Improved Avoided Clearing of Native Regrowth method proposal

Q&As

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Project eligibility

Q: Why has the definition of clearing changed?

A: The relevant wording has changed from clearing events to comprehensive clearing with the additional requirements of how clearing is defined (refer below). The addition of scale has been included to address the additionality risk of having partially cleared or harvested areas included within the carbon estimation area. This inclusion will also provide a clear, standardised and measurable way to interpret the definition.

Clearing event	Comprehensively cleared
The removal of forest cover from land through the destruction of trees or saplings, or both, by mechanical or chemical means, whether or not accompanied by use of fire.	The comprehensive removal of trees by mechanical or chemical means from at least 90% of the land, defined at [100 or 625] m^2 scale, other than small trees (i.e. less than ~5 cm diameter at breast height) that survive the clearing event by virtue of their size.

Q: Will clearing associated with fodder harvesting or thinning be eligible clearing?

A: No, a comprehensive clearing event (defined as 'the comprehensive removal of trees by mechanical or chemical means from at least 90% of the land, as defined at 100 or 625 m2 scale, other than small trees (i.e. less than ~5cm diameter at breast height) that survive the clearing event by virtue of their size) will be required as part of the eligibility criteria for the proposed method. The definition will expressly exclude partial clearing or harvesting events such as thinning or fodder harvesting as eligible clearing events, to reduce the risks of inclusion of land that is likely to have been allowed to regenerate due to regulatory requirements or to replenish drought feed reserves for stock.

Q: Why is it proposed that land with a slope of greater than 10% be excluded from eligibility?

A: This measure is intended to reduce the risk of land that is not likely to be re-cleared being included in the project. Highly sloping land is more subject to degradation through erosion, and therefore less likely to be re-cleared.

We would be happy to hear views on other ways that high-risk land can be defined, particularly where the parameters are based on biogeographic markers that can be assessed with publicly available data, as is the case with slope.

Q: Will I be eligible if I have cleared native vegetation within 7 years of project registration and also cleared within the 8-25 year eligibility period?

A: No, you must meet all of the land eligibility criteria. The criteria preventing clearing in the years prior to project registration has been informed by s20AA(1)(e) of the Carbon Credits (Carbon Farming Initiative) Rule 2015 (the Rule). This requirement has been designed to ensure landholders do not clear regenerating forest for the purpose of becoming eligible for the IACNR method.

Eligible land is defined as lands that have not been cleared of native vegetation within 7 years of the date of the application for project registration. In the Rule, the exception to this criterion is if there has been a change of land ownership, in which case this requirement changes to within 5 years of registration. It is not proposed to have this exception apply to this method, as a further measure to ensure integrity.

Q: What evidence do I need to provide to demonstrate I meet the eligibility criteria? In particular, what evidence do I need to demonstrate clearing history?

A: For the proposed IACNR method, land must be native forest at project registration and evidence will also be required that it had been comprehensively cleared at some time between 8 and 25 years ago. This evidence could

be supported by farm records but is likely to primarily rely on both satellite imagery and aerial photography, together with derived products estimating woody cover or detecting and mapping clearing. Suitable imagery and derived products are available for the whole of Australia back to the turn of the century, although the density and quality of this time-series is lower for the 2000-2014 period than for more recent years.

Eligibility for an integrated method, which will include activities on areas that are not currently forest, will also require evidence that the land is likely to have been forest, which may include mapping of pre-clearing/pre-European vegetation types.

If evidence is difficult to obtain for multiple clearing events, proponents will be able to us a default 15-year cycle option.

Q: Do I need to register a project over the whole of my property?

A: No. This method is more suited to integration into an on-going agricultural operation, where eligible areas of a property are selected as suits the landholder. The option for an integrated method, combining avoided clearing, assisted regeneration and planting options, is also suited to an approach of integrating a range of carbon farming activities into an on-going enterprise.

Project areas and ongoing primary industries

Q. What are the limitations of land use once a project area is established? Will I be able to undertake activities such as grazing?

A: Grazing will be an option within project areas so long as it does not impact carbon sequestration outcomes. Grazing restrictions would be applied under the integrated method option for areas where plantings have been undertaken, while they establish. Grazing restrictions may also be useful in natural regeneration areas, but the proponent will be responsible how they manage grazing to deliver forest cover.

Q: Will I be able to undertake vegetation thinning activities in the project area?

A: Existing and recently expired vegetation methods have allowed for thinning of vegetation for ecological purposes, if the thinning does not reduce forest cover and the thinning event is factored into carbon abatement modelling or measurements, to ensure no over-crediting occurs. Similar provisions will be considered for this method.

Q: Will I be able to harvest trees for timber production in the project area?

A: To ensure that carbon abatement calculations can be kept simple, keeping the costs, complexity and assumptions of the method to a minimum, harvesting of trees for timber production will not be an eligible activity under the IACNR or integrated method option.

Several options exist within the ACCU Scheme for timber harvesting, and other method proposals under the Proponent-led Method Development Process focus on this activity and were assessed positively by the Emissions Reduction Assurance Committee.

Other methods allow or have allowed for limited amounts of timber to be removed from the project area for personal use, for instance for firewood or fencing. This will also be considered during the development of this method.

Crediting and reporting

Q: What is the crediting period for the method?

A: 25 years, as for all sequestration methods within the ACCU Scheme. However, under the proposed compressed crediting model, which is an option for projects with 100-year permanence, credits would be allocated in the first 10 or 11 years of the project.

Q. Calculating total net abatement using approach B, results in 5% of ACCUs being held back until year 11 of the project. How was 5% determined to be sufficient to manage risks?

A: The choice of 5% for this buffer aligns with the scheme-wide risk of reversal buffer, which serves a similar purpose. The paired requirements for forest cover to be present at project commencement, and for 100-year permanence to be selected for crediting approach B to apply, make the risk of forest cover loss unlikely.

Q. What are the minimum and maximum reporting periods?

A: Project reporting requirements are determined by the Clean Energy Regulator – details can be found here - Project reporting and audits | Clean Energy Regulator

For sequestration projects, such as this proposal, you must report at least every 5 years.

Forest and forest cover

Q: Why have the definitions of forest and forest cover changed?

A: The definitions of forest and forest cover under the ACCU scheme are well established and will not actually change under the proposed method. However, their application in the proposed method is somewhat different to the previous ACNR method.

The definition of native forest cover eligible for avoided clearing projects has been amended to exclude plantings. This has been done to reduce the risk of crediting pre-existing forested areas that are at low risk of being cleared. If an integrated method is developed, this narrow version of native forest cover will be applied to eligibility for avoided clearing only. Planting will be a viable way to achieve native forest cover.

Similarly, the scale at which 'forest' areas are defined in the method will be amended from 0.2ha in the existing ACNR method to a $100m^2$ or $625m^2$ scale in the IACNR proposal. The benefit of this approach is greater accuracy in calculating the extent of regenerating forest when estimating abatement.

The remainder of the definition remains unchanged.

Forest means land defined at $100m^2$ or $625m^2$ scale on which trees (a) have attained, or have the potential to attain, a crown cover of at least 20% across the area of land; and (b) have reached, or have the potential to reach, a height of at least 2m.

Native forest cover means *land dominated by trees that: (i) are located within their natural range; (ii) have not been planted; (iii) have attained a crown cover of at least 20% of the area of land, when defined at [100 or 625] m^2 scale; and (iv) have reached a height*

Modelling

Q: Given that baseline carbon stocks for 100-year permanence period projects will be calculated once only (using Approach B), at project commencement, and based on average climate conditions, how will the risk of over crediting be managed?

A: Abatement calculations based on average climatic conditions will be conservative for 100-year permanence projects because 25-30% of the total abatement over 100 years would be expected to occur after the crediting period.

Other conservativeness measures, such as not including anticipated increases in soil organic carbon in abatement calculations and setting baselines that do not factor in likely declines in natural regeneration overtime also mitigate any risks of over-crediting.

Q: Why has the modelling of natural disturbance effects changed from the previous ACNR method, and why do they differ between permanence periods?

A: The existing ACNR method includes natural disturbance effects in the project scenario modelling but excludes it from baseline data. This does not acknowledge the likelihood of natural disturbances occurring regardless of the proponent retaining vegetation on their property, and is appropriately conservative, especially for projects with shorter permanence.

The proposed IACNR method captures natural disturbance effects differently depending on the permanence period selected. For 50-year permanence periods, natural disturbance effects are to be included in both the baseline and project scenarios as and when they occur. The retention of the secondary forests should not materially alter the risk of disturbances and therefore their effects should be captured in both baseline and project scenario.

For projects with 100-year permanence periods, it is proposed that natural disturbances be excluded from both the baseline and project scenarios. By having a long permanence period, it is expected that any reductions in biomass carbon stocks associated with natural disturbances are likely to be replenished over the permanence period. If the natural disturbance is a wildfire, the associated CH4 and N2O emissions are likely to be relatively small compared to the total sequestration generated by the projects.

These changes are justified by the longer permanence periods proposed under the proposed IACNR method and will help incentivise the uptake of longer permanence periods.

Q: Why has the use of models other than FullCAM not been considered in your proposal?

A: FullCAM is the model used for Australia's National Greenhouse Gas Inventory (NGGI) and is widely used in the ACCU scheme. No other models offer similar levels of support and familiarity to participants in the ACCU scheme, or consistency with the NGGI.

Permanence period

Q: Why is there a minimum 50-year permanence period?

A: With the proposed changes to eligibility in relation to clearing history, a 25-year permanence period may not deliver any additional abatement. For instance, if the usual clearing cycle was 25 years or close to this, then a 25-year permanence period does not lead to any material change from a business-as-usual scenario.

An additional benefit of this requirement is that credits issued from this method are likely to be viewed favourably in the market, due to a higher level of permanence when compared to credits coming from projects with a 25-year permanence period.

Q: Will a minimum 50-year permanence period be a barrier to uptake of this method?

A: We recognise that undertaking decisions that have implications for 25, 50 or 100 years is difficult, and has a multi-generational impact for landholders. However, we do anticipate benefits associated with the necessity of a longer permanence period in this method. These include the production of ACCUs that are not subject to on-going debates about the integrity of abatement in projects with short permanence periods. ACCUs from projects with 50-year permanence will be more aligned to international norms and likely trends in how permanence is considered by the market. This should give project proponents confidence that the ACCUs they generate will remain attractive to buyers into the future.

Given that the method is designed to be used in a considered fashion within an on-going agricultural operation, should not significantly inhibit on-going grazing, and can lead to other natural capital benefits in land condition, it is anticipated that a 50-year permanence period will not present an insurmountable barrier over and above a 25-year permanence period.

Q. How do I prepare my project to meet requirements for long permanence periods?

A: There are requirements for meeting permanence period obligations, including submitting a permanence plan at the time of application and when reporting.

More information can be found here:https://cer.gov.au/schemes/australian-carbon-credit-unit-scheme/how-to-participate/permanence-obligations

Compressed Crediting for 100-year permanence projects

Q: What is the rationale for the compressed crediting proposal for projects with a 100-year permanence period?

A: Where projects select a 100-year permanence period and use approach B to measure total abatement, crediting is allocated over the first 10 years. Frontloading crediting in 100-year IACNR projects will incentivise more uptake of the longer permanence period. It is justified because the risks associated with 100-year IACNR projects are commensurately lower, with high confidence the abatement will be additional and not over-estimated, and higher confidence that the abatement will be permanent. This approach also aligns with the recommendations of the Report of the Expert Panel Examining Additional Sources of Low Cost Abatement (King Review).

There is some evidence of the effectiveness of financial incentives in gaining commitments to 100-year permanence obligations through the Queensland Government's Land Restoration Fund (LRF) program. While only approximately 24% of current projects registered under the ERF have 100-year permanence obligations, approximately 41% of LRF-contracted projects are committed to 100-year permanence. The LRF signals a preference for 100-year permanence in its investment rounds and provides front-loading of financial incentives in its contract structure.

Q: Will the proposed compressed crediting for projects with a 100-year permanence period (Approach B) mean that proponents will be issued ACCUs before the sequestration occurs?

A: Yes. A similar approach to Approach B is used to calculate the net abatement amount for ex-plantation (Schedule 4) projects under the Carbon Credits (Carbon Farming Initiative—Plantation Forestry) Methodology Determination 2022 (Plantation Method). There are three main differences.

1. For ex-plantation projects, credits are allocated over a 15-year period, based on the difference between the net project carbon stocks at the end of the crediting period and the baseline carbon stocks at the end of the crediting period. Approach B allocates credits over 10-years, unless proponents opt for direct measurement, in which case 5% of the credits will be held back until year 11 pending the outcomes of the third measurement inventory.
2. For ex-plantation projects, the net abatement amount is calculated using the net project carbon stocks at the end of the crediting period (NB: growth caps are applied to different plantation types to account for uncertainty in relevant FullCAM plantation calibrations). Under Approach B, the proposal is to use net project carbon stocks at the end of the 25th year after the first baseline clearing event. One benefit of Approach B is it means total net abatement of a project is not contingent on the age of the regrowth when the project commences.
3. For ex-plantation projects, the net abatement amount is calculated using the baseline carbon stock at the end of the crediting period. Approach B uses the long-term average net baseline carbon stocks, the same as conversion (Schedule 2) and continuing (Schedule 3) plantation projects under the Plantation Method. The use of baseline carbon stocks at the end of the crediting period for IACNR projects is inappropriate as it would result in peculiar outcomes and incentivise gaming behaviours by making the total net abatement of a project contingent on the age of the regrowth at the end of the crediting period in the baseline scenario.

Q: Is the compressed crediting proposal an integrity risk? If not, why not? If so, how will this risk be managed?

A: Risks associated with compressed crediting are considered acceptable due to the following factors:

- Over a 100-year permanence period, the risks of reversal will be low, as sufficient time is available for regeneration to occur after any reversal events
- Conservativeness measures in the method further reduce the likelihood of over-crediting, including the significant abatement likely to occur in 100-year projects after the crediting period has elapsed.

Measurement

Q: Options for two scales have been provided to select land that meets the eligibility criteria, 10m x 10m (100m^2) or 25m x 25m (625m^2) cells (or pixels). Which will be chosen?

A: The scale to be used for forest cover assessment will be set at one of the scale options put forward in the proposal (either 10 x 10m or 25 x 25m scale). This selection will be determined through consultation during method development, We are interested to understand views on the benefits and issues associated with each option.

Q: The direct measurement approach to calculate carbon stocks allows the maximum biomass layer in FullCAM to be adjusted, based on the age of the regrowth on the date of the inventory.

Does this mean that areas showing faster or slower regrowth rates compared to the model will end up with a different M value? What is the benefit of this approach?

A: Projects will have the option of using direct measurement of tree density and sizes to adjust the parameter values used in FullCAM modelling to estimate the carbon stocks in biomass and debris. This is proposed to be done by altering M, the value representing site-specific above-ground biomass potential. Alteration will be restricted to a specified range (up to 25%). This will make the model more closely align with on-ground biomass measurement and will therefore increase confidence in the level of abatement occurring. While it may lead to increased crediting where measurements show that FullCAM would underestimate abatement it will also incur additional costs for measurement in years 5 and 10 of the project. A measurement protocol will be published with the method.

Integrated Reforestation and Avoided Re-clearing option

Q: Under the integrated proposal, will all lands need to have been cleared for agriculture, or will plantings and/or assisted regeneration areas not need to demonstrate this?

A: The integrated method will require all lands to have been comprehensively cleared for agriculture. This requirement is critical to the assumptions made about the project's baseline.

Q: Will I be able to undertake both plantings and assisted natural regeneration within single Carbon Estimation Areas (CEAs) under the integrated method proposal?

A: Yes, if pursued, the integrated option will seek to allow a mix of these activities in a single CEA, to streamline the design and operation of projects.