

What's Happening in Carbon Farming?

Keeping you up-to-date with Royalties for Regions carbon farming projects across WA



Understanding the transition from CFI to ERF

From July 1, 2015, the Carbon Farming Initiative (CFI) will transform into the Emissions Reduction Fund (ERF), which means there will be some changes.

The ERF has been changed to increase emission reduction opportunities in other sectors including land, waste, energy efficiency and large facilities.

EXISTING CFI PROJECTS

If you already have a project registered under the CFI the changes will be minimal and you will not need to re-register. You will still be recognised as a **fit and proper person** but you will no longer require **recognised offsets entity** status. The CFI methodology which approved your project can remain the same or change when a new method is released under the ERF.

TWENTY-FIVE-YEAR OBLIGATION

A key change in the ERF of interest to WA farmers is the introduction of a 25-year permanence obligation option - a major reduction from the previous 100-year obligation. This is available to CFI and ERF projects, but will incur a 20 per cent reduction in Australian Carbon Credit Units (ACCUs) attributed to the project.

ESTABLISHED TREES - CHANGE IN ELIGIBILITY

Until June 30, trees planted after July 2007 may still be eligible to participate in the CFI, but after June 30 these projects will not be eligible. Under the ERF all projects will

need to involve new plantings. These tree planting projects must comply with a relevant CFI methodology.

To participate, an expression of interest will need to be lodged with the **Clean Energy Regulator (CER)** prior to June 30.

NEW AUCTION PROCESS

The first auction will be held from April 15-16. If you wish to participate in the auction process your project will need to be qualified by the **CER**, 20 days prior to the auction and registered at least five days prior to auction.

The other mechanism for selling ACCUs will be within an evolving secondary market. To participate in this market, projects must be registered with the CER. ACCUs will be claimed against the carbon sequestered or emission avoided. These ACCUs can then be sold into an auction or a secondary market.

LEGAL OBLIGATIONS

As with the CFI, the ERF has legal obligations, so before preparing your ERF project, it would pay to get legal advice on the contract and look into the whole process further.

A good place to start is <http://www.cleanenergyregulator.gov.au/Pages/default.aspx>.

► For more information, please contact Wheatbelt NRM project manager - sustainable agriculture, Jo Wheeler at jwheeler@wheatbeltnem.org.au.

Major changes from CFI TO ERF

REQUIREMENTS	CFI	ERF
Crediting period (apply for ACCUs)	New crediting period from July 1, 2015.	<ul style="list-style-type: none"> • 7 years for emission reduction • 25 years for sequestration projects • No changes for avoided deforestation or savannah burning projects
Eligible project with approved methodology (name change to method in ERF)	Yes	CFI registered projects automatically eligible
Reporting periods	As registered, or can change if new method applied	<ul style="list-style-type: none"> • As frequent as every six months or: • Every two years for emissions avoidance projects (instead of every five) • Every five years for sequestration projects
Participate in the auction	CFI registered projects are automatically eligible	<ul style="list-style-type: none"> • New projects must be eligible and qualify for auction • Offer to enter into Carbon Abatement contract • Prepare ACCU delivery schedule • Register for auction • Successfully bid in auction
Permanence obligations	100-year obligation to maintain carbon levels	Sequestration projects can choose to maintain carbon rates for either 100 years or change to 25 years, with number of ACCUs reduced by 20 per cent.
Auditing requirements	Due every reporting period	Majority of projects will only need three audits - based on the tonnage of carbon dioxide equivalent the project will produce.
Carbon sequestration right	Held over land where project is run	Show permission from landowner to run project and receive ACCUs



Department of Agriculture and Food



ROYALTIES FOR REGIONS