



**Australian Government**  
Clean Energy Regulator

**EMISSIONS  
REDUCTION  
FUND**

# Emissions Reduction Fund

**Presentation to state and territory agencies**

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# What we will cover today

- > Emissions Reduction Fund (ERF) scheme overview
- > ERF scheme design
- > Methods
- > Risk assessment and management
- > Current Clean Energy Regulator information sharing capacity
- > Information disclosure and sharing

## Scheme overview

The ERF is a \$2.55 billion scheme which:

- > expands on the original Carbon Farming Initiative (CFI), which commenced in 2011
- > is an economy-wide, voluntary scheme
- > provides incentive for business to reduce emissions
- > enables Government to purchase delivered emissions reductions (abatement) from business

## Scheme overview - continued

The ERF comprises three components:

- > **crediting** – clients can claim Australia carbon credit units (ACCUs) for the abatement achieved from a registered project
- > **purchasing** – the Clean Energy Regulator will enter into a contract with successful bidders at auction, to purchase ACCUs
- > **safeguard** – started in 2016, is designed to encourage businesses not to increase emissions above historical levels



# Method development

- > Method development involves
  - > collaboration with key technical and industry experts
  - > technical assessment on applicability of method
  - > quarterly engagement with state and territory policy agencies
  - > public consultation to seek stakeholder views
  - > hazard assessment of potential activities that may be conducted

# Methods

The ERF expands on the CFI beyond land-based projects to cover a broad range of sectors in the economy:

Sector	Method	
Energy efficiency	Aggregated small energy users Commercial building energy efficiency Industrial Electricity and Fuel Efficiency	
Mining	Coal mine waste gas	
Transport	Aviation	Land and sea transport
Vegetation management	Avoided clearing of native regrowth Avoided land clearing   Savanna fire management Designated Verified Carbon Standard projects	
Waste and wastewater	Waste Alternative waste treatment	Landfill gas Wastewater treatment

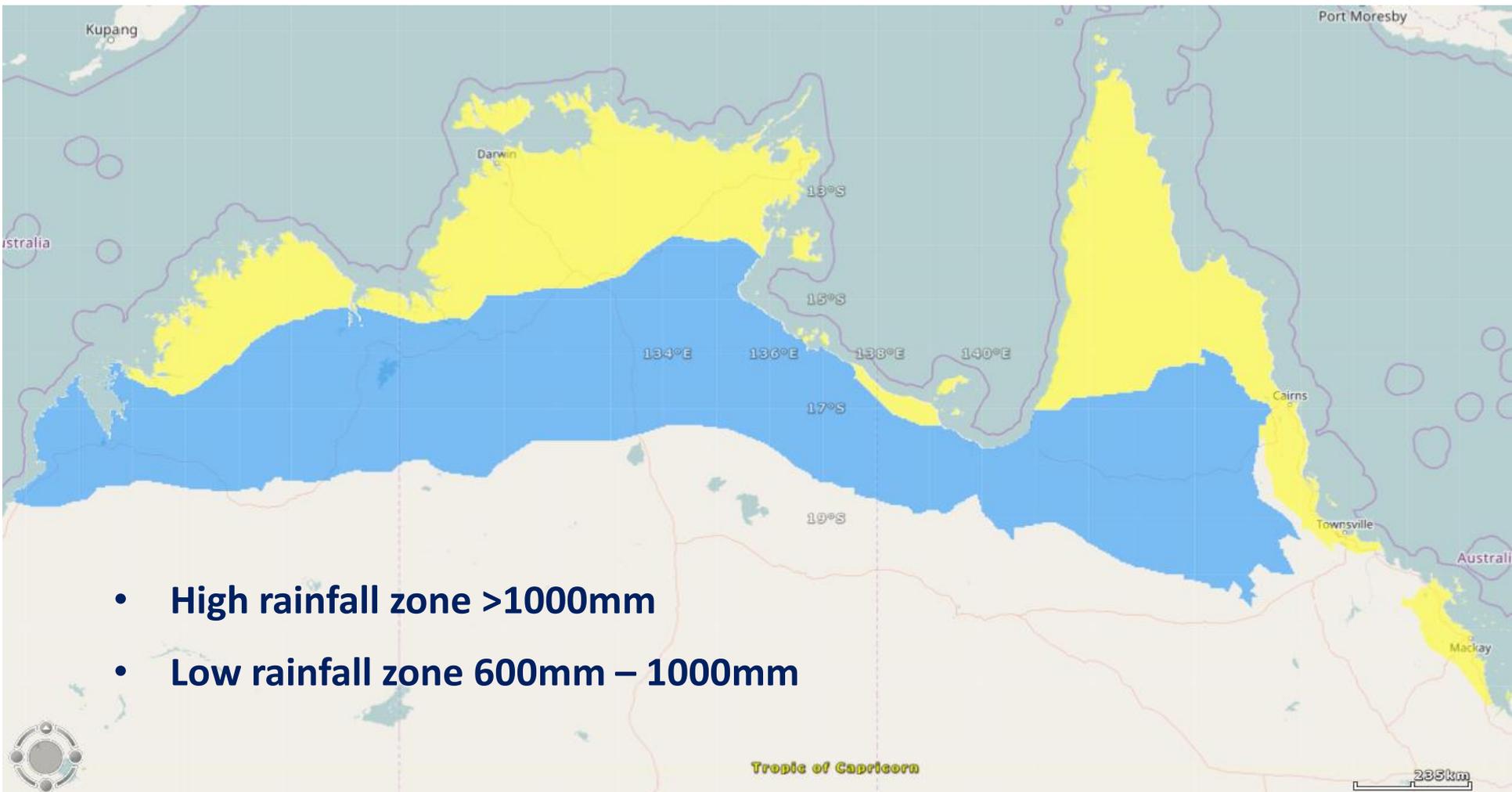
# Scheme design

- > Entry requirements
  - > fit and proper assessment of applicant
  - > compliance with and work, health and safety and environmental laws
  - > project eligibility
  - > approval required before a project can commence
- > Participants are required to keep project records
  - > Clean Energy Regulator may request and share records
- > Notification requirements
  - > participants are required to notify the Clean Energy Regulator if changes to the fit and proper person status occur throughout the lifecycle of the project

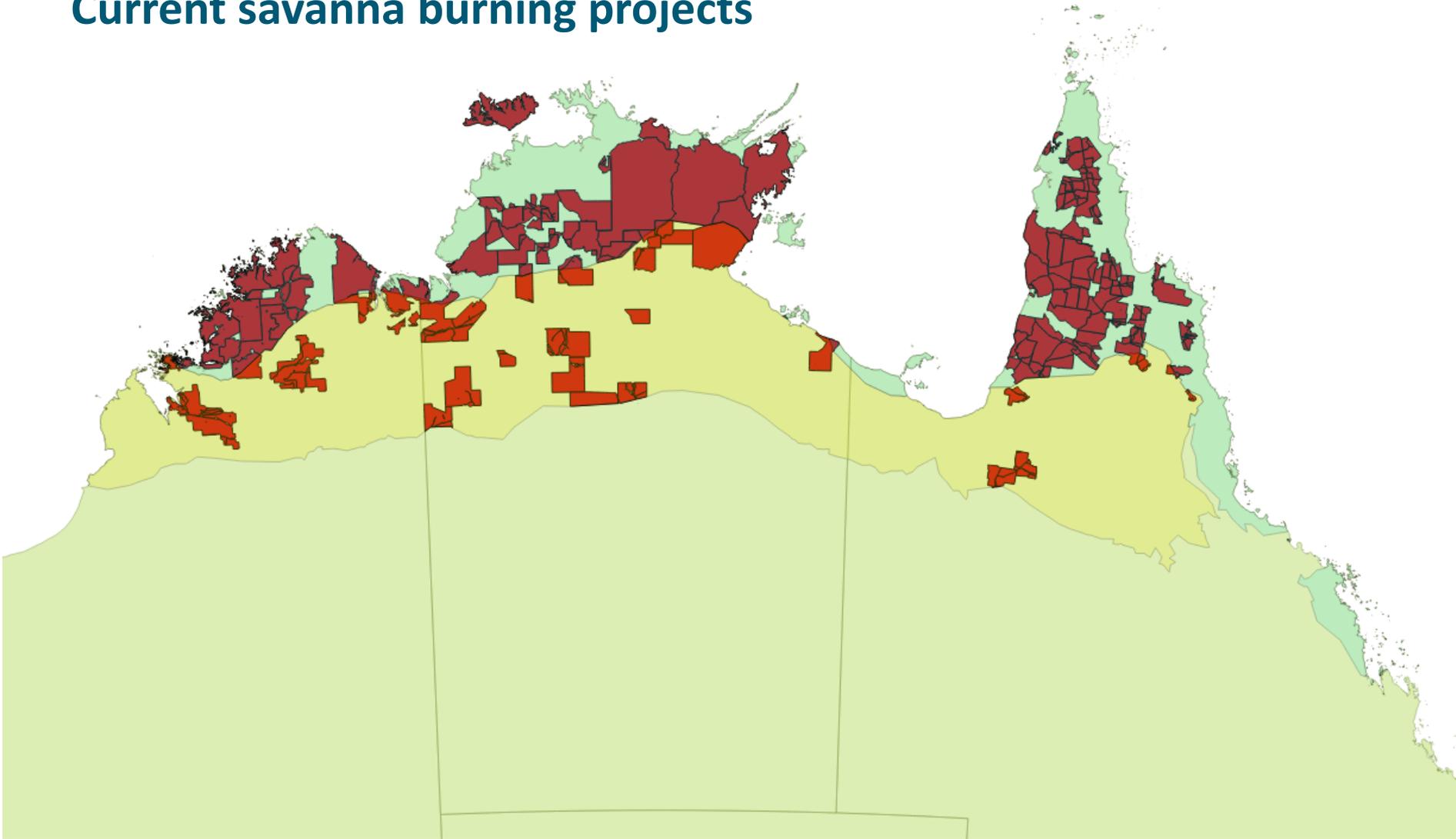
## Scheme design - continued

- > Auction entry has a minimum abatement requirement of 2,000 tonnes of CO<sub>2</sub>-e per year
- > Contracts include a provision that participants comply with all relevant Commonwealth and state/territory legislation
- > The Government will only pay once abatement based on a contract has been delivered - there are no upfront payments
  - > a significant deterrence for problematic operators who may otherwise participate in the scheme
- > Audit schedule is set at registration stage
  - > initial audit covers all aspects of the project operation

# Eligible area for savanna burning projects



## Current savanna burning projects

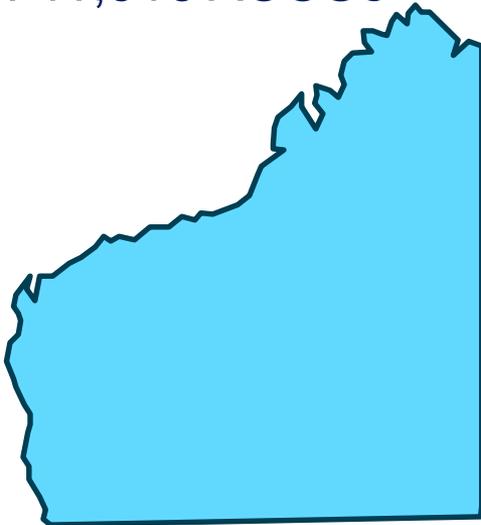


## Current savanna burning projects credited

Western Australia

11 Projects

741,916 ACCUs



Northern Territory

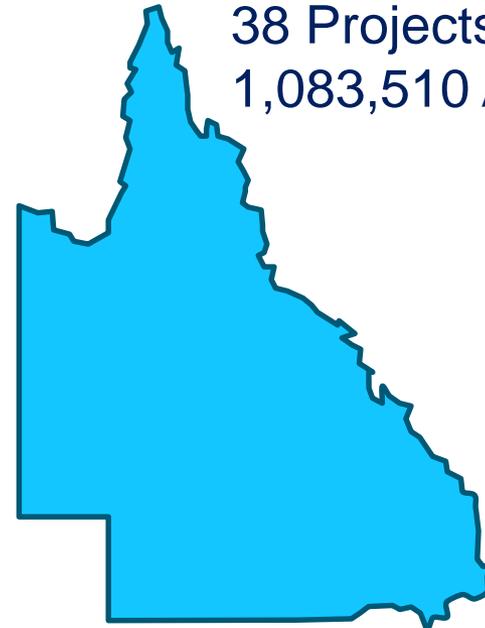
26 Projects

2,045,863 ACCUs

Queensland

38 Projects

1,083,510 ACCUs



3,871,289 ACCUs issued for 80 projects

## Savanna burning projects

	WA	NT	QLD	Total
<b>ERF Projects Registered</b>	11 (14%)	26 (35%)	38 (51%)	<b>75</b>
<b>Projects with contracts</b>	2	18	35	<b>55</b>
<b>Projects issued ACCUs</b>	5	12	29	<b>46</b>
<b>Total ACCUs issued</b>	<b>741,916</b>	<b>2,045,863</b>	<b>1,083,510</b>	<b>3,871,289</b>

# Risk assessment

- > By its nature the scheme should not make particular activities more hazardous, but by incentivising the activity there is a risk that it may contribute to an increase in work and community health and safety incidents

## Considerations

- > Work health and safety is of paramount importance in government policy and programmes
- > Findings from the Home Insulation Program Royal Commission and similar inquiries
  - > knowing our customers
  - > delivering internal capability within a structured, governed environment
  - > timely and proactive information sharing

## ERF Public information

- > Public information made available on the Clean Energy Regulator's website - ERF Project Register
- > The register includes information on all ERF projects including:
  - > a description of the project
  - > location of the project
  - > Contract status
  - > Australian Carbon Credit Units issued
- > The register is regularly updated and can be found on:  
**<http://www.cleanenergyregulator.gov.au/ERF/Emissions-Reduction-Fund-project-register>**

## Conclusion

- > Auction entry has a minimum abatement requirement of 2,000 tonnes of CO<sub>2</sub>-e per year
- > Strong participant and project registration requirements
- > Payment on delivery of abatement only
- > Upfront costs for participants deters problematic participants
  - > includes project establishment and auditing costs
- > Application of contract law
  - > make good provisions
- > Adherence with relevant state and territory laws
- > The Clean Energy Regulator will work closely with agencies to share information

# Questions and comments

