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Q1

Contact name

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Q2

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Q3

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Q4

Respondent skipped this question

We will treat all submissions as public documents, unless you request it to be confidential. We may publish non-confidential submissions on our website. Submissions will be published with the name, company name email address information included.

Page 3: The new Unit & Certificate Registry

Q5

What registry features and functionality will be the most important to address the current challenges faced by carbon markets?

- Enhanced project selection / search functionality for retirements and transfers to other ANREU accounts (e.g. by project ID)
- Improved available balance export functionality (ideally as at a historical point in time vs having to run on the date required).
- Improved CAC balance availability as at a specified date. Currently CAC obligations cannot be run in a report. In order to determine the amount delivered against a CAC, each contract must be clicked into, and a manual report must be maintained.
- Automated retirement certificate generation and standardised formatting for retirement transactions.

Q6

What registry features and functionality will be the most important to take advantage of the opportunities presented by the growth in carbon markets?

- Batch csv file import functionality for CAC deliveries, retirement and transfer to other ANREU accounts transactions. This will allow for more accurate and efficient loading of transactions with significant projects. Batch importing is commonplace in online business banking and should be utilised in an updated registry. An example of batch importing is detailed at the following link. <https://www.commbank.com.au/business/online-banking/commbiz/user-guides/import-files-direct-credit.html>
- Ensure the online / browser access is sufficiently updated to provide full service as many participants in the market will not have the required sophistication to gain benefits of the API functionality.
- For International units (CERs) housed within the registry, detail the project ID within transfer screens (currently these are not visible).
- Allow mobile access for transaction authorisation.

Q7

Should information about the co-benefits associated with units and certificates (for example, First Nation community outcomes and environmental benefits) be made available in the registry? If so, should this include third-party verified and unverified information?

Comment:

The Chubb Review stated that 'Proponents who claim a co-benefit should provide evidence and verification of co-benefits to the regulator before they can be published'. This position has been supported by the Federal Government and further confirmed by the Climate Change Authority in its 2023 Review. The CCA Review indicated a view that "strong verification should be undertaken to prevent inaccurate, false or misleading information being published on the forthcoming Unit Register, the Australian Carbon Exchange or publicly." GreenCollar agrees with these positions and notes that linking of measured and verified non-carbon benefits (whether using government or non-government standards) presents a significant opportunity to support improved transparency and understanding about the operations and benefits of carbon projects. There are multiple standards (eg. Accounting for Nature's environmental accounts, Reef Credit Scheme for water quality in the Great Barrier Reef catchment, the NaturePlus Scheme for biodiversity restoration and conservation and the Federal Government's Nature Repair Market) which may be able to be linked to demonstrate measured and verified outcomes of projects over and above emissions reduction.

Q8

What existing frameworks could be relied upon to verify co-benefits?

Preference should be given to benefits which have been independently verified (eg. environmental accounts developed and certified via the Accounting for Nature Framework).

Q9

What types of digital platforms and marketplaces would be useful to have connected directly to the registry? What are the key benefits and risks of allowing this connectivity?

- Broker platforms / channels – enhancing liquidity
- ERP systems – enhancing accuracy and efficiency
- Potentially online banking system integration – eliminating settlement risks

Q10

Are the criteria (see page 11 of the discussion paper) to allow external systems to connect directly to the registry appropriate?

Are there any other considerations that should be taken into account?:

- Limited data governance and cyber security detail is provided in the consultation paper. These requirements would be of key importance to the integrity of the registry therefore more detailed requirements should be established and aligned with best practice for Australian Government to private sector infrastructure.

Q11

What registry data would external systems connecting directly to the registry need access to?

- All transaction data for their associated registry account
- CAC obligation positions and transaction history
- Current account holdings
- Audit trails of initiations & authorisations
- Retirement certificate pdfs
- Standardised counterparty account data (to align with CRMs and ERPs for billing purposes)

Q12

Are there any other areas, suggestions or concerns with the registry that should be noted?

It is noted that there is no public testing phase identified in the consultation materials or the slide provided by the CER for the Registry timeline for testing of the new registry and exchange. It is recommended that a period of public testing is included in the timeline to provide the opportunity for glitches and problems to be identified by users. This will also build market confidence and familiarity with market participants.

The consultation paper does not identify the project-specific attributes that are intended to be disclosed on the new registry. At a minimum, we consider that the following attributes should be identified on the register:

- Project name
- Project location
- Project proponent
- Methodology under which the project is declared (including method version)
- Type of estimation approach used
- Project crediting period start and end dates
- Project permanence period and start date

Q13

Please identify the specific carbon exchange user segment(s) applicable to you:

Project proponent

Q14

Does the market need a central carbon exchange to be established?

Comment:

An exchange may be helpful to trade cheapest-to-deliver ACCUs for buyers who do not place value on specific ACCU attributes. However, we believe this to be a small portion of the market given increasing demand for transparency to confirm quality by companies reporting detailed information on the ACCUs they have purchased. Transparency is critical to driving understanding about projects, the ACCUs they generate and specific benefits and attributes. We consider that high integrity sellers and buyers will prefer to trade OTC rather than on the registry as they will have more information and potentially be able to greater value for their ACCUs by matching them with the right buyer. Corporate buyers looking to purchase ACCUs for their own sustainability commitments will want to perform due diligence on projects and are likely to have a carbon procurement strategy for purchasing ACCUs with specific impacts from project types, specific methodologies or geographies. They are also likely to want additional project specific information for reporting and marketing purposes, including in connection with the climate-related financial disclosure regime that is due to commence in 2025. This disclosure and publication would not be enabled by the exchange as it is currently proposed. There is an emerging broker and Over the Counter (OTC) bilateral spot market (with volumes of approximately 25 million ACCUs traded across all project methodologies on an annual basis). There is a very limited, illiquid forward OTC ACCU market. Given the lack of liquidity across the spot and forward ACCU market, an exchange may struggle to generate sufficient liquidity across the forward curve. To date, the volumes traded on the ASX ACCU Futures are 112K tonnes, highlighting the potential liquidity issues facing the carbon exchange. Contract Total Traded Volumes Mar-25 67k Mar-26 35k Mar-27 10k

Q15

Are there alternative options to a carbon exchange that could provide greater accessibility, liquidity and price discovery for ACCUs and other certificates?

Improved reporting transparency in relation to the type of ACCUs (eg methodology, project developer, state, case studies) used for meeting compliance requirements under the Safeguard Mechanism will help drive a high quality carbon market.

The carbon exchange should comply with Recommendation 3 of the Chubb Review: "The Clean Energy Regulator (CER) be responsible for project monitoring, compliance and enforcement, and providing transparent project and scheme information". A more transparent carbon exchange will incentivise more participants to use the platform. It should be aligned with the project-specific information that is available on the registry.

Q16

What challenges do you foresee in the use of the CDI framework to support the carbon exchange and the proposed process to convert CDI holdings into ACCU holdings? How might these challenges be mitigated?

Based on our understanding of the prototype model for the exchange, the conversion of ACCUs to CDIs is likely to discourage sellers who hold ACCUs with positive attributes from using the exchange. This is because, once the holder of an ACCU had transferred its ACCUs to the nominee's ANREU account and received the CDI, the holder would forego its ability to sell its ACCUs (with the original project-specific attributes) via another sales channel, such as an OTC transaction or under a Carbon Abatement Contract with the Federal Government if it needed to. Under the prototype model, if the seller wanted to sell the ACCUs via another sales channel, it would need to remove the CDI from the exchange and convert it back into an ACCU, at which point the specific attributes associated with the ACCU will be different to those that were held originally by the seller. This feature of the prototype model is likely to reduce the number of sellers who are willing to list their ACCUs on the exchange as this removes the flexibility to sell them elsewhere. The time taken for the re-conversion exercise to complete also raises the potential for delays and uncertainty. There is also the potential for the perception that ACCUs transferred on conversion to be perceived as of lower quality than the original ACCUs.

Q17

Would you use a carbon exchange that is developed using the prototype model outlined above and in Appendix A (see page 17 in the discussion paper)?

GreenCollar strives to develop projects that generate high quality ACCUs with long term social and environmental benefits that go beyond carbon abatement. It is noted that this carbon exchange, as proposed, does not clearly align with the production of high quality carbon credits and associated outcomes primarily because the lack of project information listed on the exchange for each ACCU actually incentivises the production of cheap to deliver, low quality ACCUs as there is no ability to identify and/or differentiate ACCUs based on any project attributes. This is unfortunate as it will not support buyer due diligence before purchase. It also does not take into account that different projects have varying development costs involved, e.g. soil carbon, environmental plantings and blue carbon projects are more costly and therefore their ACCU price should reflect that. This approach could stifle investment in high cost project types. As a result, we do not expect to use the carbon exchange as it doesn't align with our values of delivering the highest quality ACCU projects that address holistic positive impacts, not just carbon abatement.

Q18

What quantities of ACCUs do you anticipate buying or selling through the carbon exchange?

See above

Q19

How frequently do you anticipate buying or selling ACCUs through the carbon exchange?

See above

Q20

Do you prefer the quotation of ACCUs on the carbon exchange to be:

Other (please specify),

Comment:

For the reasons already outlined, two classes are unlikely to be sufficient, as buyers will not be able to conduct adequate due diligence and sellers will not be able to differentiate their ACCUs by their verified, high quality attributes. However, we do accept that a greater number of classes will impact liquidity on the exchange. Please see our response to question 7 for the project-specific attributes that we consider should be listed on the new register. In our view the same level of information should be disclosed for ACCUs listed on the exchange.

Q21

Do you anticipate any market implications from bifurcating listing to carbon sequestration and emissions avoidance?

Refer to response to 20 above.

Q22

Are there other classes that should be considered for quotation of ACCUs on the carbon exchange?

See above. Avoidance (AD, AC, landfill gas), Sequestration – HIR, SVB, NFMR, IFLM, REP.

Q23

Would the public disclosure of the project method of an ACCU that is received, and then subsequently surrendered or cancelled, under a system generated random allocation process when converting CDIs to ACCUs:

Yes/no

adversely impact your intended use of the carbon exchange?

is any such adverse impact mitigated by option 2 above, that is, limiting ACCUs received to those generated under a project method classified as involving 'carbon sequestration' or 'emissions avoidance' (as applicable to the class of ACCUs traded)?

Comment:

System generated random allocation of ACCUs would not be beneficial and add to concerns identified elsewhere in these responses. For both sellers and buyers, this approach lacks transparency and choice based on quality.

Q24

Do you support placing controls or disincentives on the cycling of ACCUs off and onto the exchange with the intention of exchanging one ACCU with certain attributes for another, or should such cycling be allowed?

No,

Comment:

We don't believe placing controls will help liquidity of the exchange but will actually limit buyers willing to use the exchange. It would be more effective to transparently disclose information about ACCUs on the registry, with more classes, albeit less liquidity in each class. We consider this to be a more meaningful way to build more users trade on the exchange and continue to build overall Scheme confidence in line with recommendations of the Chubb and Climate Change Authority Reviews. ACCUs that don't have the flexibility to be on-sold may be valued lower as entities often want the flexibility to be able to buy ACCUs ahead of when they will retire them and then manage any excess ACCUs in the most cost-effective way and be able to on-sell them as needed.

Q25

If controls or disincentives against cycling off and onto the exchange are to be introduced, should they involve:

Yes/no

Restrictions on the use of ACCUs following the collapse of a CDI so that they must be surrendered for Safeguard Mechanism compliance or voluntary cancellation for offsetting purposes?

Restrictions or economic disincentives on cycling ACCUs allocated upon conversion from CDIs back onto the exchange but not otherwise restricting the use of those ACCUs (e.g. so that they may be sold on the OTC market)?

Some other form of restriction or disincentive?

Other (please specify):

See above response.

Q26

Will the proposed exchange model complement the OTC market?

Comment:

To provide positive complementarity, we would prefer to see an exchange platform that provides high levels of project transparency, therefore encouraging and valuing best practice project development.

Q27

Are there other issues beyond those set out in this paper with only identifying the project method and other specific attributes of an ACCU after conversion from a CDI?

Comment:

See above response.

Q28

Are there any other areas, suggestions or concerns with the proposed exchange trading model that should be noted?

See above response and response to question 7 related to a recommendation to allow for a public testing phase in the timeline for the registry and exchange.

Q29

Respondent skipped this question

If you would like to submit additional materials to support your response, please attach documents here.
