

1 May 2024

Clean Energy Regulator
via email: strategycoordination@cer.gov.au

Re: Feedback on the proposed Alternative Assurance arrangement for Low-risk Plantation Forestry Projects

Thank you for the opportunity to provide feedback on the proposed amendments to the *Carbon Credits (Carbon Farming Initiative) (Audit Thresholds) Instrument 2015* ('the Instrument').

The Carbon Farming Foundation ('the CFF') is a not-for-profit service provider specialising in vegetation-based carbon methods, including the *Carbon Credits (Carbon Farming Initiative – Plantation Forestry) Methodology Determination 2022* ('the Method'). We work to support a range of participants to access carbon farming opportunities by providing education and consultancy services under a fee-for-service model.

The CFF supports the proposed amendments to the Instrument, which are intended to encourage participation in the ACCU Scheme by decreasing the number of audits required for 'low risk' Plantation Forestry Schedule 1 projects. As the Consultation Paper states, 'existing audit requirements may pose a barrier for smaller projects participating in the ACCU Scheme', and it is suggested that the proposed alternative assurance mechanisms will lower this cost hurdle.

Proposed conditions and risk profile for eligible projects

- Plantation projects meeting subparagraph 8(1)(a) of the Method (new plantation forests) are a sensible 'low-risk' parameter. The CFF suggests that the Regulator consider whether other project activities under this method could be considered low-risk presuming the other conditions are applied— noting that the presence of both Regulator Declaration and an Initial Audit would address most eligibility conditions, with geospatial checks at future intervals likely capable of ensuring continued adherence.
- The CFF believe that there is scope for the planned project size cap to be raised without reducing integrity. Instead, a maximum anticipated and reported carbon estimation area(s) of no more than 500 hectares should be considered. Increasing project scale is a key strategy to strengthen financial viability, and in our experience the 200-500Ha project size range is common for establishment of new plantations under Schedule 1 of the Method. A 200Ha cap may not be adequately sufficient to improve participation rates to the desired extent.
- We endorse the Clean Energy Regulator's suggestion that 'the initial audit provides confidence that the operation of the project is in accordance with the requirements of the methodology determination and the act'. Once this initial independent validation has been completed, it is reasonable that the Regulator could then conduct verification via other means prior to subsequent credit issuances (and therefore not burden proponents with further audit costs). We also acknowledge that the 'targeted audit' mechanism exists for the Regulator to exercise should there be doubt around a projects' compliance - thus providing a mechanism to deter proponents from exploiting the alternative assurance provisions.

Integrity under the proposed audit regime

- The CFF believe that the integrity of projects would be adequately assured under the proposed regime. Reducing the audit regime is unlikely to have any material impact on integrity, as the

Regulators proposed geospatial and compliance checks will be sufficient to ensure continued compliance.

- The CFF notes that the Regulator refers to new plantation forest projects as having 'one specie', and therefore a high degree of confidence in monitoring a plantations integrity. However, under this Method proponents can plant and model 'mixed environmental' species calibrations. As there are no detailed requirements on the species and composition of species required in such landings, the CFF does not see any integrity issues by allowing this. We wish to ensure this species calibration is included in any alternative assurance arrangements, as the calibration is anecdotally 'under-credited' under FullCAM 2016, which has had significant impact on the viabilities of many projects seeking to use this form of planting. The CFF would be prepared to provide further comment on this if necessary.

Participation rates

- The CFF believe that the proposed amendments to the Instrument will increase participation in the Method. However, to ensure that the amendments are worthwhile, the CFF propose that the condition of the maximum area cap is increased from 200Ha to 500Ha. This will expand the scope for participation, without affecting integrity.
- The CFF suggest that the Regulator consider whether there is any reason to limit the proposed amendments to subparagraph 8(1)(a), or whether this could be expanded to other plantation activities in the Method.

The CFF would like to thank the Clean Energy Regulator for considering our feedback on the proposed amendments to the Instrument, and we welcome further discussion if required.

A handwritten signature in black ink, appearing to read 'S. Bean', with a stylized flourish at the end.

Samuel Bean
Head of Methodology Compliance