Australian Government
Clean Energy Regulator

EMISSIONS REDUCTION FUND

Make sure your timing is right

A guide to crediting, reporting, delivery and permanence periods

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Understanding the difference between reporting, crediting, permanence and delivery periods is important for planning your Emissions Reduction Fund project, ensuring it complies with relevant legislation, and for earning Australian carbon credit units (ACCUs).

What's the difference?

A **crediting period** is the period of time a project is able to apply to claim ACCUs. A crediting period starts on the date a project is registered or on a start date nominated by the scheme participant up to 18 months after a project is registered.

A **reporting period** is a period of time within a project's crediting period for which a project report is prepared for submission to the Clean Energy Regulator. A number of reporting periods will occur over the crediting period of a project. Scheme participants must complete and submit project reports to the Clean Energy Regulator at the end of each reporting period. The first reporting period begins at the start of a project's crediting period. Subsequent reporting periods begin immediately after the end of the previous reporting period. ACCUs can only be issued to a project once a report is received and assessed.

A **delivery period** is the duration of time of a carbon abatement contract under which ACCUs are delivered to the Clean Energy Regulator. It starts on the date a contract commences and continues until the contract expires. The maximum delivery period is seven or ten years depending on the project. Only Kyoto ACCUs can be delivered under a carbon abatement contract.

A **permanence period** applies only to projects that store – or sequester – carbon in soil and in vegetation as it grows. Scheme participants may nominate either a 25 year or a 100 year permanence period for their sequestration project. The permanence period starts on the date ACCUs are first issued to a project. A project must be maintained for the period of time nominated, even though the project's crediting, reporting and delivery periods may have ended.

Project type decides timing rules

Emissions Reduction Fund projects either work to avoid emission of greenhouse gases into the atmosphere or to remove carbon dioxide (CO_2) from the atmosphere by storing – or sequestering – carbon in soil or vegetation as it grows.

There are a number of methods available for each project type. The method your project uses determines its crediting and reporting periods, maximum delivery period and whether it is subject to a permanence period (Table 1). Only projects using an approved method are eligible to register for the Emissions Reduction Fund.

There are exceptions to standard reporting and crediting periods for some projects, namely those using the savanna burning and savanna fire management methods, the avoided deforestation method, commercial buildings method, facilities method and beef cattle herd management method (Table 2). Other exceptions may arise as new methods are developed.

In some situations, project reports may be submitted for periods as short as one month provided the volume of emissions avoided or sequestered is equivalent to 2000 tonnes of CO_2 or more for the month (see section 68 of the Carbon Credits (Carbon Farming Initiative) Rule 2015).

The project type also determines the minimum number of reporting periods for a project. The minimum number of reporting periods for projects that sequester carbon is five, while the minimum number of reporting periods for projects that avoid emission of greenhouse gases into the atmosphere is four.

Table 1. There are standard reporting and crediting periods for Emissions Reduction Fund projects as well as a maximum delivery period, all of which are determined by the project type. Permanence periods apply only to projects that sequester CO_2 in soil or vegetation.

Project type	Crediting period	Reporting period	Delivery period	Permanence period
Sequesters CO_2 in soil or vegetation.	25 years	Between 6 months and 5 years	10 years	Either a 25 year or a 100 year period
Avoids emission of greenhouse gases.	7 years	Between 6 months and 2 years	7 years	None

Table 2. Exceptions to standard reporting and crediting periods do occur.

Project type	Crediting period	Reporting period	Delivery period	Permanence period
Sequesters CO_2 in vegetation (Avoided deforestation method)	15 years	Between 6 months and 5 years	10 years	Either a 25 year or a 100 year period
Avoids emission of greenhouse gases • **Savanna burning and Savanna fire management methods**	25 years	Between 1 and 2 years	10 years	None
Avoids emission of greenhouse gases • **Beef cattle herd management method** • **Commercial buildings method** • **Facilities method**	7 years	Between 1 and 2 years	7 years	None

More about the delivery period

Scheme participants also have the option of choosing short term contracts and immediate delivery contracts. For each contract, scheme participants must set a delivery schedule that sets out when and how many ACCUs will be delivered to the Clean Energy Regulator.

More information about delivery schedules and the types of contracts under the Emissions Reduction Fund is available on the Clean Energy Regulator website.

How crediting, permanence, standard reporting and delivery periods may apply to two different projects

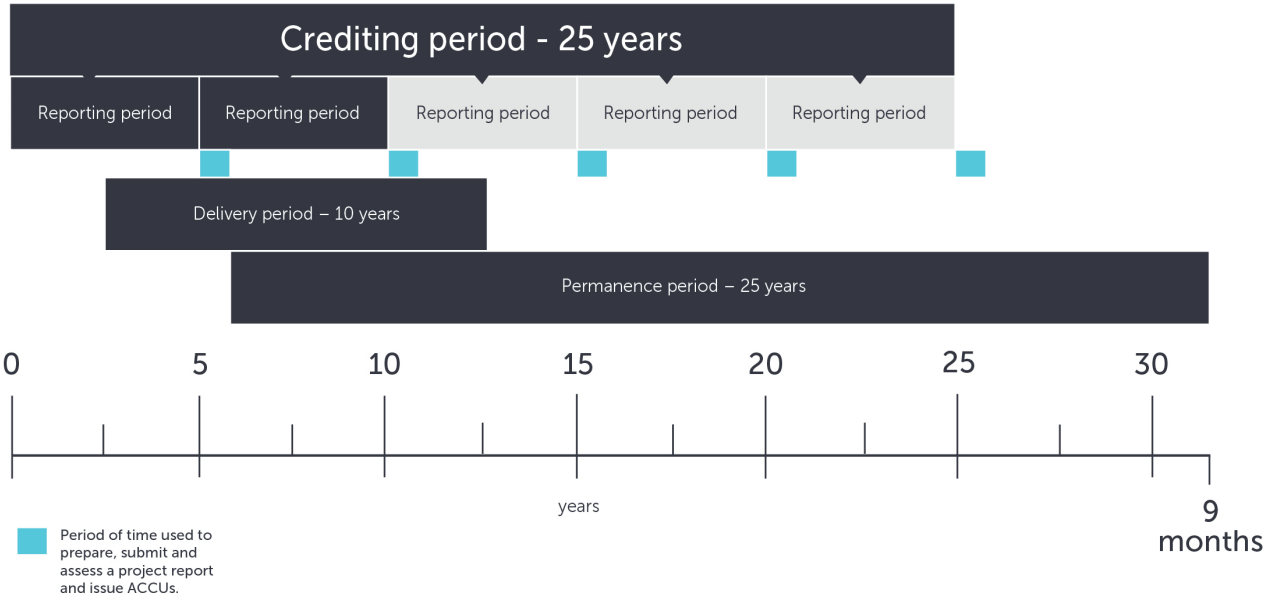
The examples below show how crediting, reporting, permanence and delivery periods may apply to a project that sequesters carbon and a project that avoids emission of greenhouse gases into the atmosphere.

Project example – sequesters CO_2 in vegetation

A project using the Human-induced regeneration of a permanent even-aged native forest method – 1.1 has a crediting period of 25 years. As a sequestration project, it is subject to a permanence period. The scheme participant nominated a 25 year permanence period (Figure 1).

Standard reporting periods for sequestration projects may be between six months and five years from the start of a project's crediting period. The scheme participant calculated that it is most beneficial to report on the project every five years. This also satisfies the minimum number of reporting periods required.

Figure 1. Project example – sequesters CO_2 in vegetation



Scheme participants have six months following the end of a reporting period to submit a project report and the Clean Energy Regulator has 90 days to assess it. In this example, the full nine months from the end of the first reporting period was needed to prepare, submit, assess and issue ACCUs. This means the 25 year

permanence period for the project commenced five years and nine months after the start of the crediting period.

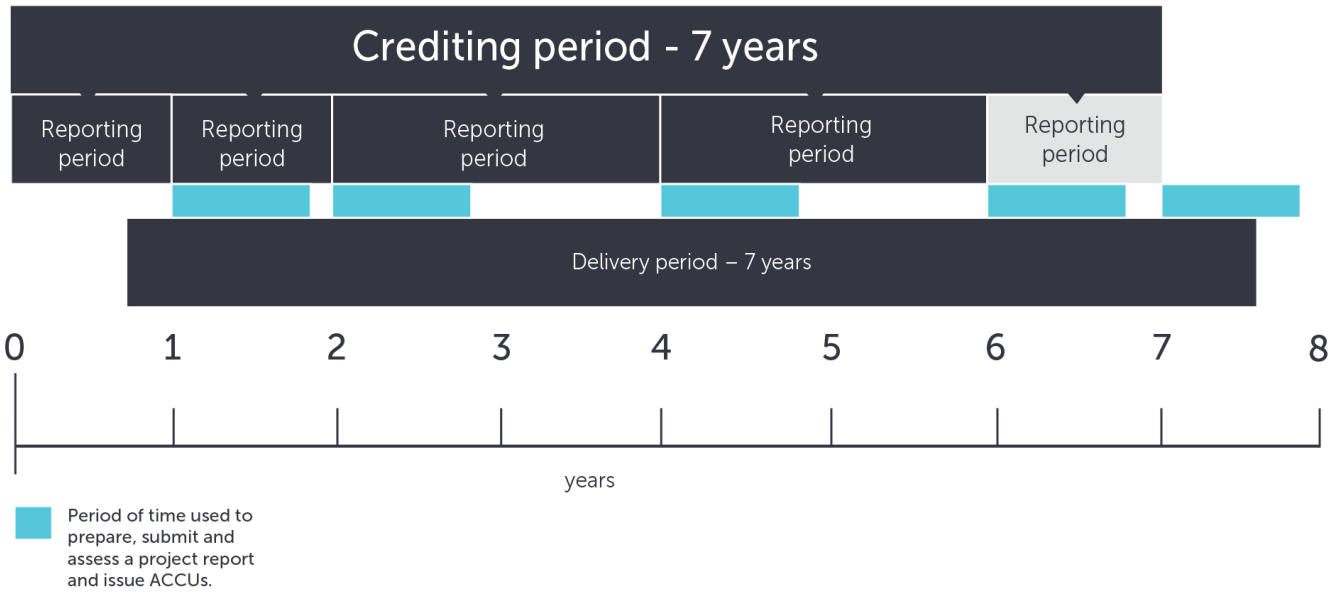
Sometime after the start of the project's crediting period, the scheme participant bid at auction successfully and secured a carbon abatement contract with the Clean Energy Regulator to sell their ACCUs. The maximum delivery period for projects using this method is 10 years. You can see from Figure 1 that given the time required for completing, submitting and assessing project reports for each reporting period, only ACCUs issued for the first two reporting periods can be delivered under the contract. ACCUs issued in later reporting periods may be sold on the secondary market.

Project example – avoids emission of greenhouse gases into the atmosphere

A project using the Industrial and Commercial Emissions Reduction method has a crediting period of seven years. As a project that works to avoid emissions of greenhouse gases into the atmosphere, it is not subject to a permanence period (Figure 2).

Standard reporting periods for projects that avoid emissions may be between six months and two years from the start of the crediting period. The scheme participant has calculated it is most beneficial to report on the project annually for the first two years of the crediting period, then at two year intervals before returning to an annual report for the final year of the crediting period. This also satisfies the minimum number of reporting periods required.

Figure 2. Project example – avoids emissions of greenhouse gas



Scheme participants have six months following the end of a reporting period to submit a project report and the Clean Energy Regulator has 90 days to assess it. In this example, the full nine months from the end of each reporting period was needed to prepare and submit project reports and to assess and issue ACCUs.

Shortly after the start of the crediting period, the scheme participant bid at auction successfully and secured a carbon abatement contract with the Clean Energy Regulator to sell their ACCUs. The maximum delivery period for projects using this method is seven years. You can see from Figure 2 that given the time required for completing, submitting and assessing project reports for each reporting period, only ACCUs issued for the first four reporting periods can be delivered under the contract. ACCUs issued for the final reporting period may be sold on the secondary market.

Other resources

- Industrial and Commercial Emissions Reduction Method - https://www.legislation.gov.au/Details/F2021L01789
- Human-induced regeneration of a permanent even-aged native forest – 1.1 - https://www.comlaw.gov.au/Series/F2013L01189
- Carbon Credits (Carbon Farming Initiative) Rule 2015 - https://www.legislation.gov.au/Series/F2015L00156
- Want to participate in the Emissions Reduction Fund? - http://www.cleanenergyregulator.gov.au/ERF/Want-to-participate-in-the-Emissions-Reduction-Fund
- Understanding contracts - http://www.cleanenergyregulator.gov.au/ERF/Want-to-participate-in-the-Emissions-Reduction-Fund/Step-2-Contracts-and-auctions/understanding-contracts
- Delivery of units - http://www.cleanenergyregulator.gov.au/ERF/Want-to-participate-in-the-Emissions-Reduction-Fund/Step-4-Delivery-and-payment/delivery-of-units