



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 (tCO<sub>2</sub>-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 tCO<sub>2</sub>-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, if a project has a 30% baseline and combusts 100 tonnes of CO<sub>2</sub>e, it will receive 70 ACCUs.

## OUR SUCCESS SO FAR

Australia is a world leader in methane abatement. The landfill gas sector has been a major source of emissions reductions in the economy.

The current system is working and delivering real, high integrity abatement. Proposed changes to the ACCU Scheme 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 is currently looking at options to reform the way landfills create ACCUs under the Landfill Gas (LFG) Method. It is essential that any reform supports increased high integrity methane abatement.**

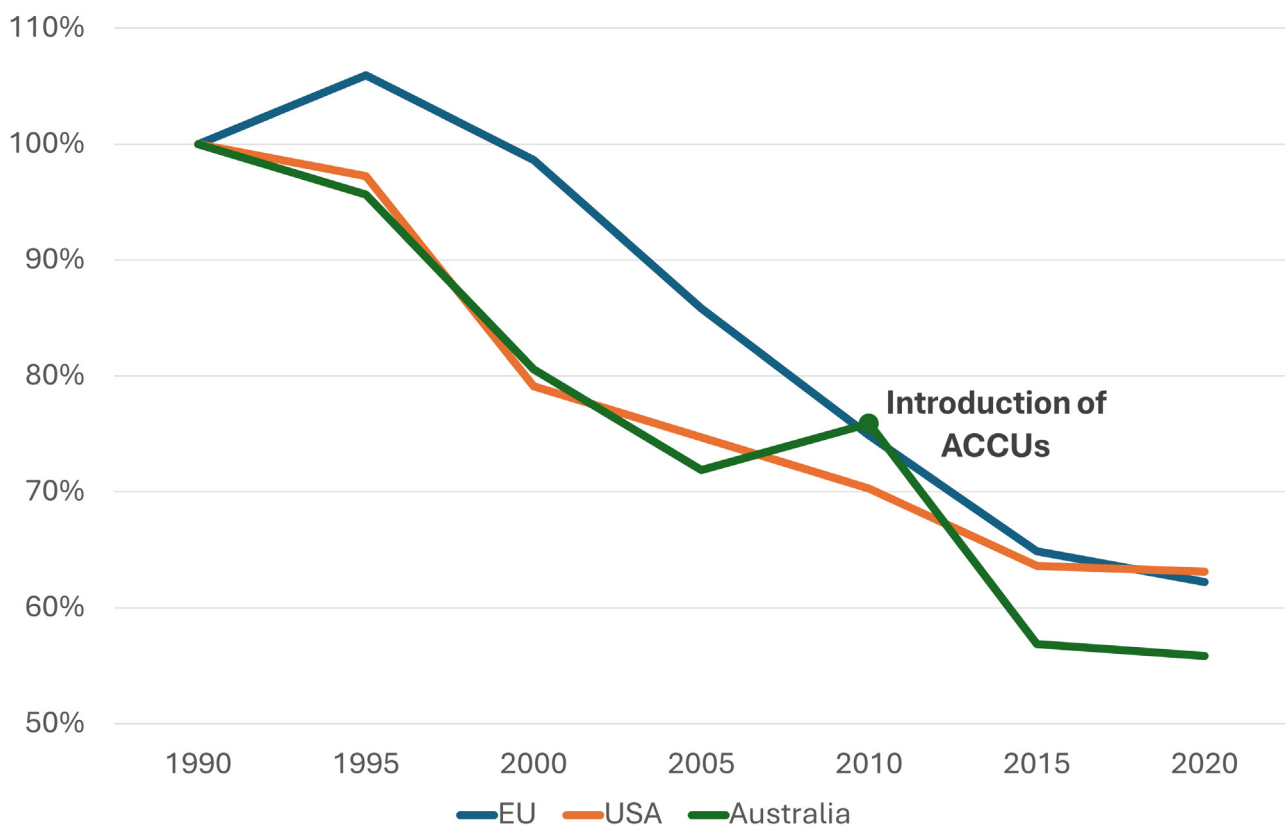
# ACCU Method Reform

## Emissions abatement

Australia has committed to the Global Methane Pledge, aiming to achieve a 30% reduction in methane emissions by 2030. To meet this target, we must accelerate efforts to cut methane emissions, not slow them down.

**As shown in the graph below, Australia is a world leader in reducing methane emissions from landfills, primarily due to our ACCU Scheme.**

**Waste Sector - Greenhouse Gas Emission Trends**



Greenhouse gas data sourced from the United Nations Framework Convention on Climate Change (UNFCC).

The United Nations identifies reducing methane emissions as the most effective single strategy for achieving global emission reduction goals. Rapid methane reduction is key to limiting global warming to 1.5 °C.

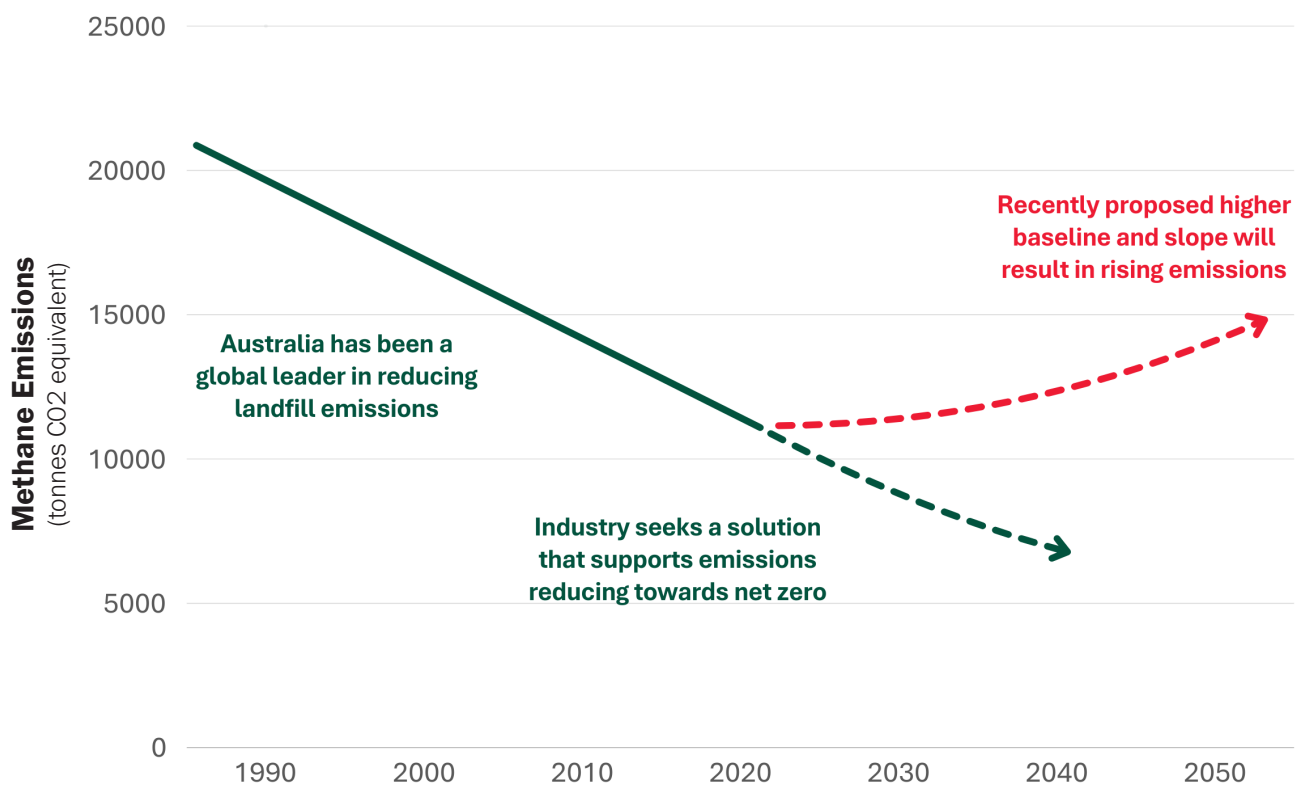
# ACCU Method Reform

## Baselines impact

### INCREASING BASELINES WILL RESULT IN INCREASED EMISSIONS

Higher baselines for landfill gas projects will reduce the rate of gas capture and increase methane emissions. This is because abatement relies on continual re-investment at landfill projects. **Higher baselines reduces the commercial incentive to invest.**

**Baselines Impact on Emissions Reduction**



**Successful ACCU Landfill Gas Method reforms will enable ongoing investment by the landfill gas sector, driving growth in clean energy production and regional job creation.**

# ACCU Method Reform

## Jobs and emissions at risk

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The draft reset baselines position recently shared by the Department is unworkable. It surprised industry and disregards evidence provided through its 18 months of consultation.

Investment will cease, methane emissions will rise and Australian jobs and manufacturing will be lost.



### **AFTER 18 MONTHS OF DISCUSSIONS AND UNCERTAINTY, AN UNWORKABLE POSITION HAS BEEN PRESENTED BY THE DEPARTMENT**

The proposed position would increase the current average baseline by close to 200%, creating a barrier for investment in future methane abatement activities.

It is not backed by the Department's own evidence, and is not supported by the Technical Working Group set up to advise on this policy reform.



### **IT WOULD DESTROY INVESTMENT AND DRIVE PROJECT CLOSURES AT AUSTRALIA'S LARGEST LANDFILLS**

Numerous landfill methane abatement projects would close within 5 years.

Hundreds of green energy jobs would be lost. Local green energy manufacturing would halt.

Community amenity impacts would be considerable at Australia's large landfills.



### **ACCU SUPPLY WOULD DECLINE**

Supply of ACCUs would reduce by millions of units over 10 years, making our net zero transition more costly to achieve.



### **EMISSIONS WOULD RISE, RISKING AUSTRALIA'S DECARBONISATION GOALS**

The proposed position risks up to 20 million tonnes of carbon emissions entering the atmosphere over 10 years, creating an environmental disaster at a time when we need to intensify our emission abatement efforts.

Investment in Australia's bioenergy future would be severely impacted (renewable gas, biofuels, sustainable aviation fuels).



### **THERE IS A WORKABLE REVISED OPTION THAT WOULD MEET DEPARTMENTAL GOALS**

The Department's recommended baseline reset presented in the May Options Paper would be difficult for the sector, yet is:

- Consistent with the Chubb Review recommendations
- Evidence-backed and conservative
- Better aligned with earlier review directions so reduces the risk of the reform process failing

# ACCU Method Reform Opportunities

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The ACCU Scheme has driven world-leading landfill gas abatement in Australia. Reforms to the method need to accelerate this success.



## **METHANE: TURNING A CLIMATE PROBLEM INTO A SOLUTION**

Reducing methane from landfills has been an Australian emissions reduction success story. The ACCU Scheme has helped deliver this.

Effective reforms to the ACCU Landfill Gas Method will increase abatement and provide the launch pad for investment in new zero emissions solutions.



## **LANDFILL GAS IS RENEWABLE GAS – A CLEAN, STORABLE FUEL**

Methane from landfills powers electricity generators, providing clean energy and helping stabilise the grid.

With effective landfill gas policies, further investment can turn these generators into peaking plants, enhancing support for wind and solar energy.

Additionally, landfill gas storage or battery systems can ensure renewable electricity is available when demand is highest, further improving energy resilience and stability.



## **LANDFILL GAS TECHNOLOGY & ASSOCIATED RENEWABLE FUEL IS A FUTURE MADE IN AUSTRALIA**

The Landfill gas industry is a manufacturing industry, supporting roles from apprenticeships to senior mechanical engineers.

Effective landfill gas policy will create more clean energy jobs and expand Australian green manufacturing sector, in particular for new renewable fuel industries.



## **RENEWABLE FUELS FOR THE FUTURE**

To achieve net zero, Australia will need to follow a similar path to the EU and USA and develop local renewable fuel projects. Our hard to abate industries will rely on locally made renewable fuels to decarbonise. For example, renewable gas, sustainable aviation fuel and bio-diesel will be vital for our manufacturing, transport and aviation industries.

Landfill gas is the lowest cost source of feedstock for these renewable fuel projects. With hundreds of landfill gas, renewable fuel projects operating overseas.

Effective landfill gas policy will help the industry to deliver products that provide the greatest value to the economy and the environment.



## **INNOVATION & CIRCULAR ECONOMY**

Industry has a proud history of innovation. With well-designed ACCU Scheme policy, the sector can continue to innovate for a better, more sustainable future for Australia's waste.



## **MORE REGIONAL AUSTRALIAN JOBS**

Around 40% of landfill gas sector jobs are regionally based. Effective landfill gas policy will enable the sector to continue to support regional economies.