



**Asia-Pacific  
Economic Cooperation**

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## **Australia's Carbon Crediting Scheme: Overview and Agency Roles**

Submitted by: Australia



**APEC Capacity Building Initiative on Carbon  
Pricing and Carbon Markets Workshop  
21 September 2022**

Department of Climate Change, Energy, the Environment and  
Water

# Australia's carbon crediting scheme: overview and agency roles

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21 September 2022

[DCCEEW.gov.au](https://www.dcceew.gov.au)

# Australia's carbon crediting framework

Three components:

## Crediting

- *Carbon Credits (Carbon Farming Initiative) Act 2011* and subordinate legislation
  - Rules
  - Determinations (Methods)

## Purchasing

- Government purchase of Australian Carbon Credit Units (ACCUs)
  - Reverse auctions run by the Regulator
  - Least cost purchase of abatement

## Safeguard

- Emissions baselines
- High emitters (>100,000 t CO<sub>2</sub>-e per year)

# History

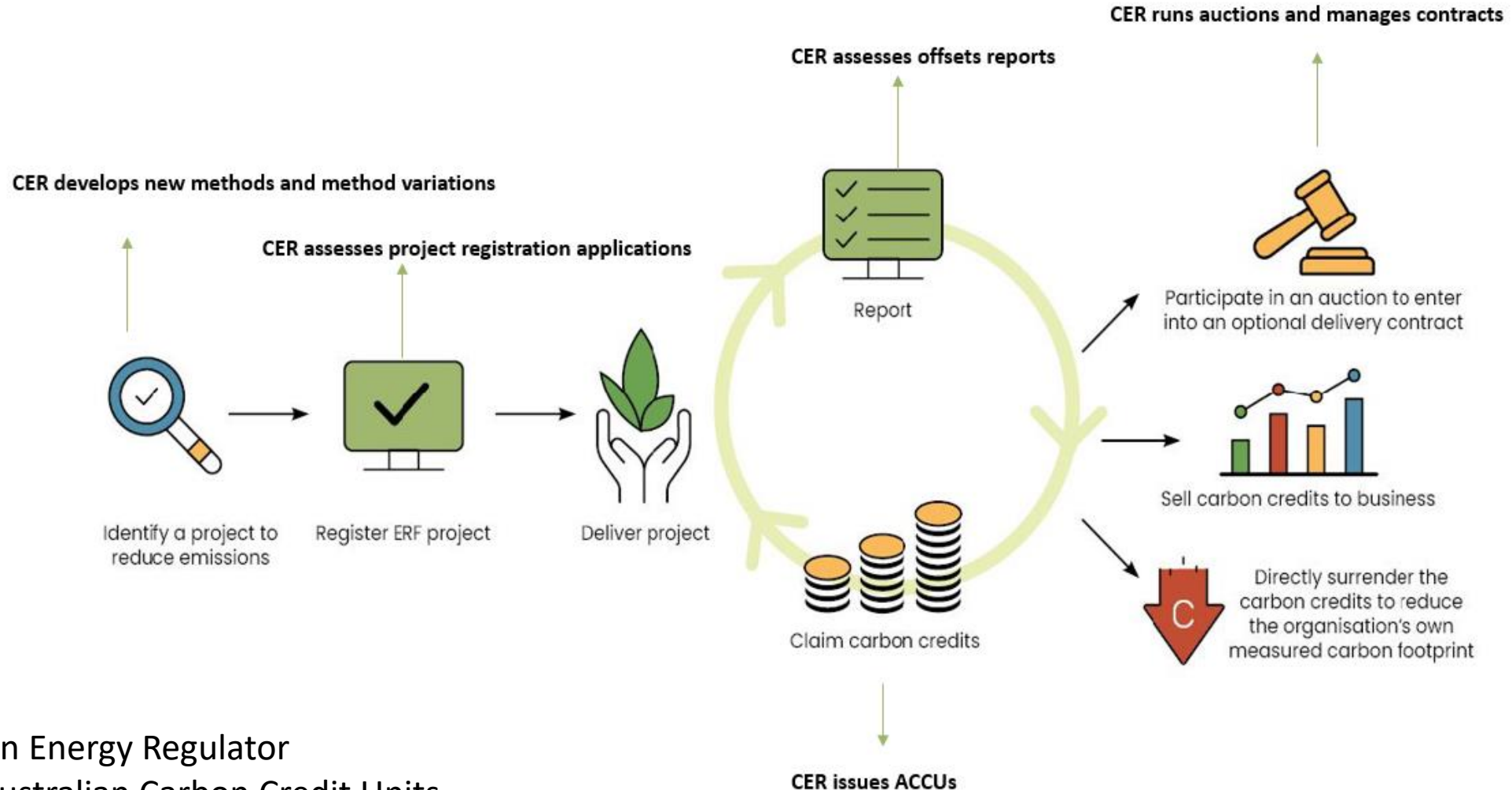
## **Carbon Farming Initiative (2011)**

- Offset projects to generate carbon credits for sale to entities with liabilities under the carbon pricing mechanism
- Eligible activities cover the land, agriculture and waste sectors

## **Emissions Reduction Fund (2015)**

- Replaced the Carbon Farming Initiative
- Expanded scope to allow projects in other sectors
- Activities under Carbon Farming Initiative continued
- Introduced Australian Government purchasing
  - \$2.55 billion initially + additional \$2 billion in 2019
  - Future purchasing supported through the Powering the Regions Fund

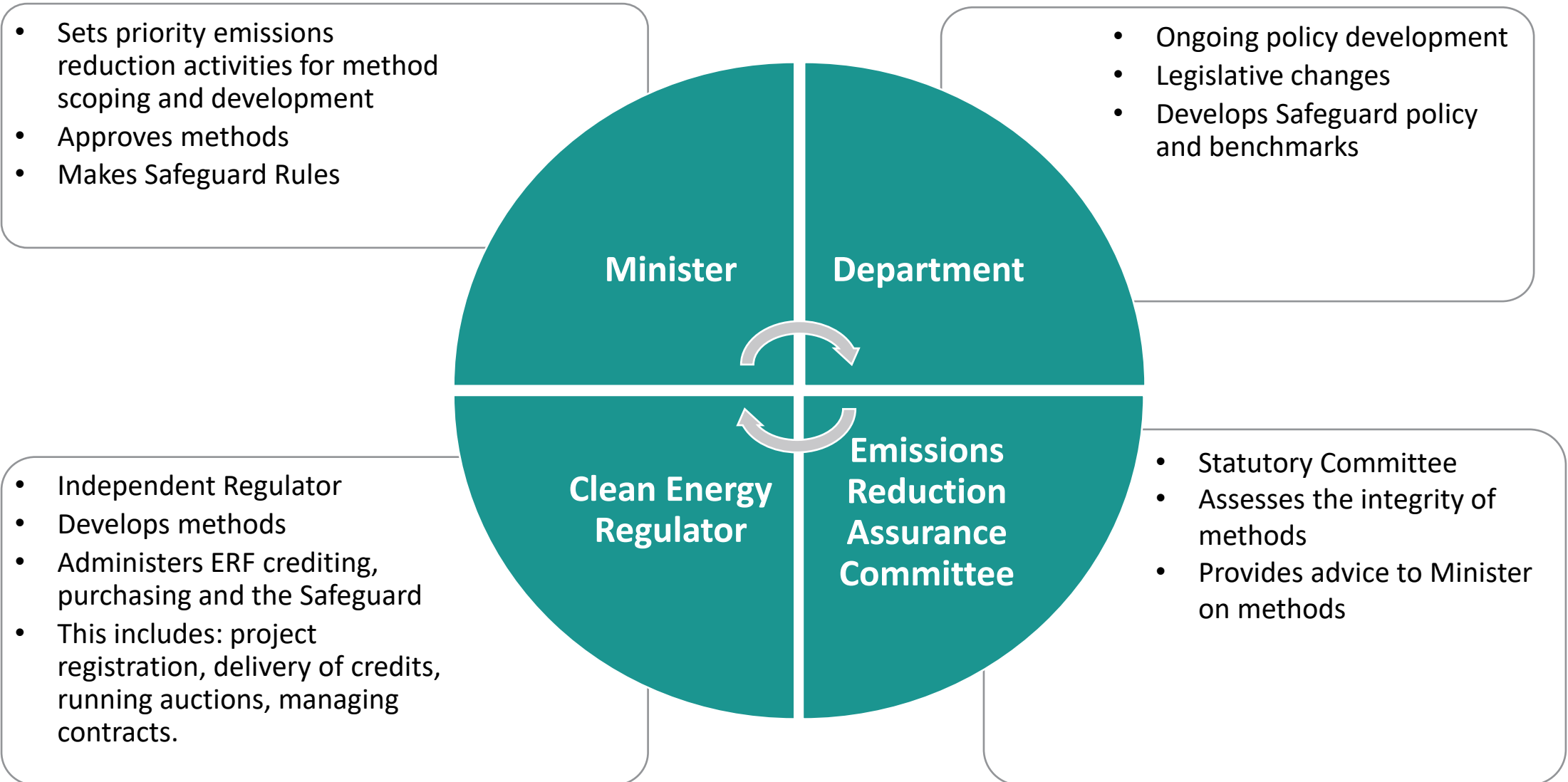
# Participation and receiving carbon credits



CER = Clean Energy Regulator

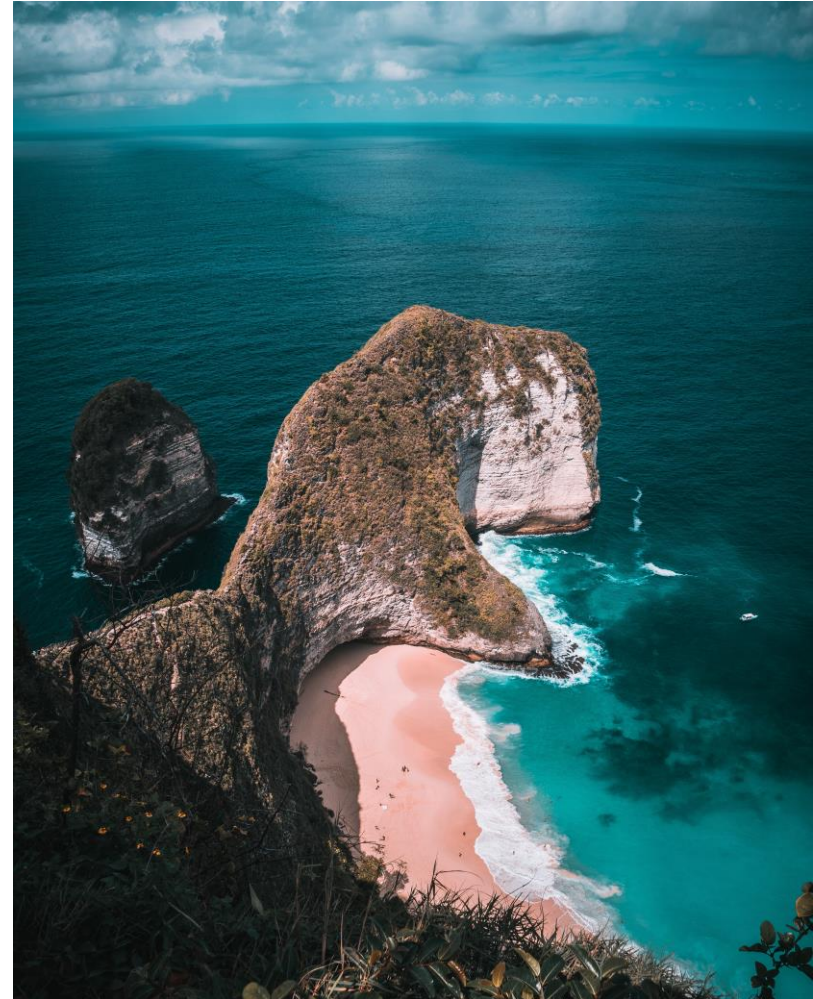
ACCUs – Australian Carbon Credit Units

# Carbon crediting governance arrangements



# Carbon credit projects must:

- Follow an approved method
- Be new
- Go beyond business-as-usual activities
- Not be required by law
- Not be receiving financial support from specified government programs
- Not be an excluded activity



# Methods

- Methods are legislative instruments made by the Minister and disallowable by Parliament
- They are the rulebooks that set out:
  - How to undertake a project and calculate carbon credits
  - Responsibilities and obligations of project participants (measure, verify, report)
- Methods must meet the Offsets Integrity Standards, as assessed by the independent Emissions Reduction Assurance Committee (ERAC)
- The Offsets Integrity Standards are specified in legislation



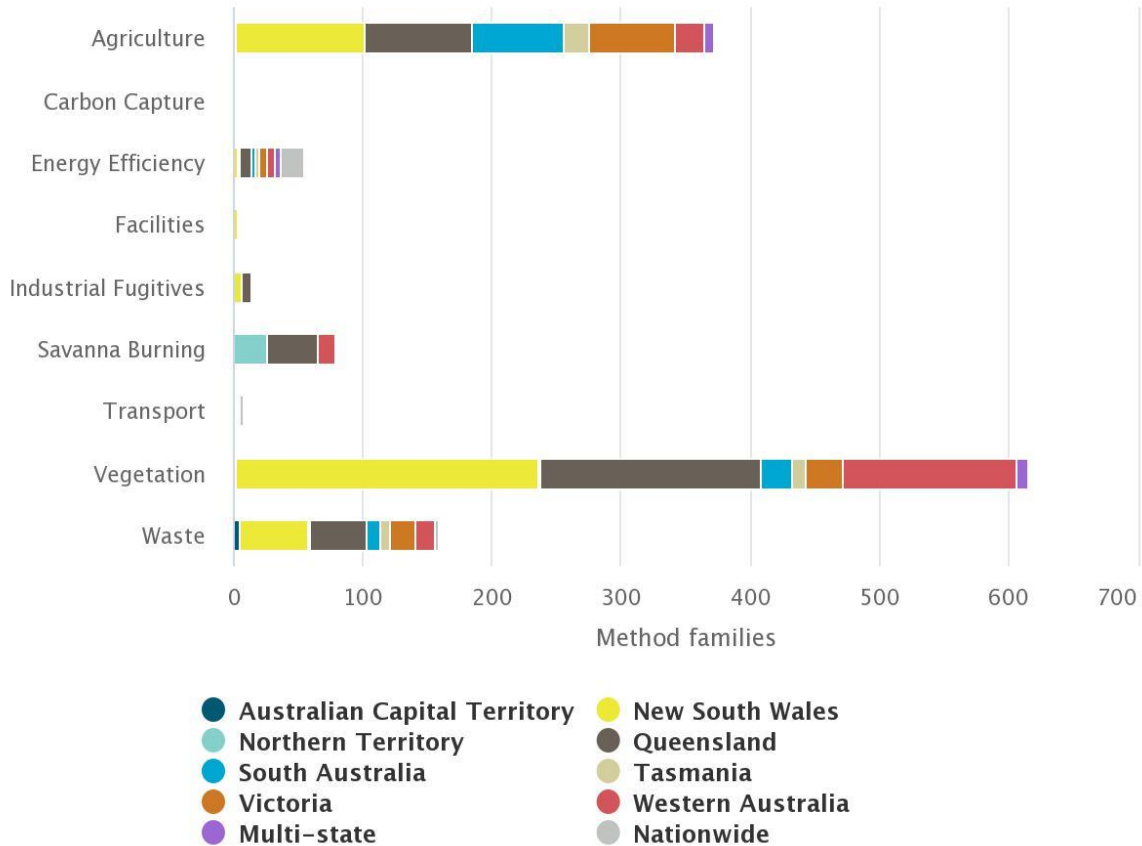
# Offsets Integrity Standards

- ***Additional:*** Abatement is unlikely to occur in the ordinary course of events.
- ***Measureable and verifiable:*** Abatement must be able to be measured and verified.
- ***Eligible:*** Emissions reductions credited must be able to be counted towards Australia's climate change targets.
- ***Evidence based:*** Methods must be supported by clear and convincing evidence.
- ***Project emissions:*** Material emissions resulting from the project must be accounted for.
- ***Conservative:*** Estimates, assumption and projections used in the methodology determination should be conservative.

# Australia's carbon market

## Cumulative projects in the Emissions Reduction Fund

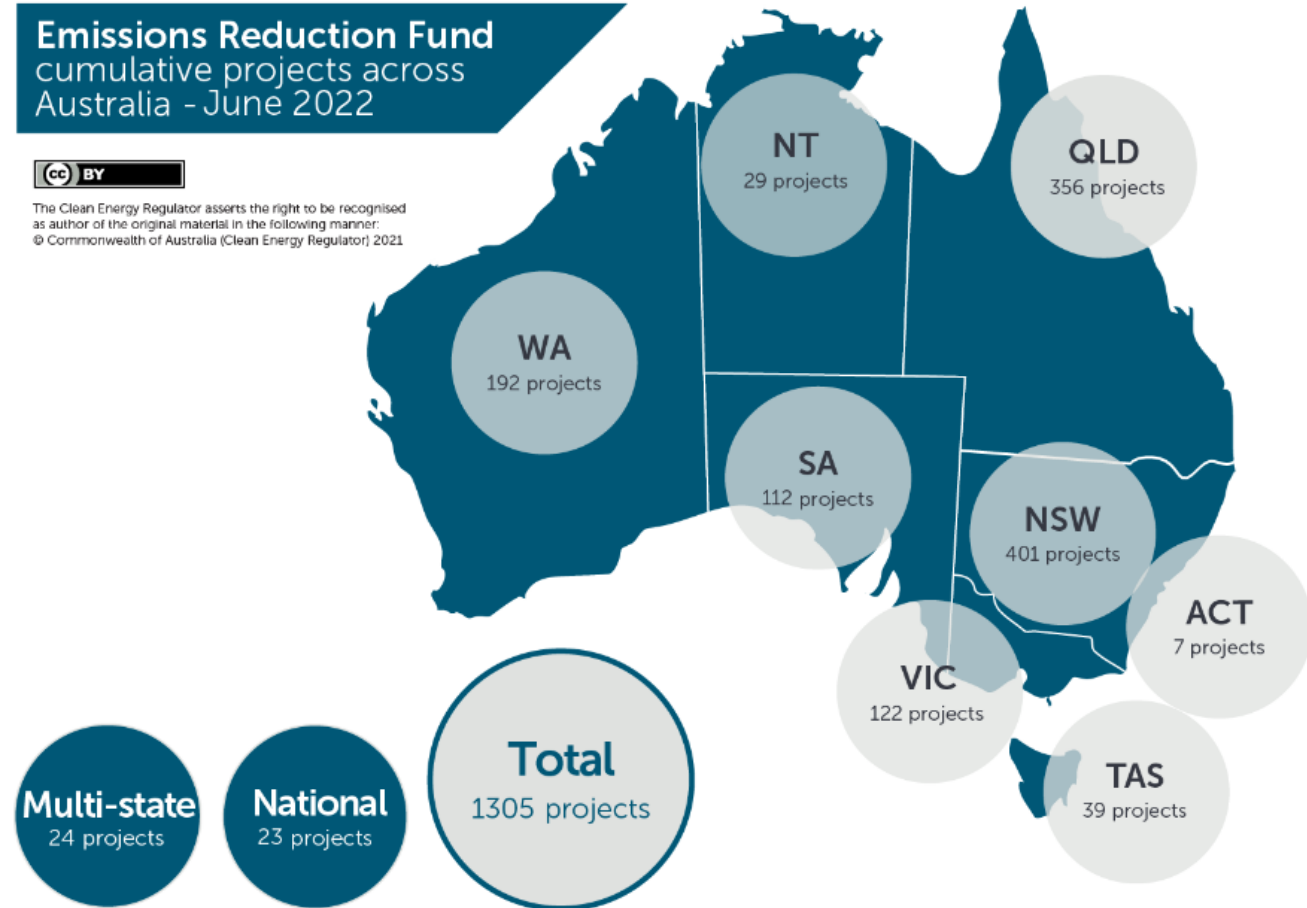
as at 30 June 2022



## Emissions Reduction Fund cumulative projects across Australia - June 2022



The Clean Energy Regulator asserts the right to be recognised as author of the original material in the following manner:  
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This graph shows the national cumulative total of projects registered under the Emissions Reduction Fund as at 30 June 2022, broken down by method type.

# Total projects and ACCUs issued, as at 30 June 2022

This table shows the total number of registered projects under the Emissions Reduction Fund, and the total number of Australian carbon credit units issued under the scheme, as at 30 June 2022.

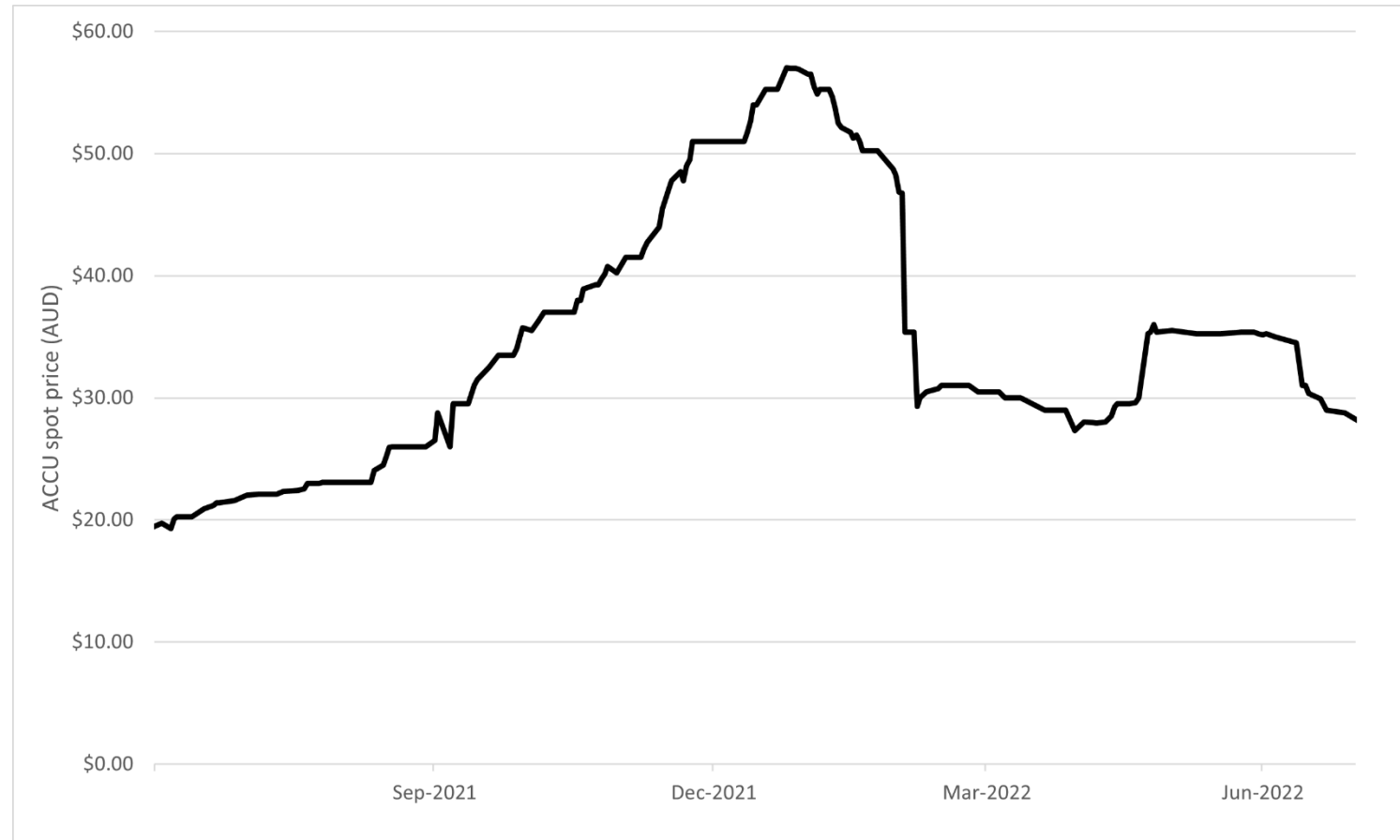
Total number of registered Emissions Reduction Fund projects

1,305

Total number of Australian carbon credit units issued

113,643,056

# Generic ACCU spot price, July 2021 to July 2022



# Government contract portfolio



tonnes of contracted abatement across all methods

Million tonnes



150.6

Vegetation



26.3

Landfill & waste



15.2

Agriculture



13.6

Savanna burning



4.7

Facilities



3.4

Energy efficiency



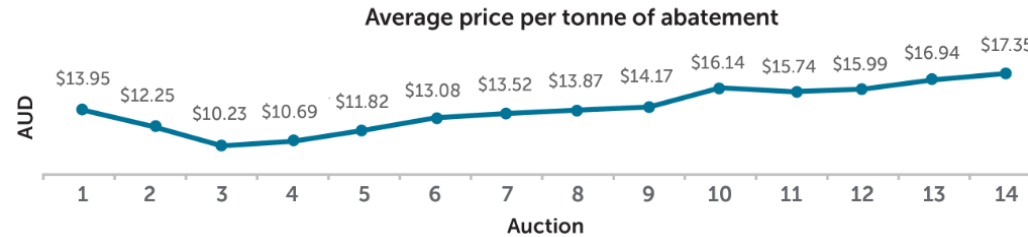
1.7

Industrial fugitives



1.2

Transport



14



projects under contract

**\$131.8m**  
committed at the  
14th Auction



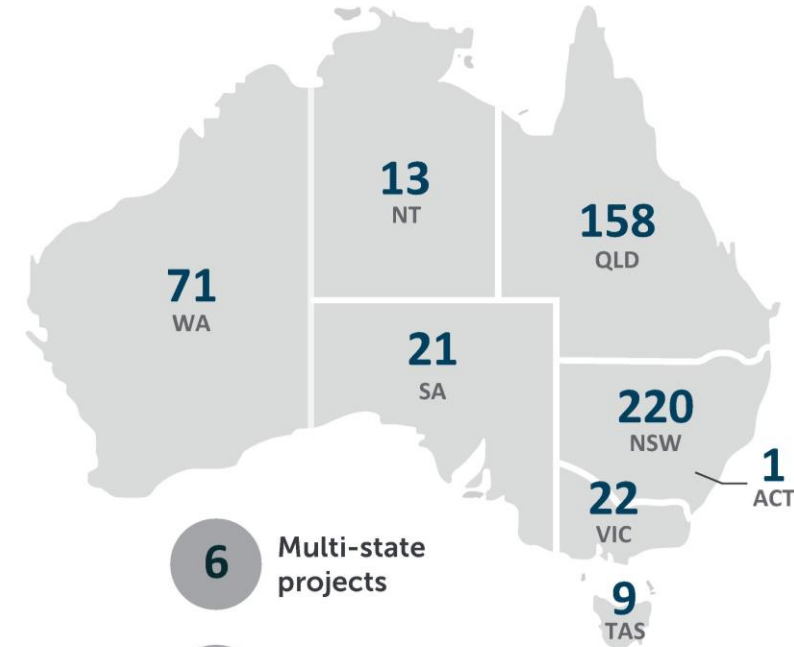
**\$2.7b**  
committed  
in total



**\$963.2m**  
paid\*

\*As at 5 April 2022

Projects under contract



**6** Multi-state projects

**7** National projects

# Compliance

- Every project is subject to **at least 3** independent audits
- Every project application is assessed by the Regulator
- Rigorous application of a range of compliance tools: GIS and other 'big data'
- Evidence must be collected, maintained and provided in offset reports, and is verified by auditors and the Regulator, demonstrating implementation of project activities and supporting abatement calculations.



# Case studies

- [Beef cattle](#)
- [Savanna fire management](#)
- [Soil carbon](#)
- [Human-induced regeneration](#)
- [Revegetation](#)
- [Plantation forestry](#)
- [Avoided deforestation](#)



Department of Climate Change, Energy, the Environment and  
Water

# Australia's Indo-Pacific Carbon Offsets Scheme

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21 September 2022

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# Indo-Pacific Carbon Offsets Scheme

Partnerships between Australian Government and Indo-Pacific economies, civil society and industry

## **\$104 million program, 10 years**

- national climate policy frameworks
- transparency and markets policy capacity
- carbon offsetting projects co-funded with private sector financing
- real community benefits
- shared outcomes across the region
- increased climate ambition

## **Practical knowledge and experience**

- robust institutional systems
- legislative frameworks
- continuous methodological improvement
- UNFCCC reporting and processes, and experience as expert reviewers
- knowledge sharing and engagement between officials level focused on priorities and needs of partners





# IPCOS key outcomes



## Market participation under Article 6

- Systems to support generation and trade of carbon offsets under the Paris Agreement
- Market confidence, credible climate action, and access to high value carbon offsets
- Encourage private sector support for projects



## Community and environmental benefits

- Participatory and equitable community benefit-sharing arrangements and sustainable livelihoods
- Safeguards for environment and biodiversity
- Sustainable Development Goals



## Enhanced transparency

- Enhance ability to meet new Paris obligations
- Meet NDCs and fulfil Enhanced Transparency requirements
- Region gains a stronger voice in global standard setting



# IPCOS components

Practical support for markets readiness, responsiveness to partner priorities, focus on integrity



Market participation

- Enhancing policy frameworks and technical capacity to participate in an informed manner in global, high-integrity carbon markets



Transparency

- Sharing technical expertise in carbon accounting and operating high-integrity carbon markets
- Support NDC scoping to facilitate informed participation in carbon markets



Pilot Projects

- Carbon offsets projects to create learnings in delivering offsets with co-benefits of importance to local communities
- De-risking the investment environment



Continued development

- Encourages sustained funding streams from the private sector
- Assist transfer of expertise and technology, helping unlock to unlock abatement potential

Capacity building



Projects

# What is in the toolkit?



## Analysis

- Data Analysis and Mapping
- Legal and Regulatory Assessment
- Needs assessment for inventory and transparency



## Strategy

- Carbon Market Roadmap
- Guidelines for IPCOS Participation
- Guidelines on Corresponding Adjustments
- Article 6.2 Agreement



## Technical

- Inventory Capacity Building
- Spatial Systems Reporting
- Measurement, reporting and verification assistance
- Non-carbon benefit measurement guidance

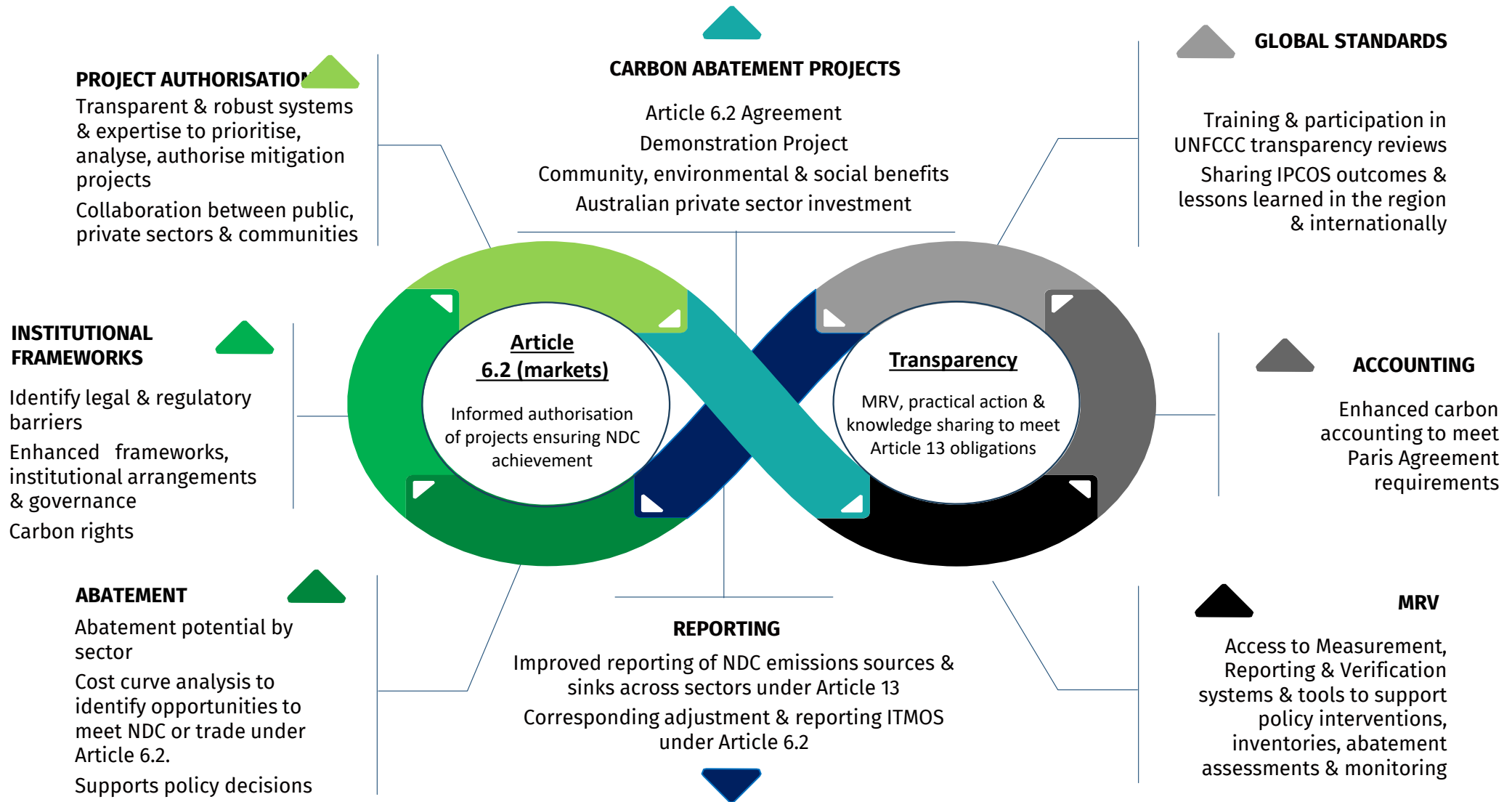


## Policy & Process

- Model Project Assessment and Approval Process
- Model Climate Legislation and Regulation
- Guidelines for Environmental and Community Benefits Sharing



# Capacity building for carbon markets and transparency



# Contact us

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