

LIST OF RECOMMENDATIONS

The Climate Change Authority recommends that:

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- R. 1** The Department establish a formal submission process so stakeholders can propose new Emissions Reduction Fund methods. Following assessment of stakeholder proposals by the Department, the Minister would publish priorities for method development every two years.
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- R. 2** The Emissions Reduction Assurance Committee work with the Department to develop guidance (in the form of a legislative rule) to clarify how the Emissions Reduction Assurance Committee will interpret the Emissions Reduction Fund's offsets integrity standards.
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- R. 3** Senior executive accountability for the Emissions Reduction Assurance Committee secretariat to be segregated from method development.
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- R. 4** The Minister make improvements to methods (in the form of variations) to maintain their alignment with the Emissions Reduction Fund's offsets integrity standards. Variations should incorporate guidance on the most current emissions estimation techniques, tools and calculators including those used for the national inventory. Scheme participants must use the varied method and updated tools within two years of the varied method coming into force.
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- R. 5** As part of its method reviews, the Emissions Reduction Assurance Committee examine: i.) the measured soil method to assess its effectiveness in distinguishing between natural variability (rainfall) and management actions in crediting abatement from soil carbon ii.) estimation and project requirements for the human-induced regeneration method iii.) the native forest managed regrowth method to assess the additionality of project activities and baselines iv.) regulatory additionality baselines for the landfill gas method and v.) the additionality requirements for each method to see if they are still current given changes in technologies, practices and regulation for relevant activities and sectors when considering whether the method's crediting periods should be extended.
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- R. 6** The Minister make a legislative rule requiring scheme participants to provide the Clean Energy Regulator with a plan for maintaining carbon stores during the permanence period when registering sequestration projects.
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- R. 7** The Clean Energy Regulator require scheme participants to provide fire management plans for sequestration and savanna fire projects. These plans could be the same as those required to meet state or local fire management requirements.
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- R. 8** The Department review the definition of a significant reversal of carbon stored to ensure it is calibrated to the risk of carbon losses across the scheme.
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- R. 9** The *Carbon Credits (Carbon Farming Initiative) Act 2011* (Cth) be amended to remove the ability for a scheme participant to request that the project area be omitted from the project register for new projects.
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- R. 10** The Clean Energy Regulator include on their website a search function that allows potential land buyers or other eligible interest holders to search for individual properties and determine if the land is subject to Emissions Reduction Fund permanence obligations.
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- R. 11** The Clean Energy Regulator develop guidance for conveyancers and state and territory legal societies on permanence obligations that run with the land.
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- R. 12** The Authority review in every second review of the Carbon Farming Initiative legislation the risk of reversal buffer and the 25 year permanence discount to determine whether these discounts are calibrated to potential losses of carbon, based on evidence of actual losses of carbon in the Emissions Reduction Fund.
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- R. 13** Scheme participants advise the Clean Energy Regulator of individuals and firms they paid to provide advice on the Emissions Reduction Fund when new projects are registered and updated in project reports.

- R. 14** The *Carbon Credits (Carbon Farming Initiative) Act 2011* (Cth) be amended so that the Fit and Proper Person requirement is extended to designated agents that act for scheme participants.
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- R. 15** The Clean Energy Regulator require a declaration from landholders that they have read the Department's aggregation agreement resources prior to scheme participants registering a project that involves multiple landholders.
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- R. 16** Some industry bodies and local government associations consider providing advice on Emissions Reduction Fund projects to their members.
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- R. 17** The Clean Energy Regulator finalise its guidance to clarify expectations on consultation with Indigenous communities; scheme participants to notify and engage with Registered Native Title Body Corporates on project applications on determined Native Title land and other eligible interest holders before projects are registered and provide the Clean Energy Regulator with evidence this consultation occurred; and the Clean Energy Regulator not allow scheme participants to bid at auction until all known eligible interest holder consents have been obtained.
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- R. 18** The *Carbon Credits (Carbon Farming Initiative) Act 2011* (Cth) be amended to make it explicit that the Clean Energy Regulator can reverse specific decisions in cases where the original decision was based on false or misleading information.
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- R. 19** The *Carbon Credits (Carbon Farming Initiative) Act 2011* (Cth) be amended to remove the requirement for scheme participants to state whether sequestration or area based projects are consistent with local Natural Resource Management plans and replaced with a requirement that scheme participants provide the Clean Energy Regulator with evidence that they have advised the relevant Natural Resource Management body about the proposed Emissions Reduction Fund project.
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- R. 20** There be no change to the purchasing principles.
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- R. 21** The Clean Energy Regulator periodically revisit the cap on buyer's damages in new Emissions Reduction Fund contracts to provide a greater incentive for scheme participants to deliver their contracted Australian Carbon Credit Units.
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- R. 22** The Clean Energy Regulator require scheme participants to deliver a minimum of 30-50 per cent of Australian Carbon Credit Units from the projects they used to register at auction.
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- R. 23** The Clean Energy Regulator publish timely information about the holdings of Australian Carbon Credit Units including ownership, volume and project method and a six monthly 'statement of opportunities' that sets out the forward delivery schedule for Australian Carbon Credit Units from Emissions Reduction Fund contracts, the availability of Australian Carbon Credit Units in the secondary market and, to the extent known, indicative demand and prices for Australian Carbon Credit Units.
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- R. 24** The Clean Energy Regulator investigate ways to further enhance client services, particularly when responding to complex enquiries.
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- R. 25** The *Carbon Credits (Carbon Farming Initiative) Act 2011* (Cth) be amended to expand the Clean Energy Regulator's regulatory toolkit to include issuing penalty infringement notices (similar to fines) for some specified instances of non-compliance such as non-reporting.
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- R. 26** The Government allocate additional funds to the Department so it can collaborate with research organisations and stakeholders on new methods for the land sector, drawing on the consultation process for new method development (Recommendation 1) and the Government require rural research and development corporations include emissions reductions as one of the priorities for their research and development work.