

September 26, 2022

ACCUREview@dceew.gov.au

Department of Climate Change, Energy, the Environment and Water
GPO Box 3090,
Canberra ACT 2601,

Dear Sir/Madam,

The National Waste and Recycling Industry Council (NWRIC) is the principal business Council representing international and national business owners of the sector. Our members' investments include major landfills, resource recovery facilities, firming power facilities, all forms of collection services and a comprehensive range of secondary reprocessing/remanufacturing operations. Council members directly employ more than 16,000 Australians in more than 725 specialty industry-owned assets.

Council supports the Independent Review of Australian Carbon Credit Units (ACCU'S) scheme. Australia's carbon framework is driving continued emissions reduction outcomes using the landfill Gas capture method. In terms of the scheme's overall governance and integrity (perceived or actual) our members acknowledge that regular review is important. This critically important Carbon Market trading arrangement is an essential driver that underscores the waste management sectors ability to lead in terms of it delivering Governments emissions policy agenda.

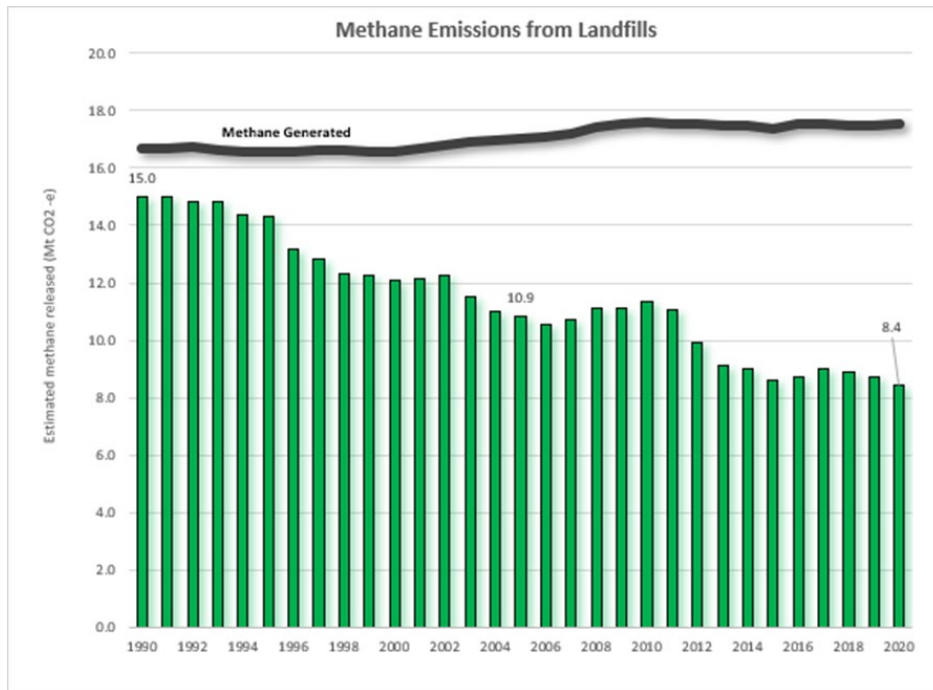
Without ACCUs, many landfill gas systems to electricity projects would not be financially viable. In their absence and without significant new cost imposts on ratepayers and business, continuous investment in gas capture infrastructure and power stations would cease and increases in methane emissions would rapidly occur, undermining Australia's climate goals.

Landfills are an essential element in today's integrated waste management infrastructure, providing a cost effective and reliable disposal of non-recyclables and the processing of residuals and unsorted wastes.

As part of the valuable role landfills play in our modern society, they also ensure any impacts to the environment are mitigated or eliminated. For example, the industry manages generated greenhouse gas emissions that result from the breakdown of waste in a facility by collection and combustion, either by flaring or through renewable power generation. This is particularly true for some of the non-landfill owner/operator Council members which are actively involved in the capture and destruction of methane from landfill facilities and have projects registered under the Emission Reduction Fund (ERF). As it currently stands, we believe the ERF is a strong and effective incentive for Council members to reduce emissions outside of the safeguard framework.

Fundamentally, landfills are integral in protecting the community's health and welfare and provide a strong foundation upon which our high standard of living is built.

It is important also to note that in terms of landfill emissions that these are a continuum generated over the full lifecycle of a working landfill facility and for an additional period of up to 30 years post closure. Where larger facilities exist, this could equate to a landfill lifecycle for methane management of more than 85 years that operators have responsibility to manage.



Methane Emissions Performance Chart 1990 -2020 for comparison

It should be noted that landfill gas projects have extremely high ongoing capital and operating costs compared to many other renewable energy projects. They operate in volatile electricity markets (with accelerating negative pricing frequency as variable new renewables rapidly expand and multiple interconnection challenges). The modular nature of landfill gas to electricity power stations means projects do not benefit from economies of scale that are common for other renewable energy projects, such as wind and solar. Given the character of landfill gas, significant investments are needed in both power station and gas capture infrastructure ongoingly across many decades. Landfill Gas capture is not a set and forget model, it incurs constant capital and operational expenditure for periods of up to 85 years or more.

In terms of broader reforms, Council advocates consultation on the following matters could further enhance the integrity of the Method whilst continuing to support long term certainty for the industry without putting critical methane abatement at risk:

- Exploration of more uniform baselines across current projects.
- Consideration for a more a flexible and gradient baseline setting mechanism for projects beyond a defined size threshold based on actual MWh produced each year (i.e., the first MWhs generated at a site receive a lower baseline ensuring a more balanced model endures over the full lifecycle of landfills).
- Extension of the LFG Method crediting period to 20 years (noting all landfills generate methane over prolonged years). This would promote more long-term, sustainable emissions reduction investments noting the characteristics of heterogeneous makeups of landfills and landfill gas abatement.
- Agreement for periodic reviews to address electricity market and LFG cost movements (which may vary by NEM jurisdiction) and impact on baselines, to help preserve financial additionality and integrity across time
- Enabling any excess flaring at power generation sites to be fully additional (i.e. no baseline applied to the abatement achieved), given the challenges and limitations to grid connection at this time.

Our members, however, are very concerned that any changes made in isolation of other government reviews underway could result in unintended outcomes as these apply to landfill operations and industry investments. We urge caution in terms of making any rushed and unconnected landfill changes as these apply to ACCU's arrangements and provide the following key points for consideration:

- That the committee does not finalise its recommendations until the review into the Safeguard Mechanism (SGM) review as it relates to the landfill gas methodology has been completed and any recommendations made public. We believe there is potential crossover implications between the ERF ACCUs and the SGM for landfills that need to be understood. This path would ensure the whole-of-picture emissions reduction framework and incentives are well understood by all parties which will enable the greatest reduction contribution by landfills to continue. Our response to that (Safeguard) review urges the status quo be maintained for landfills. for the next two (2) years to allow detailed industry consultation and a full appreciation of how landfills will be supported to continue to reduce emissions under the ERF and SGM (if applicable) Council members reject the findings published by Professor Andrew Macintosh in his 'Emissions Reduction Fund's Landfill Gas' report where he notes that the landfill gas generation method lacks integrity and does not meet additionality requirements. We endorse the Clean Energy Regulators response and findings of their review of Professor Macintosh's report that no such findings or integrity gaps were proven.

- Relatedly, we believe in terms of maintaining system integrity of how landfills are measured, and performance reported, that the existing model arrangements specific to the National Greenhouse and Energy Reporting System (NGER) as these apply to waste and landfill calculations methods should be formally reviewed. In our opinion, the existing model works against world's best practice and sound evidence-based understanding. In our response to the SGM we proposed a collaboration between the Department and our industry members with the objective of exploring and developing more precise methodologies that identify and capture real data that support genuine emissions reduction targets.

- While the NGER model is climatic zone specific - 'Tropical', 'Subtropical', 'Temperate and 'Sub Temperate' - landfill gas generation is significantly impacted by rainfall, depth and leachate recirculation. For example, in drought conditions, generation falls. Meanwhile, during prolonged wet periods, gas generation rapidly increases.

In closing achieving the 43% National target becomes harder and potentially more expensive if Council members do not continue to be incentivised under the ERF Landfill Gas Method.

The Council endorses and supports all its individual member responses, as these provide more concise and representative operational insights into the role ACCU's play and of interaction with the industry's commercial and other business operating environments.

Yours Sincerely

National Waste Recycling Industry Association



Rick Ralph

Chief Executive Officer