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Dear Albert

**Re: Carbon Credits (CFI - Landfill Gas) Methodology Determination Variation 2019
Exposure Draft**

The National Waste and Recycling Industry Council (NWRIC) welcomes the opportunity to comment on the *Carbon Credits (CFI - Landfill Gas) Methodology Determination Variation 2019 Exposure Draft*.

About the NWRIC

The National Waste Recycling Industry Council (NWRIC) is the national peak body representing waste and recycling businesses. We work to improve waste and recycling services for all Australians.

Our members¹ and affiliates², service most households and businesses across every State and Territory. The NWRIC's 450 plus members range from small family-owned businesses to multi-billion-dollar global companies. They collectively own and operate nearly every private waste and recycling asset in Australia for collecting, recycling, processing and treating waste.

The NWRIC members work together and cooperatively share a vision for a fair, safe, innovative and sustainable waste and recycling industry. The NWRIC members do this by:

- transforming waste into resources for reuse or energy;
- ensuring the safe handling, disposal and treatment of non-recyclable and hazardous waste; and
- providing a safe and clean environment for the community.

¹ Australia's nine largest waste & recycling companies: Alex Fraser Group (Hanson), Cleanaway, J. J. Richards and Sons, Solo Resource Recovery, Sims Metal Management, Suez, Remondis, ResourceCo and Veolia.

² Waste Recycling Industry Association, Queensland (WRIQ), Waste Contractors and Recyclers Association of NSW (WCRA), The Victorian Waste Management Association (VWMA), Waste Recycling Industry Association of South Australia, Waste Recycling Industry Association of Western Australia (WRIWA) and the Waste Recycling Industry Northern Territory, WRINT.

www.nwric.com.au

The NWRICs' Response

1. Dis-incentivisation of the generation of renewable energy / inequitable allocation of ACCUs

Under the proposed changes to the methodology, projects which transition from flaring to electricity generation will only be eligible for credits for one additional year.

Firstly, from an environmental perspective the combustion of landfill gas through electricity generation or flares is identical, therefore in the determination, generating ACCUs from the combustion of flares or engines should be treated equally.

Secondly, this change will dis-incentivise the transition to generating renewable electricity from landfill gas flares.

Combustion through flares or engines should be treated equally in the determination of generating ACCUs.

2. Requirements for upgrades not appropriate.

The NWRIC does not agree there should be a requirement to introduce additional combustion devices when upgrading a facility with new wells.

- Many existing combustion devices have the capacity to take on additional gas from new wells or can have their capacity increased. Therefore, it is incorrect to assume that when new wells are installed to capture more gas that a new combustion device must be installed. When there isn't enough capacity a new combustion device will be installed.

New wells alone can be considered upgrades.

2. Flaring and electricity generation are both combustion of landfill gas.

The purpose of the ERF is to purchase the lowest cost carbon abatement in the economy above regulatory baselines.

- From an environmental perspective, the combustion of methane in a flare or an engine is identical. Therefore, it makes no sense to treat them differently in the regulation.

- The only difference between the two types of combustion devices is that an engine has the potential to generate revenue, if significant capital is available to install the engines and generators to connect to the grid.
- However, the revenue generated from the sale of electricity is not enough to maximise the capture of landfill gas and maintain the gas capture infrastructure.
- Relying on future energy prices is highly uncertain, and energy prices remain low. This uncertainty in revenue stream reduces the ability of these facilities to maintain gas capture infrastructure, potentially reducing the ability to capture future gas volumes.

Existing landfill gas electricity generation projects should also be allowed to generate ACCUs beyond the current 7-year contract expiry as proposed for flaring projects.

3. 'Average' not 'highest' historical baselines should be used & data not required

Crediting biogenic gas oxidation (as combustion) based on a highest historical trend point is neither rational nor fair.

- The production of landfill gas varies dependent on several factors, including climatic variation (e.g. rainfall) and waste input and type.
- Choosing the 'highest' proportion of the methane collected over the previous four years rather than the 'average' proportion does not reflect or incentivise pursuing best practices, as the highest previous landfill gas values may have been caused by unseasonal positive factors.
- Choosing the highest amount will create little or no incentive for landfill gas operators to install wells beyond regulatory baselines.

Finally, the method now requires four years of data, and any additional data available. The NWRIC submits that four years of data is sufficient and further data is not necessary or useful.

The use of historical data should reflect the 'average' not the 'highest' amount and historical data beyond four years is not required nor useful to establish baselines.

4. Harmonisation in the duration of crediting periods to 12 years.

The NWRIC notes that potentially four different crediting periods can now apply to landfill gas projects under the ERF:

1. Seven years (new engine),
2. Nine years (new engine and flares),

3. Twelve years (new flares only),
4. And the 'completion of the first financial year' (existing project transitioning from flaring gas to generating energy).

Industry notes that, s225a (4) of the *CFI Act* requires the ERAC complete a crediting period extension review before the first point in time when an eligible offsets project (covered by the determination) starts the last 12 months of its final credit period. Thus, it would create administrative efficiency to harmonise all crediting periods to 12 years.

Finally, the NWRIC believes that on legacy sites, where gas volumes are insufficient to maintain engines, credits should be given to projects transitioning to flares, as flaring historical gas is identical (in environmental terms) to flaring new gas.

Industry believe that, for the purpose of administrative simplicity, all contract periods should be harmonised to 12 years and that flaring historical and new gas should be treated equally.

For further information, please contact NWRIC Secretary Alex Serpo in the first instance on secretariat@nwrlic.com.au or call 0417 932 303.

Yours sincerely,



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