National Waste and Recycling Industry Council

Proposed Changes to the Australian Carbon Credit Unit (ACCU) Scheme Landfill Gas (LFG) Method

WHAT IS AN AUSTRALIAN CARBON CREDIT UNIT (ACCU)?

An ACCU is a unit issued by the Clean Energy Regulator that represents one tonne of carbon dioxide equivalent (tCO2-e) stored or avoided by an eligible project under the ACCU Scheme.

The ACCU Scheme provides the incentive for businesses or individuals to invest in carbon abatement projects which achieve emissions reductions across a broad range of industries across the economy.

HOW DO ACCUS HELP TO REDUCE AUSTRALIA'S EMISSIONS?

ACCUs can be purchased by entities to offset their emissions in their own decarbonisation journeys. There are many hard to abate industries in our economy, where the technology needed to decarbonise may not currently exist.

The ACCUs that these entities purchase offset their emissions, whilst also providing funding to scale up carbon abatement projects in Australia.

HOW DO LANDFILLS GENERATE ACCUS?

Landfill gas operators are issued ACCUs for every tCO2-e that an eligible methane abatement project prevents from being emitted into the atmosphere above the project baseline. This methane is either destroyed through flaring or used as fuel to generate renewable energy.

The ACCU Scheme's Landfill Gas (LFG) Method determines the eligible number of ACCUs that can be issued from the carbon abatement achieved by the project. The method also determines the baseline for these projects. A project's baseline establishes the proportion of abatement that would have occurred in the absence of ACCUs. For example, a project with a 30% baseline earns ACCUs on 70% of its total landfill gas abatement.

OUR SUCCESS ACHIEVED SO FAR

The landfill gas sector has achieved great success in abating a significant amount of methane generated from waste in Australia.

The current system is working and delivering real, high integrity abatement. The proposed changes ask the landfill gas industry to do more with less. This will stifle innovation, increase emissions, and significantly reduce Australia's ACCU supply.

THE GOVERNMENT'S PROPOSED ACCU REFORMS WILL INCREASE METHANE EMISSIONS.

NWRIC fully supports the transparency and integrity of ACCUs. It's vitally important for Australia that its carbon credit framework not only works effectively to achieve emissions reductions but has credibility and integrity. If these landfill gas abatement project baselines are increased to unsustainable levels, the sector will be brought to its knees.

LFG Method Reform Feedback

The Government is currently looking at options to reform the way landfills create ACCUs, known as the landfill gas (LFG) method.

Current recommendations proposed in this review are unworkable, despite suitable alternatives being presented. Investment will cease, methane emissions will rise and ACCU supply will fall if this is not shifted.

36% BASELINE LIFT WILL PUT HEAVY PRESSURE ON THE SECTOR AND RESULT IN INCREASED METHANE EMISSIONS

A ~50% increase to the current average baseline, an extremely significant increase.

A 33% baseline lift is proposed. Although this will be difficult for the sector, it can be accommodated if certainty is given in other areas.

A 0.5-0.9% BASELINE INCREASE IS THE ONLY PRACTICAL OPTION

A 0.5% - 0.9% increase is the only option which is backed by data and evidence. Even this will substantially reduce the incentive to abate methane at a time when our climate desperately needs to accelerate methane abatement.

It will require strong industry innovation, and is supported by evidence presented in the Technical Working Group.

ANNUAL 1.9% BASELINE INCREASE IS TOO AGGRESSIVE

This is not supported by evidence or data, nor has it been sustainably achieved internationally.

This will cause methane emissions to rise and ACCU supply to reduce as investment in methane abatement stops, with some sites ceasing to capture and abate methane. An environmental catastrophe.

This will also have substantial cost of living impacts, as the costs to abate methane are passed onto ratepayers.

NECESSARY CREDITING PERIOD NOT ADDRESSED

A crediting period of 25+ years with 7+ year reviews is needed for the significant ongoing investment required every year to maintain methane abatement from landfills.

NWRIC's proposed position will deliver high integrity, sustained abatement.

NWRIC
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