

UNDERTAKING TO THE CLEAN ENERGY REGULATOR

Undertaking to the Clean Energy Regulator given for the purposes of section 237 of the
Carbon Credits (Carbon Farming Initiative) Act 2011

by

EDL LFG (SA) PTY LTD

(ACN: 055 640 321)

1. Glossary

1.1 In this Undertaking, unless the contrary intention appears, the following definitions apply:

Act means the *Carbon Credits (Carbon Farming Initiative) Act 2011*.

ACCU means Australian Carbon Credit Unit.

Category 2 Registered Greenhouse and Energy Auditor means a registered greenhouse and energy auditor who is registered as a Category 2 auditor under subregulation 6.25 (3) of the *National Greenhouse and Energy Reporting Regulations 2008*.

Compliance Program means the Emissions Reduction Fund Compliance Program at Annexure A.

EDL SA means EDL LFG (SA) Pty Ltd, ABN 21055640321, of Level 6, 1 Eagle Street, Brisbane Queensland 4000, Australia.

ERF means the Emissions Reduction Fund.

ERF legislative requirements means the *Carbon Credits (Carbon Farming Initiative) Act 2011*, *Carbon Credits (Carbon Farming Initiative) Regulations 2011*, *Carbon Credits (Carbon Farming Initiative) Rule 2015* and Methodology Determinations made under section 106 of the Act.

Project means the Pedler Creek Landfill Gas Power Station Upgrade Project (ERF101744) registered by the Regulator as an eligible offsets project on 15 September 2015.

Regulator means the Clean Energy Regulator.

Rule means the *Carbon Credits (Carbon Farming Initiative) Rule 2015*.

Undertaking means this enforceable undertaking.

2. Background

Person giving this Undertaking

- 2.1 This Undertaking is given to the Regulator by EDL SA for the purposes of section 237 of the Act.
- 2.2 EDL SA is an Australian company limited by shares, headquartered in Brisbane.
- 2.3 EDL SA was the project proponent for the Project.
- 2.4 EDL SA ceased to be the project proponent for the Project on 1 June 2016.

Reporting and notification requirements errors

- 2.5 The Regulator is a statutory agency with responsibility for administering and enforcing the Act.
- 2.6 Under the Act, project proponents of eligible offsets projects are required to submit reports to the Regulator. Section 76 of the Act sets out the requirements for these reports.
- 2.7 EDL SA submitted an offsets report and application for ACCUs for the Project to the Regulator in February 2017.
- 2.8 EDL SA failed to comply with the reporting requirements under section 76 of the Act, as it:
 - a) did not submit an offsets report for the first reporting period within 6 months of the end of the reporting period as required under subparagraph 76(4)(e)(i) of the Act;
 - b) did not submit an offsets report for the second reporting period within 6 months of the end of the reporting period as required under subparagraph 76(4)(e)(i) of the Act;
 - c) did not provide an initial audit report with the offsets report for the first reporting period for the project as required under paragraph 76(4)(c) of the Act and section 72 of the Rule.
 - d) provided an offsets report for the first reporting period that did not commence at the start of the crediting period as required under subparagraph 76(1)(b)(i) of the Act.
- 2.9 Further, EDL SA:
 - a) did not notify the Regulator within 90 days of ceasing to be project proponent for the Project as required under subsection 78(2) of the Act; and
 - a) made incorrect statements in an application for Certificate of Entitlement made under section 13 of the Act regarding the legal right to carry out the project and audit requirements.

- 2.10 EDL SA's standard operating and compliance procedures did not identify the errors made in relation to the reporting and notification requirements under the Act.
- 2.11 EDL SA and its executive officers were not aware of any errors in the offsets report and application for ACCUs at the time of submission.

3. Undertaking

3.1 Under section 237 of the Act, the Regulator may accept any of the following undertakings:

- a) a written undertaking given by a person that the person will, in order to comply with this Act or the associated provisions, take specified action;
- b) a written undertaking given by a person that the person will, in order to comply with this Act or the associated provisions, refrain from taking specified action;
- c) a written undertaking given by a person that the person will take specified action directed towards ensuring that the person does not contravene this Act or the associated provisions, or is unlikely to contravene this Act or the associated provisions, in the future.

3.2 EDL SA hereby undertakes to:

Acknowledge legislative obligation to ensure compliance

- a) within 2 months of the date of this Undertaking coming into effect, provide a signed written acknowledgement to the Regulator from its Directors, that the Directors understand their obligations under Part 20 of the Act to take reasonable steps to prevent civil penalty contraventions under the Act, and outline the steps taken to understand these obligations, which should include receiving independent legal advice;

Rectify improperly made offsets reports and applications

- b) within 3 months of the date of this Undertaking coming into effect, submit to the Regulator offsets reports and applications for ACCUs, accompanied by audit reports for the initial and subsequent reporting periods for the Project, that are compliant with the reporting requirements under section 76 of the Act (with the exception of the requirement under subparagraph 76(4)(e)(i) of the Act that the offsets report for the project for the reporting period must be given within 6 months after the end of the reporting period);

Compliance Program

- c) at its own expense and by no later than the date which is 6 months of the date of this Undertaking coming into effect, establish and implement a Compliance Program in accordance with the requirements set out in Annexure A, being a program designed to ensure EDL SA meets its obligations under the ERF legislative requirements, and report to the Regulator in writing about the Compliance Program in accordance with the reporting requirements set out in Annexure A;

- d) maintain and continue to implement the Compliance Program for a period of 2 years from the date of this Undertaking coming into effect; and
- e) provide a copy of any documents reasonably required by the Regulator in accordance with Annexure A;

Report in writing

- f) report to the Regulator, in writing in accordance with the requirements set out in Annexure A; and
- g) provide, at the request of the Regulator, such information the Regulator requires in order to assess EDL SA's compliance with the Undertaking.

4. Acknowledgements

4.1 EDL SA acknowledges:

- a) the Regulator will make this Undertaking publicly available, including by publishing it on the Regulator's websites;
- b) the Regulator and officers of the Regulator may, from time to time, make public reference to this Undertaking;
- c) this Undertaking in no way derogates from the rights and remedies available to any other person arising from any conduct of EDL SA; and
- d) EDL SA undertakes to pay all costs associated with its compliance with this Undertaking.

5. Commencement of Undertaking

5.1 This Undertaking comes into effect when the:

- a) Undertaking is executed by EDL SA; and
- b) Regulator accepts the Undertaking so executed and communicates acceptance to EDL SA in writing.

5.2 This Undertaking ceases to have effect when the Regulator is reasonably satisfied that the requirements under clause 3.2 have been completed.

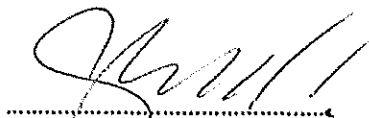
Executed by

EDL LFG (SA) PTY LTD by its authorised officers pursuant to section 127(1)(a) of the *Corporations Act 2001*.


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James Harman, Director

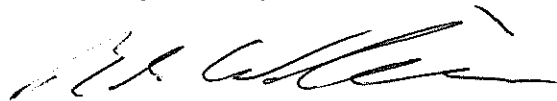
Date: 28 / 6 / 2018


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Glen Marshall, Company Secretary

Date: 29 / 6 / 2018

Accepted by the Clean Energy Regulator pursuant to section 237 of the *Carbon Credits (Carbon Farming Initiative) Act 2011*.



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MARK THOMAS WILLIAMSON
Delegate of the Regulator

Date: 29 / 06 / 2018

Emissions Reduction Fund Compliance Program

EDL LFG (SA) PTY LTD (ACN 055 640 321) (EDL SA) will establish an Emissions Reduction Fund (ERF) Compliance Program (Compliance Program) that complies with the following requirements:

Appointments

1. Within 1 month of the Undertaking to the Clean Energy Regulator (Regulator) by EDL SA (the Undertaking) coming into effect (if not already done by EDL SA in connection with the subject matter of this Undertaking), EDL SA will appoint an employee of EDL SA (or a related body corporate) to be responsible for the development, implementation and maintenance of the Compliance Program (the Compliance Officer).

Compliance Review

2. Within the following periods after the date of the Undertaking coming into effect (if not already done by EDL SA in connection with the subject matter of this Undertaking), EDL SA will:
 - a. Within 4 months: arrange for a suitably qualified external advisor to review and update EDL SA's internal operating procedures and controls in relation to ERF project matters to ensure compliance with all ERF legislative requirements; and
 - b. Within 5 months (ie no later than 1 month after the initial 4 month period) report in writing to the Regulator about the outcomes of the review of internal operational and compliance procedures required under the Compliance Program, including copies of updated operational and compliance procedures, and report on how the updated procedures and controls will ensure ongoing compliance with the ERF legislative requirements.

Compliance Training Program

3. Within the following periods after the date of this Undertaking coming into effect (if not already done by EDL SA in connection with the subject matter of this Undertaking), EDL SA will:
 - a. Within 5 months: require all relevant staff who administer ERF projects to receive ERF related compliance training to be provided by a qualified external advisor (**Compliance Training Program**). This Compliance Training Program should ensure that up to date knowledge is maintained and imparted regarding obligations under the ERF legislative requirements and EDL SA's operating and compliance procedures.
 - b. Within 6 months (ie within 1 months after the preceding 5 month timeframe): report to the Regulator on the implementation of the Compliance Training Program, including:
 - i. the detailed outline of the Compliance Training Program;
 - ii. by whom it is being delivered;
 - iii. to which employees; and

- iv. on how the Compliance Training Program will ensure ongoing compliance with EDL SA's operating and compliance procedures and the ERF legislative requirements
- c. between 12 and 18 months, require all relevant staff who administer ERF to receive further ERF training; and
- d. within 18 months, report to the Regulator on:
 - i. how the Compliance Training Program, including the further ERF training, has ensured ongoing compliance with EDL SA's operating and compliance procedures and the ERF legislative requirements; and
 - ii. what further ERF training is planned to be delivered and the intervals for such training.

Provision of Compliance Program to the Regulator

- 4. EDL SA will maintain a record of and store all documents relating to the Compliance Program for a reasonable period.
- 5. If requested by the Regulator during the period of not less than 2 years following the cessation of the Undertaking, EDL SA will, at its own expense, produce and provide to the Regulator copies of all documents constituting the Compliance Program, including:
 - a. the review of internal procedures and controls;
 - b. update operating and compliance procedures; and
 - c. staff training materials.

Regulator Recommendations

- 6. EDL SA will implement promptly and with due diligence any reasonable and legally required recommendations that the Regulator may make in relation to the Compliance Program in accordance with the requirements of the Undertaking.

