

# EMISSIONS REDUCTION ASSURANCE COMMITTEE

## Submission Template

### Emissions Reduction Fund Method Review

*Carbon Credits (Carbon Farming Initiative—Industrial Electricity and Fuel Efficiency) Methodology Determination 2015*

#### Overview

This submission template should be used to provide comments on the review of the *Carbon Credits (Carbon Farming Initiative— Industrial Electricity and Fuel Efficiency) Methodology Determination 2015*

#### Contact Details

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<b>Date:</b>	11 August 2017

#### Confidentiality

All submissions will be treated as public documents, unless the author of the submission has requested the submission not be published on the grounds its publication could reasonably be expected to substantially prejudice the commercial interests of the author or another person. Public submissions will be published in full on the Emissions Reduction Assurance Committee website, including any personal information of authors and/or other third parties contained in the submission. Confidential submissions will not be published but will be provided to the:

- Emissions Reduction Assurance Committee
- Department of the Environment and Energy
- Clean Energy Regulator.

If any part of the submission should be treated as confidential then please provide two versions of the submission, one with the confidential information removed for publication. Please note that a request made under the *Freedom of Information Act 1982* for access to a submission marked confidential will be determined in accordance with that Act.

**Do you want this submission to be treated as confidential?**       Yes       No

#### Submission Instructions

Submissions should be made by **close of business** on the day the public consultation period closes for the review. This date will be specified on the website. The Emissions Reduction Assurance Committee reserves the right not to consider late submissions.

Where possible, submissions should be lodged electronically, preferably in Microsoft Word or other text based formats, via the email address – [EmissionsReductionSubmissions@environment.gov.au](mailto:EmissionsReductionSubmissions@environment.gov.au)

Submissions may alternatively be sent to the postal address below to arrive by the due date.

Emissions Reduction Assurance Committee Secretariat  
Department of the Environment and Energy  
GPO Box 787  
CANBERRA ACT 2601

**Name of determination:** *Carbon Credits (Carbon Farming Initiative— Industrial Electricity and Fuel Efficiency) Methodology Determination 2015*

**General/overall comments**

The Australian Forest Products Association (**AFPA**) welcomes the opportunity to provide brief comment on the Department of Environment and Water Resources review of the *Carbon Credits (Carbon Farming Initiative— Industrial Electricity and Fuel Efficiency) Methodology Determination 2015*.

AFPA is the peak national body for Australia's forest, wood and paper products industry. AFPA represents industry interests to governments, the general public and other stakeholders on the sustainable development and use of Australia's forest, wood and paper products.

The forest products industry has significant potential to contribute to climate change mitigation in Australia. The major pathways for emissions abatement from the forest products industry include:

- the carbon sequestered in growing forests;
- the carbon stored in harvested wood products;
- the substitution of high emissions materials (e.g. steel, concrete) with wood and other fibre based products that have low embodied energy, including new bio-products; and
- the use of woody biomass for renewable and baseload energy generation (including for renewable heat and biofuels), thereby displacing fossil fuels.

A simple, effective, broadly applicable and low cost methodology could allow forest product manufacturing and processing companies to participate in the Emissions Reduction Fund (**ERF**) and allow the Government to realise significant carbon storage potential.

An industrial electricity and fuel efficiency project involves undertaking activities to reduce emissions from (usually large-scale) equipment that consumes electricity or fuel. Projects may involve a broad range of activities that reduce direct fuel combustion emissions and emissions from energy use. Projects include upgrades to boilers, compressed air systems and heating, ventilation and cooling systems, or the installation of variable speed drives.

AFPA acknowledges the ongoing efforts to reduce the complexity and red-tape associated with the current process of developing methodologies and gaining approval for carbon abatement projects under the CFI and ERF. However, areas that need further reform and streamlining include:

- the carbon price points coupled with length of contract and associated requirements currently do not adequately incentivise many types of potential projects, including industrial based projects;
- burdensome transaction and audit costs;
- effort for key staff to apply for, and manage carbon contracts;
- overly burdensome make good provisions and risk; and
- minimal recognition of the scale and complexity of industrial processes.

Potential reforms include: *utilising a Government-funded auditor; developing cost effective audit fast-tracks; reducing burdensome transaction costs; and increasing flexibility of the framework to better reflect industrial processes.*

**Do you have any comments on whether the Industrial Electricity and Fuel Efficiency method continues to meet the offsets integrity standards?**

NA

**Do you have any comments on practical implementation of the method?**

NA

**Do you have any comments on interactions and consistency with other Emissions Reduction Fund methods?**

NA

**Do you have any other matters you wish to comment on?**

NA