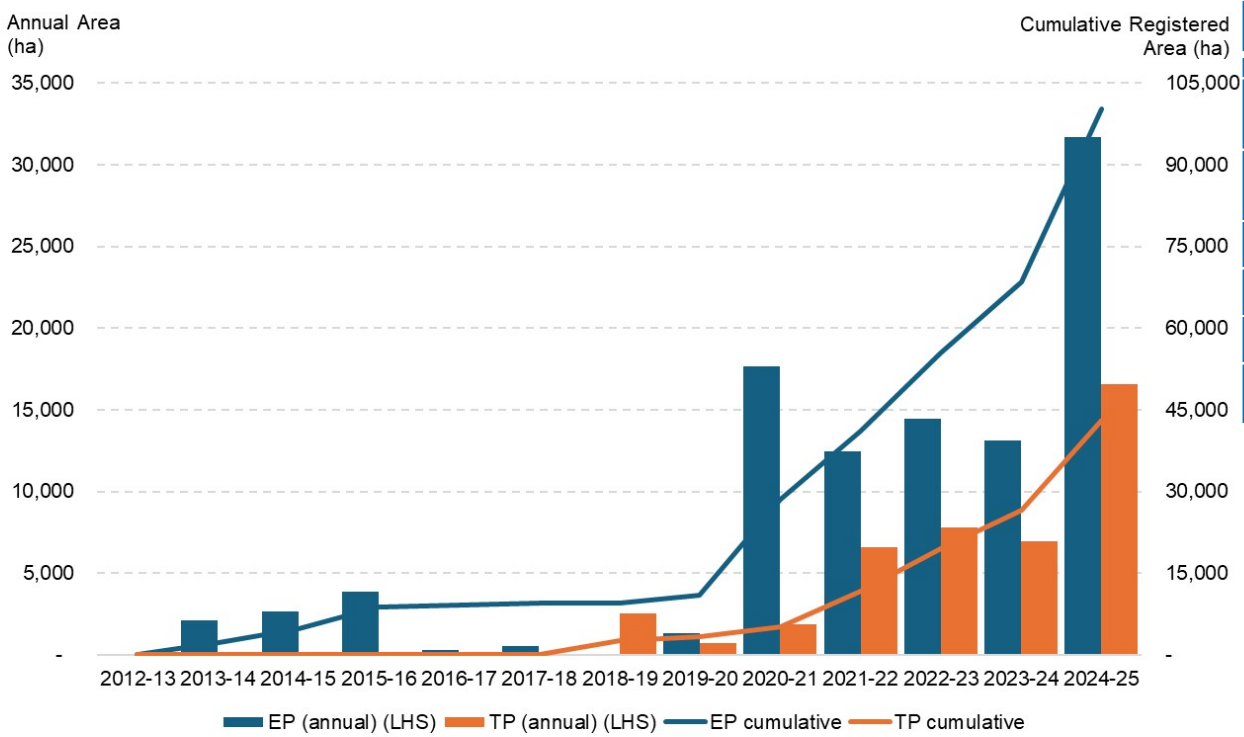
Carbon market developments - ACCU Projects – Timber Plantations and Environmental Plantings (within NPIs)



Plantation Method Schedule		Number of registered projects
Schedule 1	New plantations	90
Schedule 1 & 2	New plantations / conversion to long rotation	19
Schedule 1 & 3	New plantations / avoided conversion	13
Schedule 2	Conversion to long rotation	25
Schedule 3	Avoided conversion	74
Schedule 4	Transitioning a permanent forest	29
	Total	**252**

Carbon market developments - market observations

ONEFORTYONE ANNOUNCES LARGEST AUSTRALIAN FORESTRY LAND ACQUISITION IN A DECADE

OneFortyOne purchase of Limestone Estate (June 2025):

OFO Chief Executive Wendy Norris was reported stating:

“The processing capacity is available right now; our intention is to support market needs out to the 2050s and beyond. So, the decision we’ve made today, and the excitement about this acquisition, is that it supports the industry in the long term.”

“This potential optionality of converting hardwood to softwood plantation estate, from short to long-term tree rotation, could provide additional certainty for domestic sawmill manufacturing and support domestic processing.”

“It’s a really important part of our economic decision before we replant. These types of credits generated are a high-quality, highly sought-after, subclass of carbon credit.”

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A carbon standard - scope

- To focus on the ACCU Scheme and within the Scheme, the plantation methodology aspects
- Therefore, this standard doesn’t contemplate valuing carbon pursuant to voluntary schemes or standards
- Nor does it deal directly with the environmental plantings method of the ACCU Scheme
- We do note the beneficial utility of aligning approaches valuing environmental plantings and to harvest plantations. These benefits include aligning interpretations dealing with the interactions of permeance periods and land values, and a consistent apportioning of value to the component parts of a forest valuation.
- An issued ACCU is a financial instrument under the *Corporations Act*.

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The carbon standard - summary

Chapter B15 - Standard for valuation of carbon

Standard for Valuation of Carbon

The purpose of this standard is to **estimate the market value of the carbon trading opportunity associated with the future carbon sequestration by a tree crop.** Australia operates under a baseline and credit carbon trading system. The focus of this standard is on land-based vegetation carbon abatement projects created under this system and governed by the *Carbon Credits (Carbon Farming Initiative) Act 2011* which is currently integrated with the Australian Carbon Credit Units (ACCU) Scheme. Relevant carbon method determinations under the Act set out the rules for earning ACCUs. The system is administered by the Clean Energy Regulator (CER).

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The carbon standard - summary

This Standard is concerned with the value of the carbon trading opportunity associated with the future carbon sequestration by a tree crop as per the relevant vegetation carbon method determinations under the ACCU Scheme. The valuation report should clearly state what is being valued (and what is not being valued).

Note an issued ACCU is a regulated tradeable financial instrument under the *Corporations Act (2001)* and financial advice relating to financial products requires an Australian Financial Services Licence (AFSL).

On this basis, a forest valuation does not extend to valuing ACCUs issued by the CER prior to the date of the valuation. However it may reference credited and issued ACCUs in its reconciliations, and any associated obligations that may impact land or tree value.

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The carbon standard - summary

After project registration with the CER is confirmed and the initial audit passed, the value of the carbon trading opportunity should be reported separately from the value of the tree crop (where harvesting is permitted under the method determination), and the value of land.

To avoid double counting, care needs to be taken in valuing the carbon trading opportunity in respect to the timing processes leading to the crediting and issuance of an ACCU.

Noting: - crediting - ACCU's recognised in the project crediting period

- issuance – as in issued by the CER once an offsets report has been received by the CER; and an application for a certificate of entitlement is approved. Issued ACCUs are held and managed in the Australian National Registry of Emissions Units (ANREU) accounts

In limited circumstances, a valuer may opine on a registered project which hasn't undergone the initial audit. In this situation the valuer needs to have a basis to consider satisfying the audit requirements.

The carbon standard - summary

The valuation report shall describe:

- the registration status of the carbon sequestration opportunity with the CER;
- the age of the tree crop(s) at the date of valuation and the area of each Carbon Estimation Area (CEA) which may be aggregated to a project level;
- the vegetation carbon method determination chosen for each CEA or project e.g.
  - Carbon Credits (Carbon Farming Initiative—Plantation Forestry) Methodology Determination 2022, including applicable schedules.
  - Carbon Credits (Carbon Farming Initiative—Reforestation and Afforestation 2.0) Methodology Determination 2015.
  - Carbon Credits (Carbon Farming Initiative) (Reforestation by Environmental or Mallee Plantings - FullCAM) Methodology Determination 2024.
- Full Carbon Accounting Model (FullCAM) version (or other empirical models used where permitted); what checks have been made to ensure that the FullCAM or other model carbon sequestration estimates are consistent with CER guidelines;
- the assumed permanence obligations; and
- the estimates of future sequestration estimates by age (or year) reconciled against ACCUs credited and issued.

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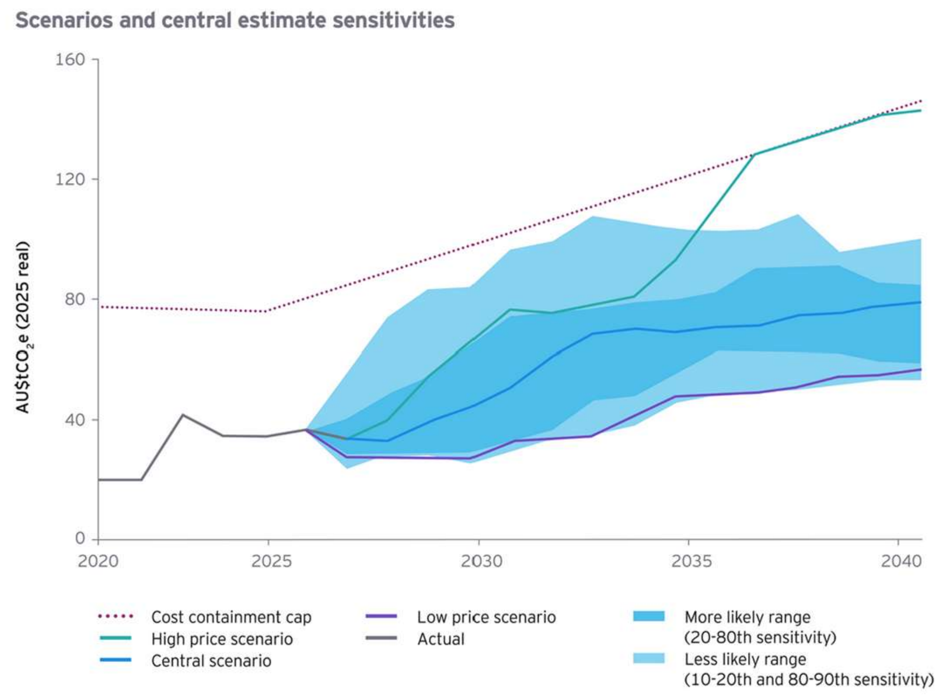
The carbon standard - summary

The valuation report shall describe:

- the carbon price used including:
  - units; currency
  - exchange rate used to convert (if applicable)
  - allowance for trading costs (commission)
- whether future prices are real or nominal
- the method used to estimate carbon price;
- any market information used in support of prices:
  - sources of data
  - relevance of data
  - reliability of data
- price volatility; assumed future real price changes; and
- the results of any analysis completed to form an opinion on carbon prices.



Source: EY Net Zero Centre's *Australian carbon market outlook*

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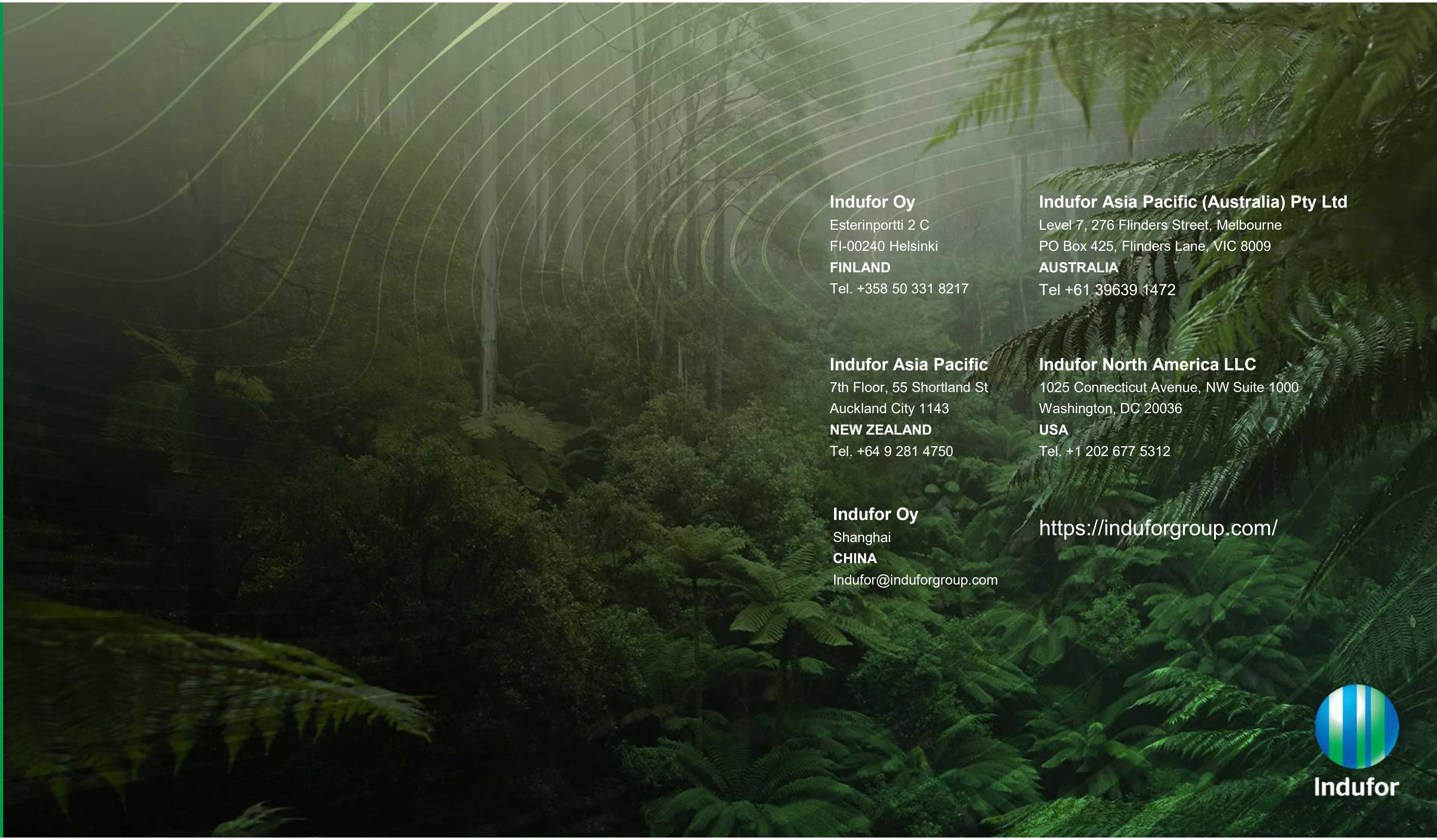
The carbon standard - summary

The valuation report shall:

- declare all costs associated with the carbon trading opportunity including registration, measurement, audit, filing emissions returns, annual fees, commissions as well as relevant carbon-specific overhead and administration costs.
- in the case of permanent (non-harvest) carbon forests, declare all costs associated with establishing, managing and maintaining the trees including overhead and administration costs associated with growing the trees. Net revenues from management actions (e.g. ecological thinnings) should also be declared (if applicable).

Next steps

- Exposure draft is open for comment
- Committee consulted with practitioners in preparing this draft and look to receiving further observations as we go to finalise by our proposed date of 1st September 2026.



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