ACCU Review Recommendation 8: HIR Implementation

Contents

1. Summary

The Clean Energy Regulator (CER) is implementing the Australian Carbon Credit Unit (ACCU) Review recommendation for Human-Induced Regeneration (HIR) projects, including HIR projects that have already registered under the Method.

This paper assumes the reader has a working knowledge of the HIR Method and implementation history and is broadly familiar with the relevant ACCU Review report material. Further information can be found at Human-induced regeneration of a permanent even-aged native forest (cleanenergyregulator.gov.au)[1] and Independent Review of Australian Carbon Credit Units - DCCEEW[2].

This paper covers the ACCU Review Panel Recommendations 8.1 and 8.2 for HIR projects. Recommendation 8.3 is subject to a separate process to develop an amendment to the CFI Rules. The implementation of the ACCU Review recommendation for HIR projects by CER is subject to a direction from the Minister of Climate Change and Energy found at Clean Energy Regulator (Human-Induced Regeneration Projects) Direction 2023 (legislation.gov.au)

The ACCU Review found that the HIR Method is sound and is underpinned by a robust regulatory framework. Implementing the ACCU Review recommendation it is not a reinterpretation of the basic requirements of the Method or changing the eligibility of land, but is primarily about the Method's requirement for proponents to describe their project activity and to keep records of supporting evidence.

To implement the recommendation, the CER is analysing the extensive information provided by proponents. This information includes that supplied at project registration and for subsequent project reporting to receive ACCUs and in audit reports. The CER may also request further information from project proponents to support these applications.

Project proponents provide detail on the suppressors (for example, grazing animals, weeds or mechanical or chemical destruction that have prevented trees from regenerating) before the start of the project, and the corresponding project activity to remove these suppressors**.**

Over time the information provided by most HIR project proponents to describe suppressors and project activities has become more detailed and now often includes considerable supporting evidence. The CER considers such detailed information to be best practice reporting. Where proponents provide sophisticated and detailed information, the CER is able to process applications for registration and crediting more quickly than would otherwise be the case.

A specific requirement of audit reports, including that accompanying the first crediting request, is to check the adequacy of record keeping by project proponents and the correspondence between those records of evidence and reports that have been provided to the CER.

Implementation of the HIR recommendation will build on CER's careful assessment of project registration and ACCU issuance applications under the Method, including proponent's use of the FullCAM computational tool to estimate abatement.

To do so, the CER will build on its earlier work with HIR project proponents since 2019 when legislative requirements for the HIR method were tightened, including new Rules for evidence collection and record

[1] https://www.cleanenergyregulator.gov.au/ERF/Choosing-a-project-type/Opportunities-for-the-land-sector/Vegetation-methods/Human-Induced regeneration of a permanent even-aged native forest
[2] https://www.dcceew.gov.au/climate-change/emissions-reduction/independent-review-accus

keeping. The CER will adopt a risk-based approach to focus most of its efforts on reporting that may fall short of the emerging best practice reporting.

The CER will use its existing powers to request further information from HIR proponents if more information (above that already provided) is needed. To respond to any such requests, proponents may draw on property management and other records kept in accordance with Method requirements.

The extensive audit requirements for the ACCU Scheme provide further assurance that requirements for record keeping (as well as broader scheme compliance obligations) have been met. CER will analyse audit reports for HIR projects with a particular focus on record keeping, which is a specific requirement under the Method.

The CER will use the ACCU Legislation provisions for ACCUs to be relinquished (paid back) if it transpires that Method and other requirements have not been met. The implementation of the HIR recommendation for specific projects will be done at the next time ACCUs are issued for each HIR project, including projects that are already registered or have been issued ACCUs.

Parliament has passed amendments to the CFI Act to enable the publication of protected information such as Carbon Estimation Areas (CEAs)[3]. CEA data will be published on a public register. These amendments will also enable the CER to publish further project information (in addition to the CEAs), such as nominated HIR project activities and suppression mechanisms, on the public project register once a new Legislative Rule has been made. This will implement Recommendation 8.3 of the ACCU Review.

1.1. Implementation

The implementation of the ACCU Review recommendation for the HIR Method has commenced. It will apply to all previously registered and new HIR projects under all versions (known as compilations[4]) of the Method including projects using the Reforestation Modelling Tool (RMT). The implementation of the recommendation to individual projects will be applied when proponents first apply to the CER to be issued ACCUs, or if they have already been issued ACCUs, the next time they apply to be issued ACCUs.

The HIR recommendation implementation process will therefore be applied to either the first offset (crediting) report or a subsequent offset report. Proponents currently going through the process to register HIR projects should also note the guidance outlined in this paper.

The CER may subsequently adjust its approach to implementation of the HIR recommendation if it transpires that such adjustments would make the administration of the process more effective.

It is very important to note that the compliance obligation for HIR and all ACCU projects rests on project proponents. ACCU issuance is subject to extensive upfront checking by the CER, supported by a minimum of 3 independent audits to confirm a project's eligibility and performance against ACCU Scheme requirements.

The CER upfront assurance framework ensures ACCUs that are created represent real abatement according to the Legislation, Rules, Method and applied tools. The upfront assurance framework is in effect 'preventative' compliance for the ACCU Scheme with careful checking that is applied when projects are

[3] Carbon estimation areas are areas of eligible project land on which ACCU project activities are undertaken and are eligible for crediting abatement in the form of ACCUs.

[4] The HIR method was first made on 17 June 2013 (the original method); varied on 1 July 2015 (Compilation 1); further varied on 22 March 2016 (Compilation 2); and further varied on 17 February 2018 (Compilation 3).

registered and when ACCUs are credited. This is important because ACCUs are a carbon accounting unit and are used to demonstrate a firm's compliance with regulatory or voluntary emissions obligations.

The CER has a commitment to continuous improvement, and over time sophisticated analytic tools have been developed to utilise 'big data' and to ensure that projects are in accordance with methods. This has resulted in a sustained investment in remote sensing tools using geospatial (GIS) (satellite) imagery equipped with machine learning, to check that projects are performing in accordance with method requirements and ACCU Scheme Rules. These tools are indicative rather than determinative, and where doubt arises about project performance then more detailed on-the-ground checking can be initiated through audits, CER requests for further information or site visits.

If ACCUs are nevertheless created and the CER subsequently determines, based on new data, that credits should not have been created, the CER can and has required an equivalent number of credits to be surrendered by the project proponent for zero value. This brings overall credit creation back into balance.

Further information is available on the Clean Energy Regulator's ACCU Scheme Compliance and Assurance Framework page.

HIR Method wording	ACCU Review Panel recommendations	Comment
Registration **Suppression mechanism(s)** The [HIR] project must **include a description** of the activities [suppression mechanism(s)] that were undertaken during the baseline period in the candidate CEA **that prevented the land from having forest cover** (HIR Method - s10 (3)(a) and (b)). **Eligible land** Land that is eligible for an HIR project CEA is an area of land that did not have forest cover[5] at any time during the baseline period, **and one or more suppression mechanisms contributed to suppressing the development of forest cover**, and at the end of the baseline period, it was **reasonable** to expect *that* it would be necessary to undertake one or more HIR activities on the land in order for it to attain forest cover (HIR Method s4 (1)(a),(b) and (C)).	**Recommendations 8.1 and 8.2[6]** The HIR Method should be interpreted as requiring: • **evidence of a causal relationship** between the nominated eligible HIR activity or activities and the dominant suppression mechanism(s) that occurred through the entirety of the baseline period • demonstration that these suppressors are directly addressed by the HIR activity or activities throughout the life of the project • demonstration that the application of FullCAM is consistent with the guidelines[7].	The Method requirement (for record keeping by proponents of evidence that activities undertaken in the baseline period – the 10 years before project commencement – prevented the land from having forest cover and the commencement of one or more HIR activities that resulted in, or could reasonably be expected to result in, the CEA becoming native forest through regeneration) corresponds to the ACCU Review Panel Recommendation criteria in Recommendations 8.1 and 8.2 for a causal relationship between HIR activity and suppressors in the baseline period. Project proponents provide detail on the suppressors (for example, grazing animals, weeds or mechanical or chemical destruction that have prevented trees from regenerating) before the start of the project, and the corresponding project activity to remove these suppressors**.** The CER will reassess this and other information to determine whether that information shows the recommended causal relationship for suppression,

[5] 'Forest cover' refers to an area of land with trees 2m high and 20 per cent canopy cover over 0.2ha.
[6] This paper covers Recommendations 8.1 and 8.2. Recommendation 8.3 is subject to a separate process to develop an amendment to the CFI Rules.
[7] The CER will apply this recommendation for all versions (known as compilations) of the HIR Method, including those on the Reforestation Modelling Tool (RMT).

Crediting – offsets Reports

HIR activity

The initial offsets report is the first time a project can claim ACCUs. When submitting an offsets report, the HIR Method requires a project to **provide a description of the HIR activity or activities that were undertaken on each CEA** (HIR Method s39(1)(a) and (e)).

Record keeping

The Method also requires the project to **keep**::

- records that evidence the activities [suppressor(s)] that were undertaken during the baseline period for the CEA that **contributed to suppressing the development of forest cover** in the CEA s41(2)(a)
- records that evidence the commencement of one or more HIR activities that resulted in, or could reasonably be expected to result in, the CEA becoming native forest through regeneration and attaining forest cover s42(2)(e).

demonstration of the removal of suppressors, and consistent application of FullCAM guidelines.

The CER will use its existing powers to request further information from HIR proponents if more information (above that already provided) is needed. To respond to any such requests, proponents may draw on property management and other records kept in accordance with Method requirements. Failure to provide further information may result in the CER refusing to consider or take any further action in relation to an application[8].

The extensive audit requirements for the ACCU Scheme provide further assurance that requirements for record keeping (as well as broader scheme compliance obligations) have been met. CER will analyse audit reports for HIR projects with a particular focus on record keeping, which is a specific requirement under the Method.

This table is a summary of analysis of how the HIR Method requirements correspond to the recommendations on the HIR Method in the ACCU Review report (Recommendations 8.1 and 8.2). For more detail, please see Attachment A.

[8] S14 of the CFI Act

1.2 Causation

Legal concepts for causation underpin the implementation of the ACCU Review Panel HIR recommendation (8.1 and 8.2). These are: the 'but-for' test where there are single causes of suppression for projects under the Method, and identification of 'material contribution' where multiple causes of suppression are involved.[9]

Where a **single** baseline suppressor is involved in the project baseline period the test will be: *But for the baseline period suppressor (for example, the presence of grazing animals), forest cover would have developed.*

Or to put it another way: the baseline period suppressor is a necessary factor in the suppression of forest cover.

In the case of **multiple** baseline period suppressors (for example, grazing animals plus weed growth plus mechanical destruction), the test will be whether, when taken together, the multiple suppressors, '*materially contributed*' to suppressing development of forest cover.

This interpretation is supported by the HIR Method, which states that: land that is eligible for an HIR project is an area of land that did not have forest cover[10] at any time during the baseline period, **and one or more suppression mechanisms contributed to suppressing the development of forest cover**, and at the end of the baseline period, **it was reasonable to expect *that* it would be necessary to undertake one or more HIR activities on the land in order for it to attain forest cover (HIR Method s4 (1)(a),(b) and (C)).**

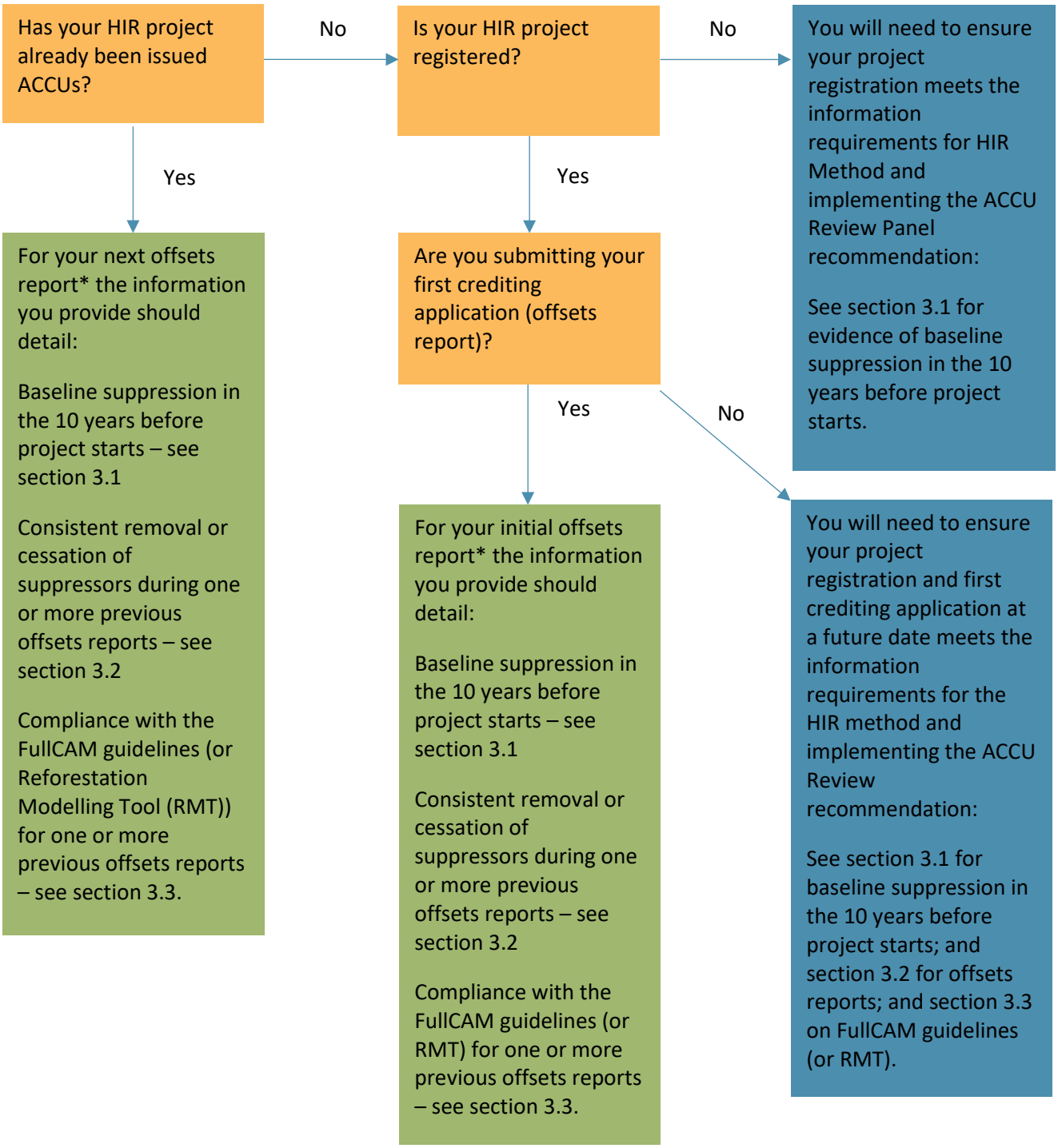
The progressive gateway checks, generally undertaken at 5 yearly intervals, are a key check in the analytical framework because they check whether regeneration is on track to attain forest cover in the required time.

[9] Plunkett, James --- 'Causation in the High Court of Australia: A matter of common sense?' [2019] PrecedentAULA 42; (2019) 153 Precedent 10 (austlii.edu.au). http://classic.austlii.edu.au/au/journals/PrecedentAULA/2019/42.html#fn13

[10] 'Forest cover' or 'forest' is defined by the HIR Method as areas that have 20 per cent canopy cover over 0.2 ha of land with trees of 2m or more in height. The definition does not cover areas in HIR CEAs with trees that do not meet the definition.

2. Decision tree

The ACCU Review Panel HIR Recommendations 8.1 and 8.2 will be implemented the next time a compliant offsets report (to be issued ACCUs) is received by the CER:



*If you have submitted a crediting application that is currently being assessed by the Clean Energy Regulator, you may be requested to provide further information in addition to information already submitted.

3. Information requirements

Information requirements for HIR projects are outlined in the Method, the CFI Mapping Guidance and the FullCAM guidelines.

The Method requires that HIR project proponents keep records of evidence of suppressors in the baseline period and suppressor removal once the project commences. Project proponents provide detail on the suppressors (for example, grazing animals, weeds or mechanical or chemical destruction that have prevented trees from regenerating) before the start of the project, and the corresponding project activity to remove these suppressors**.**

To implement the recommendation, the CER will analyse information provided or previously provided by proponents under the Method and relevant Guidance. This information includes that supplied at project registration and for subsequent project reporting to receive ACCUs.

Implementation of the HIR recommendation will build on CER's careful assessment of project registration and ACCU issuance applications under the Method, including checking proponent's use of the FullCAM computational tool to estimate abatement.

Records of evidence for baseline activity and suppressor removal after project commencement are also checked by independent auditors. The first of three audit reports must accompany the first reporting period report.

The CER will determine whether that information adequately demonstrates the recommended causal relationship for suppression, the removal of those suppressors and compliance with FullCAM guidelines.

The CER will use its existing powers to request further information from HIR proponents if more information (above that already provided) is needed. To respond to any such requests, proponents may draw on property management and other records kept in accordance with Method requirements.

The extensive audit requirements for the ACCU Scheme provide further assurance that requirements for record keeping (as well as broader scheme compliance obligations) have been met. CER will analyse audit reports for HIR projects with a particular focus on record keeping, which is a specific requirement under the Method.

3.1 Baseline period requirements in the HIR Method

Method requirements

Proponents are required to keep records of evidence that supports the detailed descriptions outlined below:

- a **detailed description** of the suppression mechanisms undertaken during the baseline period in the CEA(s) and how they contributed to the suppression of the development of forest cover in the CEA(s) during this period
- a **list and detailed description** of the actions taken to remove suppressors or cease suppressor activity in the CEA(s). The description explains how the planned removal of suppressors in the crediting period corresponds to the suppressions mechanism(s) identified in the baseline period. This includes a description of how the removal or cessation of suppressors is necessary for the CEA(s) to attain forest cover and when the removal of suppressors occurred.

Over time the information provided by most HIR project proponents to describe suppressors and project activities has become more detailed and now often includes considerable supporting evidence (see below).

CER considers such detailed information to be best practice reporting. Where proponents provide best practice reporting, the CER will be able to conduct the analysis necessary to implement Recommendation 8 and issue ACCUs more quickly than would otherwise be the case.

For grazing animal suppressors and weed removal, best practice reporting of baseline suppressors includes:

- property management records (for example, records of land management practices in the baseline period such as grazing/stocking density records)
- if property management records are not available, because for example the property has changed hands, a legally binding statement (such as a statutory declaration[11]). The statement gives a detailed description of relevant property management activity (for example, presence of grazing animals and/or weeds in the baseline period)
- date-stamped geo-referenced photos demonstrating the suppressors (for example, such as pictures of grazing stock on vegetation, feral animals, waterpoints/fencing) or drone footage.

For mechanical or chemical destruction or suppression of regrowth, best practice reporting of baseline suppressors includes:

- remote-sensing imagery for mechanical or chemical destruction that suppressed regrowth (for example, images of mechanical destruction for each year of the baseline period), or if not available
- a legally binding statement giving a detailed description of mechanical or chemical destruction practices during the baseline period.

The CER uses its sophisticated remote sensing (GIS) tools to check for indications that suppressors were preventing vegetation from regenerating in the baseline period.

If CER analysis shows that information provided to date for HIR project registration is insufficient to demonstrate the recommended causation, the CER may issue a Request for Further Information. The proponent may respond to this Request for Further Information, drawing on the records they are required to keep under the Method. Failure to provide further information may result in the Regulator refusing to consider or take any further action in relation to an application[12], such that crediting may be suspended. Credits may also be required to be relinquished.

3.2 Crediting period (offsets reports) requirements

Under the Method, HIR project proponents are required to provide the CER with **a description of the HIR activity or activities that were undertaken on each CEA** (HIR Method s39(1)(a) and (e)). They are also required to keep records that **evidence the commencement of one or more HIR activities that resulted in, or could reasonably be expected to result in, the CEA becoming native forest through regeneration and attaining forest cover** s42(2)(e).

Such information (descriptions supported by record keeping) details the changes in land management practices that have been implemented to remove suppressors or cease suppression activity that was occurring in the baseline period. The information provided in offsets report (to apply for ACCUs to be issued)

[11] Providing false and misleading information to the Clean Energy Regulator is a serious matter involving the potential for significant penalties potentially a requirement for Australian Carbon Credits Units to be relinquished (s88 of the CFI Act).
[12] S14 of the CFI Act.

therefore describes the correspondence between the suppressors in the baseline period and the removal of suppressors (or cessation of suppression activity such as mechanical or chemical destruction) in the crediting period.

HIR project proponents also confirm to the CER that the information describing baseline suppression activity provided at the time of project registration and/or at the time the first offsets report was submitted is still current. If this information is no longer current, then it is updated in offsets reports (in either the first or subsequent offsets reports).

Furthermore, this information confirms continuity of suppressor removal or cessation over the period during which ACCUs are issued and corresponds with the suppressors present in the baseline period. The Method requires that records are kept to provide evidence in support of this.

Over time the information provided by most HIR project proponents to describe suppressors and project activities has become more detailed and now often includes considerable supporting evidence. CER considers such detailed information to be best practice reporting.

For offsets reports, best practice reporting by HIR project proponents includes:

- a **detailed description** of the suppression mechanisms that were undertaken during the baseline period in the CEA(s) and how they contributed to the suppression of the development of forest cover
- **documented evidence** of the suppression mechanisms that were undertaken during the baseline period in the CEA(s)
- **documented evidence** of the HIR activity or activities that have been undertaken in the CEA(s) to remove or cease the suppressions mechanism(s) that were identified in the baseline period in the crediting period
- an explanation of how and why these activities are necessary for the CEA(s) to attain forest cover.

For grazing animal suppressors and weed removal, best practice reporting by HIR project proponents includes:

- property management records (for example, grazing/stocking density records that show materially changed stock levels over time or materially different grazing patterns, contractor receipts for fencing or weed spraying)
- if property management records are not available, because for example the property has changed hands, a legally binding statement (such as a statutory declaration). The statement gives a detailed description of relevant property management changes (for example, removal of grazing animals or materially changed stocking or grazing patterns, humane removal of feral animals and/or weed removal) that correspond to suppressors present or active in the baseline period
- date-stamped, geo-referenced photos demonstrating suppressor removal or cessation (for example, images of feral animal holding pens; traps; new fences; and before and after images of weed removal) are also provided.

For mechanical or chemical destruction, best practice reporting by HIR project proponents includes:

- a continuous time series of GIS images, drone footage or date-stamped, geo-referenced photos of the CEA(s) that demonstrate that chemical or mechanical destruction occurred during the baseline period and the continuing absence of mechanical/chemical destruction during the offset reporting period.

The CER uses its sophisticated remote sensing (GIS) tools to check for indications that suppressors were preventing vegetation from regenerating in the baseline period.

Where proponents provide best practice reporting, the CER will be able to conduct the analysis necessary to implement Recommendation 8 and issue ACCUs more quickly than would otherwise be the case.

If CER analysis shows that information provided to date for HIR offsets report is insufficient to demonstrate the recommended causation, the CER will issue a Request for Further Information. The proponent may respond to this Request for Further Information, drawing on the records they are required to keep under the Method.

3.3 FullCAM guidelines

A very high proportion of HIR project proponents submit offsets reports that meet the requirements of the FullCAM guidelines.

Offsets reports are submitted with documented evidence, in accordance with the FullCAM guidelines, to demonstrate that the FullCAM events queue accurately represents the set of management activities and disturbance events occurring in the CEA(s). These are:

- modelling commencement date: the modelling commencement date is a date that is as close as practicable to the date at which sufficient regeneration has occurred on the CEA to demonstrate that the area of land has forest potential and has started to become native forest through forest regeneration
- growth pauses: these are used to model the stopping or slowing of vegetation growth due to significant climatic events, wildfire, prescribed burning, pests or disease. These are known as disturbance events.

Evidence submitted to the CER for modelling commencement dates and growth pauses include local climate data and georeferenced and dated photos. If such evidence is not available, a legally binding statement (such as a statutory declaration) is provided. The statement must give a detailed description of the disturbance event including its cause, duration and impact on sequestration.

If CER analysis shows that evidence provided to date is insufficient to meet the requirements of the FullCAM guidelines the CER will issue a Request for Further Information. The proponent will respond to this Request for Further Information, drawing on the records they are required to keep under the Method.

Note, earlier versions of the HIR Method did not use the Full Carbon Accounting Model (FullCAM), but instead applied an online tool, for estimating carbon stock in an area, called the Reforestation Modelling Tool (RMT). For these projects, the CER will ensure that the RMT is applied correctly and in accordance with the Method.

4. Ongoing offsets reporting

As permitted by the Method, once an offsets report has been provided to and assessed by the CER as compliant, the proponent may elect not to furnish new information including project activity descriptions if they report again to receive ACCUs within the following six months. If taking up this option, the project proponent advises the CER to this effect and provides identification details of the relevant, earlier offsets report when the next offsets report is submitted within the six-month window[13]. After six months, the CER considers it best practice to submit a full offsets report with detailed information about the reporting period.

[13] HIR Method s39 (3) If the information referred to in paragraphs (1)(a) to (i) about a particular CEA has been provided in an earlier offsets report, the proponent may instead state that fact and identify the relevant report.

The CER will be able to conduct the analysis necessary to implement Recommendation 8 and issue ACCUs more quickly than would otherwise be the case.

5. Independent audits

HIR projects must have at least three independent audits, generally on-site, at the proponent's expense where project performance is checked against scheme requirements. In particular, audits must check record keeping systems and processes in accordance with the *Carbon Credits (Carbon Farming Initiative) Act 2011* (the CFI Act) and methods[14].

The first of the three audit reports required for each project must accompany the first ACCU crediting report, to provide further assurance that credited abatement is robust.

All audits must cover:

- accuracy of the measurement of abatement to date
- operation of the project
- all other matters relating to the establishment and operation of the project in accordance with the *Carbon Credits (Carbon Farming Initiative) Act 2011* and Method relevant to the project[15].

Audits confirm records are being kept and there is evidence for suppressors in the baseline and their cessation or removal once the project commences. CER will analyse audit reports findings on record keeping, which is a specific requirement under the Method for the purpose of implementing Recommendation 8.

The CER instigates further compliance audits for individual projects through its own audit program (s215 audits) if there are concerns that projects are not complying with the requirements of the Legislation. The implementation of s215 audits for HIR projects by CER is subject to a direction from the Minister of Climate Change and Energy found at Clean Energy Regulator (Human-Induced Regeneration Projects) Direction 2023. The CER will expand its s215 audit program to cover 5 yearly gateway checks and has received funding for this purpose.

[14] http://www.cleanenergyregulator.gov.au/ERF/Forms-and-resources/methods

[15] Guidelines on Information for auditors (cleanenergyregulator.gov.au). https://www.cleanenergyregulator.gov.au/Infohub/Audits/information-for-auditors

Key audit requirements relevant to implementation of Recommendation 8	• Record keeping systems and processes in accordance with the *Carbon Credits (Carbon Farming Initiative) Act 2011*[16] (the CFI Act) and methods[17]
	• Systems, processes and controls
	• Project activities are undertaken
	• GIS data aligns with ground truths:
	  » carbon estimation areas (CEAs) exclude land with no forest potential
	  » vegetation in CEAs has forest potential
	  » adequate evidence of progress towards forest cover is obtained in compliance with Agency guidelines
	  » FullCAM model point locations reflect vegetation in CEA(s)
	  » ineligible areas are excluded from CEA(s).
	• Disturbances affecting carbon sequestered in the project area don't occur
	• Disturbances are detected and represented in modelling
	• Project activities result in CEA(s) achieving forest cover
	• Regeneration events occur
	• FullCAM events are representative of project activities
	• Modelling commencement dates represent when regeneration/reforestation began
	• Evidence of management activities recorded

6. Compliance

Project proponents are aware that there are serious penalties for providing false or misleading information to the CER.

If necessary, the CER will use its existing powers to formally Request Further Information to augment information already received through project registration and offsets reports. In accordance with s14 of the CFI Act, if further information is not supplied, the CER may refuse to progress the proponent's crediting application.

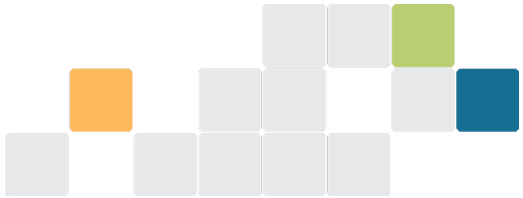
Only projects that are compliant with the Method and the implementation of the ACCU Review Panel HIR Recommendations 8.1 and 8.2 are issued ACCUs.

The CER may use the ACCU Legislation provision (s88 of the CFI Act) for ACCUs to be relinquished (paid back) if HIR Method and other requirements for reporting and record keeping of evidence have not been met.

[16] https://www.legislation.gov.au/Series/C2011A00101/Compilations
[17] http://www.cleanenergyregulator.gov.au/ERF/Forms-and-resources/methods

Further information is available on the Clean Energy Regulator's ACCU Scheme Compliance and Assurance Framework page[18].

[18] https://www.cleanenergyregulator.gov.au/DocumentAssets/Pages/ACCU-Scheme-Compliance-and-Assurance-Framework.aspx



Attachment A

Further detail: HIR Method requirements and ACCU Review Panel recommendations

HIR Method requirements	ACCU Review Panel recommendations	Comment
Registration **Suppression mechanism(s)** At project registration, the HIR Method requires a project to **identify** at least one area of land (the candidate Carbon Estimation Area (CEA)) within the project area that has an area of at least 0.2 hectares or more, and is eligible land*. The project must **include a description** of the activities [suppression mechanism(s)] that were undertaken during the baseline period in the candidate CEA **that prevented the land from having forest cover** (HIR Method – s10 (3)(a) and (b)). **HIR activity(s)** At project registration, the Method also requires a project to **include a description** of the HIR activity that is expected to be undertaken in the candidate CEA. (HIR Method – s10 (3)(b)(ii)).	**Recommendations 8.1 and 8.2**[21] Project administration for the human-induced regeneration (HIR) Method should ensure that all HIR projects conform to its current intent: that it is reasonable to expect that the project area will become native forest, attain forest cover, and permanently store carbon as a direct result of project management actions. The Method should be interpreted as requiring: • evidence of a causal relationship between the nominated eligible HIR activity or activities and the dominant suppression mechanism(s) that occurred through the entirety of the baseline period	The Method requirement (for record keeping by proponents of evidence that activities undertaken in the baseline period – the 10 years before project commencement – prevented the land from having forest cover and the commencement of one or more HIR activities that resulted in, or could reasonably be expected to result in, the CEA becoming native forest through regeneration) corresponds to the ACCU Review Panel recommendation criteria in Recommendations 8.1 and 8.2 for a causal relationship between HIR activity and suppressors in the baseline period. Project proponents provide detail on the suppressors (for example, grazing animals,

[21] This table covers Recommendations 8.1 and 8.2. Recommendation 8.3 is subject to a separate process to develop an amendment to the CFI Rules.

*Eligible land

Land that is eligible for an HIR project is an area of land that did not have forest cover at any time during the baseline period, **and one or more suppression mechanisms contributed to suppressing the development of forest cover**, and at the end of the baseline period, it was reasonable to expect *that* it would be necessary to undertake one or more HIR activities on the land in order for it to attain forest cover (HIR Method s4 (1)(a),(b) and (C)).

For subparagraphs 4(1)(b)(i) and (ii), it is irrelevant whether other external factors, such as drought or fire, also contributed to the suppression (HIR Method – s4(2)).

Crediting – offsets reports

HIR activity

The initial offsets report is the first time a project can claim ACCUs. When submitting an offsets report under the HIR Method, a project is required to **include** in each offsets report for each Carbon Estimation Area (CEA) the location and boundaries of each area of land where the project activities will be undertaken (known as Carbon Estimation Areas (CEAs)) and **provide a description of the HIR activity or activities that were undertaken on each CEA** (HIR Method s39(1)(a) and (e)).

If the information referred to in paragraphs (1)(a) to (i) about a particular CEA has been provided in an earlier offsets report, the proponent may instead state that fact and identify the relevant report (HIR Method s39(3)).

- demonstration that these suppressors are directly addressed by the HIR activity or activities throughout the life of the project
- demonstration that the application of FullCAM is consistent with the guidelines[22].

Key findings

The HIR Method is sound – it meets the OIS and is administered by a robust regulatory framework. Notwithstanding this, there is always room for improvement.

The Panel does not accept that a correlation between rainfall and vegetation growth undermines the Method. Rainfall is necessary but not sufficient to ensure permanent storage of carbon. For this reason, the Method requires that projects include HIR activities that address the reasons why forest cover has not been maintained or restored in the past (referred to as the dominant suppressor or suppressors in the Method).

weeds or mechanical or chemical destruction that have prevented trees from regenerating) before the start of the project, and the corresponding project activity to remove these suppressors**.**

The CER will reassess this and other information to determine whether that information shows the recommended causal relationship for suppression, demonstration of the removal of suppressors and consistent application of FullCAM guidelines.

The CER will use its existing powers to request further information from HIR proponents if more information (above that already provided) is needed. To respond to any such requests, proponents may draw on property management and other records kept in accordance with Method requirements. Failure to provide further information may result in the Regulator refusing to consider or take any further action in relation to an application[23].

The extensive audit requirements for the ACCU Scheme provide further assurance that requirements for record keeping (as well as broader scheme compliance obligations) have been met. CER will analyse audit reports for HIR projects with a

[22] The CER will apply this recommendation for all versions (known as compilations) of the HIR Method, including those on the Reforestation Modelling Tool (RMT).
[23] S14 of the CFI Act

Record keeping

The Method also requires the project to **keep:**

- records that evidence the activities [suppressor(s)] that were undertaken during the baseline period for the CEA that **contributed to suppressing the development of forest cover** in the CEA s41(2)(a)
- records that evidence the commencement of one or more HIR activities that resulted in, or could reasonably be expected to result in, the CEA becoming native forest through regeneration and attaining forest cover s42(2)(e)
- a description of the type and timing of management activities and disturbance events[19], and their associated dates of occurrence, including but not limited to:
    - (i) the activities and events that are relevant to determining the FullCAM events queue[20]
    - (ii) where necessary, any activities proposed or undertaken to ensure that carbon stocks are restored s42(2)(f).
- records that evidence the description referred to in paragraph (f). s41(2)(g)
- records that evidence that the FullCAM events queue accurately represents the set of management activities and disturbance events occurring in the CEA. S41(2)(h)
- records that evidence that any livestock permitted in the CEA were permitted in accordance with section 21. (s41(2)(I).

particular focus on record keeping, which is a specific requirement under the Method.

[19] **Disturbance event** means an event (such as a fire, pest, disease or storm event), whether natural or caused by humans, that damages trees or slows their growth.
[20] **FullCAM events queue**, for a particular CEA, means the series of management activities and disturbance events, and their associated dates of occurrence, that are used in FullCAM to model carbon stock and emissions from biomass burning in that CEA.

Attachment B

Key HIR Method requirements

Registration

HIR Method – s10 Information to be included in application for declaration or variation

(3) The application must:

(a) identify, on a geospatial map, at least one area of land (the ***candidate CEA***) within the relevant area that:

(i) has an area of 0.2 hectares of more; and

(ii) is eligible land; and

(b) include a description of:

(i) unless the land is eligible land as a result of subsection 5(1)—the activities that were undertaken during the baseline period in the candidate CEA that prevented the land from having forest cover; and

(ii) the HIR activity that is expected to be undertaken in the candidate CEA.

(5) The area of land must be identified in accordance with the mapping requirements set out in section 24.

HIR Method – s4 Meaning of *eligible land* and *baseline period*—general rule

(1) Subject to subsection 5(1), for this determination, an area of land is ***eligible land*** if:

(a) it did not have forest cover at any time during its baseline period; and

(b) during its baseline period, it was used or managed in such a way that:

(i) for land that is not conservation land—one or more of the following mechanisms contributed to suppressing the development of forest cover:

(A) livestock;

(B) feral animals;

(C) plants not native to the area;

(D) mechanical or chemical destruction, or suppression, of regrowth; and

(c) as at the end of the baseline period, it was reasonable to expect that it would be necessary to undertake one or more HIR activities on the land in order for it to attain forest cover.

(2) For subparagraphs (1)(b)(i) and (ii), it is irrelevant whether other external factors, such as drought or fire, also contributed to the suppression.

(3) For this determination, the ***baseline period*** of an area of land is:
for an area of land that was identified as part of the project area when the project was declared eligible, and subject to subsection 5(2) – the period of 10 years ending on the date of the section 22 application.

Crediting

HIR Method – **s39** Information that must be included in offsets reports

(1) The following information must be included in each offsets report for each CEA that is reported on in the relevant reporting period:

(a) the location and boundaries of the CEA, identified on a geospatial map (see subsection 17(1));

(e) a description of the HIR activity that was undertaken in the CEA;

(h) if, in accordance with the FullCAM guidelines, the project proponent was required to estimate the proportion of trees that died as a result of a fire or other disturbance event – a description of the process the proponent used to assess that proportion;

(j) date stamped FullCAM output files (.plo file) for the CEA.

(3) If the information referred to in paragraphs (1)(a) to (i) about a particular CEA has been provided in an earlier offsets report, the proponent may instead state that fact and identify the relevant report.

HIR Method s41 Records that must be kept

(1) The project proponent must make and keep records that evidence the plant species or species mix regenerating within each CEA.

(2) The project proponent must make and keep, for each CEA:

(a) records that evidence the activities that were undertaken during the baseline period for the CEA that contributed to suppress the development of forest cover in the CEA; and

(b) records that demonstrate how the CEA was identified and how stratification and re-stratification were undertaken; and

(c) records that evidence that the area of land that makes up the CEA is eligible land; and

(d) records that evidence that the modelling commencement date satisfies subsection 28(2), including any of the following:

(i) remotely-sensed imagery;

(ii) documented regeneration;

(iii) relevant expert information, for example, about local growth rates and rainfall data; and

(e) records that evidence the commencement of one or more HIR activities that resulted in, or could reasonably be expected to result in, the CEA becoming native forest through regeneration and attaining forest cover; and

(f) a description of the type and timing of management activities and disturbance events, and their associated dates of occurrence, including but not limited to:

(i) the activities and events that are relevant to determining the FullCAM events queue; and

(ii) where necessary, any activities proposed or undertaken to ensure that carbon stocks are restored; and

(g) records that evidence the description referred to in paragraph (f); and

(h) records that evidence that the FullCAM events queue accurately represents the set of management activities and disturbance events occurring in the CEA; and

(i) records that evidence that any livestock permitted in the CEA were permitted in accordance with section 21; and

(j) records relating to fuel use on project activities.

Example 1: For paragraph (2)(b), the records could include relevant remotely-sensed imagery, and soil, vegetation and landform maps.

Example 2: For paragraph (2)(c), the project proponent could retain date-stamped, geo referenced, remotely-sensed imagery for each year of the baseline period. This could consist of the National Inventory Forest Extent Data as published by the Department of the Environment for the relevant year.

Example 3: For paragraph (2)(e), the project proponent could retain records of activities that assist the area of land becoming native forest through regeneration, such as:

- records of fencing to exclude livestock, to remove feral animals, or to manage non-native plant species; and
- records of a change in land management to CEA, such as the reduction of mechanical or chemical suppression of regrowth.

The records could further include records of estimated tree density (stems per hectare) and anticipated crown cover at maturity.

Example 4: For paragraph (2)(f), the activities and events could include management events such as regeneration, and disturbance events such as fire.

Example 5: For paragraph (2)(j), records could, for example, include invoices, vehicle logbooks, records of project activity, or reports of calculated consumption based on hourly or per hectare consumption rates. If fuel use records for project activities cannot be disaggregated from other non-project activities, estimates of project fuel use may be based on the time spent undertaking project activities and the known average fuel consumption of vehicles or machinery.

HIR Method s21 Livestock and grazing restrictions

(1) If the HIR activity undertaken as part of the project includes the exclusion of livestock from a particular CEA and the taking of reasonable steps to keep the livestock excluded, then:

(a) the project proponent must exclude livestock from the CEA, and continue taking such steps, until such time as the CEA has forest cover through regeneration; and

(b) after forest cover has been so attained, the proponent may instead undertake the HIR activity management of the timing, and the extent, of grazing in that CEA, and in so doing, permit livestock in the CEA.

(2) If the HIR activity undertaken as part of the project includes the management of the timing, and extent, of grazing in a particular CEA, grazing (including the grazing of livestock) may be permitted in the CEA only to the extent that the carbon stock in the CEA would not be materially less than it would have been were grazing not permitted.

HIR Method s4(1)(b)(i) of the Method sets out the rules to determine eligible land under the Method including the suppression mechanisms that have contributed to the suppression of forest cover:

(i) livestock

(ii) feral animals

(iii) plants not native to the area

(iv) mechanical or chemical destruction, or suppression, of regrowth.

HIR Method s7(2) of the Method sets out the HIR activities that can be undertaken to remove suppressors for land that is not conservation land:

(a) the exclusion of livestock and the taking of reasonable steps to keep livestock excluded

(b) the management of the timing, and the extent, of grazing

(c) the management, in a humane manner, of feral animals

(d) the management of plants that are not native to the project area

(e) the implementation of a decision to permanently cease the mechanical or chemical destruction, or suppression, of regrowth.

Please note – there are currently no project registered under HIR Method on conservation land, therefore the above table has excluded reference to specific requirements for these type of projects.