Guidance Note 7.2 : Carbon Farming Initiative (CFI) Methodologies

This Guidance Note should be read in conjunction with Guidance Note 7.1: Oil Mallee Carbon Abatement Projects

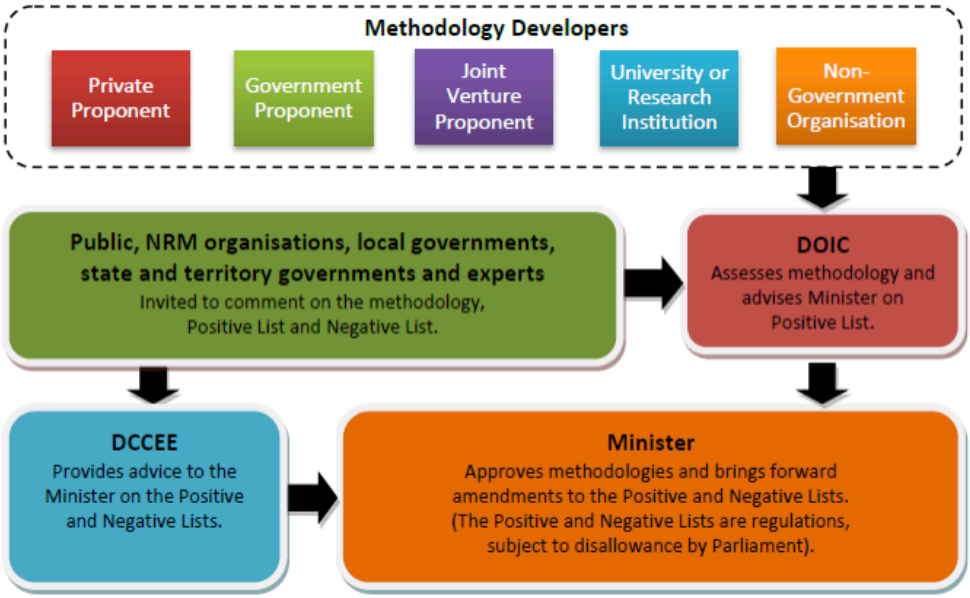
What are CFI methodologies?

- CFI offsets project methodologies establish procedures for estimating carbon sequestration (or emissions reductions) and project-specific rules for monitoring, record keeping and reporting on carbon sequestration/abatement.
- Approved methodologies are published on the Department of Climate Change and Energy Efficiency (DCCEE) website: www.climatechange.gov.au/government/initiatives/carbon-farming-initiative.aspx
- At the time of writing a CFI methodology for Oil Mallee plantings is not yet available. There is an approved methodology for mixed environmental plantings (refer to CFI website). The Future Farm CRC, DEC and OMA are currently working on a methodology for Oil Mallee carbon plantings which also allows for harvesting of the trees.

Approved methodologies can be used by any CFI project proponent where nominated Once published on the DCCEE website, anyone can see or use an approved methodology.In accordance with Part 9 of the Carbon Credits (Carbon Farming Initiative) Act 2011 (the CFI Act), offsets methodologies are legislative instruments issued as determinations by the Minister for Climate Change and Energy Efficiency (the Minister).

Who can submit a methodology?

- Methodologies can be developed by individuals, companies, organisations or government agencies.



Disclaimer:

This Guidance Note does not constitute a legal or statutory document. Nor does it purport to provide any legal or financial advice. It is not exhaustive and is intended as general guidance only. Users should consult the more detailed disclaimer in the Oil Mallee code of Practice, which also applies to this Guidance Note.

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CFI Methodologies must contain:

- a description of the abatement activities, GHGs, and sources and sinks affected by a project;
- procedures for determining the baseline GHG emissions and storage for the project against which project abatement will be estimated;
- procedures for identifying any GHG effects of the project outside of its boundary; and
- procedures for measuring and monitoring project emissions (including record keeping provisions).

CFI Methodologies must also comply with the following CFI offsets integrity standards

- Additionality – the project activity must go beyond what is already 'common practice'. The 'common practice' test is intended to provide a streamlined way of identifying activities that would not normally have occurred in the absence of this scheme and are therefore genuinely additional. The determination is made by the Minister. Note that common practice is not defined in the legislation. This is to allow for the application of expert judgement as to what constitutes common practice in different environments and industry circumstances. Consultation with stakeholders on approaches for identifying common practice by the DCCEE is apparently ongoing.
- Measurable and verifiable – sequestration/abatement estimates must be measurable and capable of being verified
- Leakage – the sequestration/abatement is not offset due to increases in emissions elsewhere as a result of the project. For example, if your trees are harvested and burnt elsewhere, that could potentially be carbon leakage.
- Internationally consistent – to meet internationally recognised accounting standards.
- Supported by peer-reviewed science – to ensure that the carbon credits have scientific credibility
- Accounting for cyclical variability - estimation methods must account for significant variations in carbon stocks that are likely to occur as a result of climatic cycles
- Permanence - Carbon offsets created under the CFI must constitute permanent reductions in GHG emissions. Sequestration is generally regarded as permanent if it is maintained on a net basis for 100 years. Sequestration applies to designated land parcels; within which individual trees can potentially be replaced (through natural regeneration or replanting) if they don't survive for 100 years. In this way, a dynamic forest can still potentially constitute a carbon sink under the CFI rules.

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Developing new CFI methodologies

The process by which CFI project proponents can develop new CFI methodologies is summarised as follows:

1. The proponent prepares a new methodology including:
    - the purpose and scope of the methodology
    - details of how to implement the methodology
    - supporting evidence that the methodology satisfies the CFI offsets integrity standards
    - where the methodology is similar to an existing approved CFI methodology, the differences should be clearly described.
2. the proponent submits the proposed methodology to the DOIC for review and endorsement.
3. The DOIC considers the application, and may request further information or changes from the proponent. Once satisfactory the proposed methodology is then published on the on the DCCEE website for public review. Public submissions on the proposal are invited for a period of at least 40 days.
4. The DOIC considers the public submissions, and may also consider any further information provided by the proponent.
5. The proponent responds to any issues raised in the DOIC assessment and submits an amended methodology. The DOIC can either:
    - endorse the proposed methodology and provide this advice to the Minister; or
    - reject the proposed methodology, and provide reasons to the proponent for this decision.
6. If the proposed methodology receives DOIC endorsement, the Minister can either:
    - approve the proposed methodology, and publish a methodology determination on the Federal Register of Legislative Instruments; or
    - reject the proposed methodology, and provide reasons to the proponent for this decision.

For additional information on developing new CFI methodologies refer to the DCCEE website.