



CLIMATE
CHANGE
AUTHORITY

Review of International Offsets

June 2022



Australian Government
Climate Change Authority

The Authority recognises the First Peoples of this nation and their ongoing connection to culture and country. We acknowledge First Nations Peoples as the Traditional Owners, Custodians and Lore Keepers of the world's oldest living cultures and pay my respects to their Elders – past present and future.

Terms of reference

I ... request the Authority to conduct a review of the following matters to the extent to which they relate to the use of offsets related to carbon abatement outside Australia under Climate Active and/or the creation or use of offsets as part of the IPCOS in the context of the Paris Agreement...:

- a. the most important criteria for accepting emissions offsets for use in Climate Active and as part of IPCOS, including considering emissions offset claims from within and across different carbon accounting frameworks; and
- b. what are leading practice approaches for taking into account non-carbon benefits and avoiding adverse impacts; and
- c. potential differences in criteria relating to the use of those offsets under Climate Active, as part of IPCOS or for other purposes; and
- d. whether the criteria can or should be applied at a scheme level, by classes of units or project types or individual projects; and
- e. to what extent the vintage of units (such as relating to abatement, project registration or issuance) should be relevant to the use of those offsets; and
- f. which offsets could be eligible for use under Climate Active at the present time.

What we're covering today



Article 6



Assessment
Framework



Themes



Considerations

G+T Article 6 Report

Gilbert+Tobin was commissioned to advise on the operation of Article 6 under the Paris Agreement.

Article 6.2

Cooperative approaches between country Parties that involve the creation, transfer and use of internationally transferred mitigation outcomes (**ITMOs**).

ITMOs can be transferred and used by a using Party either towards its NDC, for 'international mitigation purposes' or 'other purposes' (together, **other international mitigation purposes**).

Article 6.4

A new mechanism establishing the framework for the creation, transfer and use of unitised mitigation outcomes (**A6.4ERs**) governed by a Supervisory Body.

A6.4ERs can be traded on an international carbon market or recognised as ITMOs.

Article 6.8

A framework for non-market approaches (**NMAs**) which provides for the recognition of cooperation that results in mitigation outcomes not in a tradeable, unitised form.

Climate Change Authority

Stocktake and analysis of international carbon offset programs

15 June 2022



Building a better
working world

Terms of reference

... in the context of the Paris Agreement ...

- a. the most important offsets criteria (considering different carbon accounting frameworks)
- b. non-carbon benefits and adverse impacts
- c. potential differences in criteria for Climate Active, IPCOS and other purposes
- d. apply criteria to scheme level, by classes of units, project types or individual projects?
- e. vintage
- f. which offsets could be eligible for use under Climate Active at the present time



Paris+ context



Core criteria



Non-carbon benefits



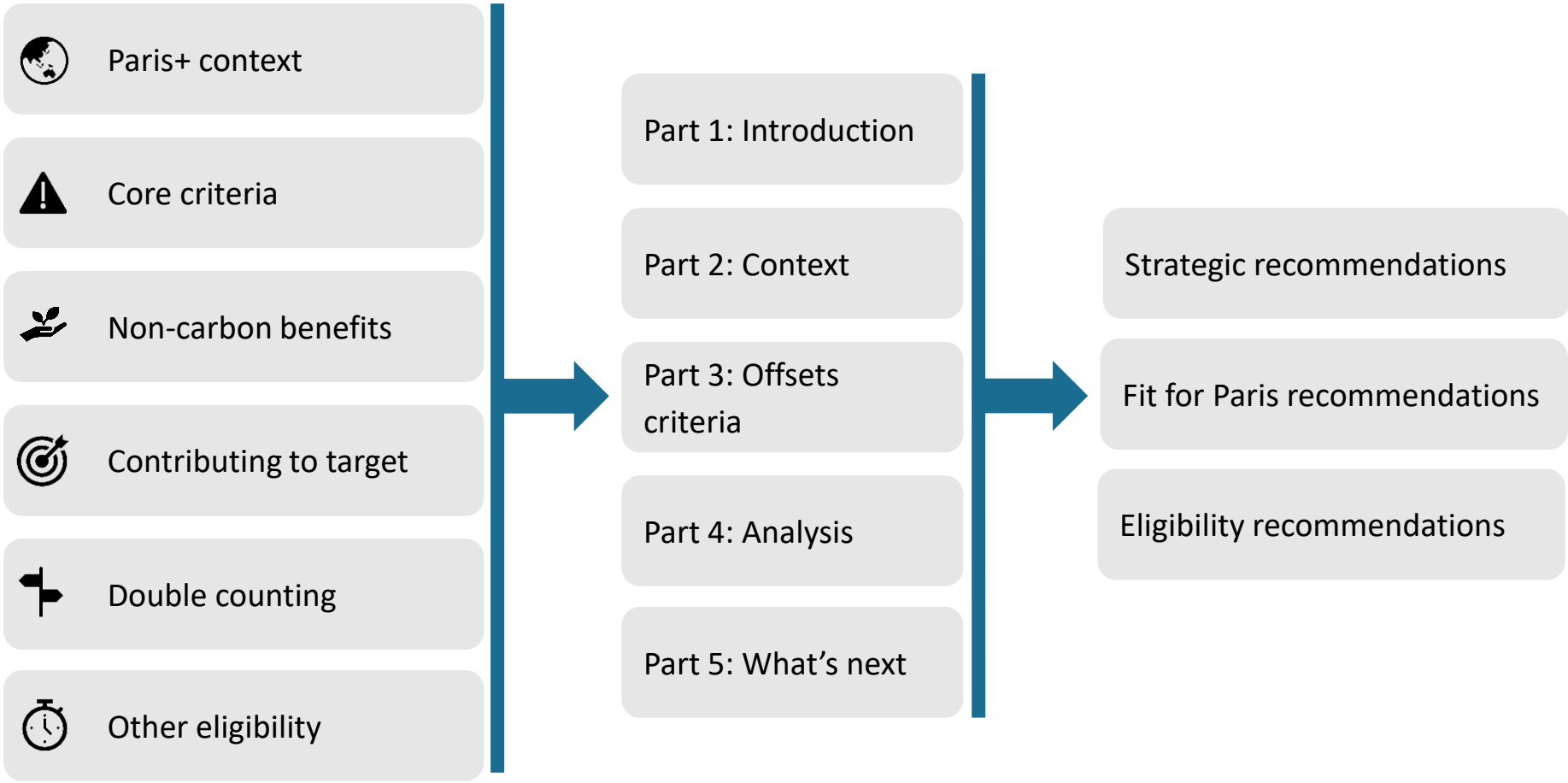
Double counting



Contributing to target



Other eligibility



Strategic considerations

What is the role of international carbon markets in Australia's transition to net zero emissions?

How can Australia contribute to the development of deep, liquid, robust and trusted international carbon markets?

Fit for Paris considerations

What preparations are needed for Australia to participate in Article 6?

How could Australia support partners in our region to participate in Article 6?

How could the Australian Government enable private sector participation in Article 6 and the voluntary carbon market?

How might the eligibility criteria under IPCOS differ from the criteria under Climate Active?

Eligibility considerations

What types of units should be eligible under Climate Active?

What vintage of units should be eligible under Climate Active?

When should the eligibility rules be reviewed again?

How could voluntary offsetting contribute to Australia's target and further ambition?

Discussion

Please use the chat function to submit questions.

You can contact us at:

enquiries@climatechangeauthority.gov.au