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Submission via online portal

12 June 2025

Dear Mr Fredericks

**Re: Exposure Draft of the Carbon Credits (Carbon Farming Initiative – Reducing Methane Emissions from Landfill Gas) Methodology Determination 2025**

Thank you for the opportunity to provide feedback to the Emissions Reduction Assurance Committee (ERAC) on the Exposure Draft of the Carbon Credits (Carbon Farming Initiative – Reducing Methane Emissions from Landfill Gas) Methodology Determination 2025 *("New Method").* and its draft Explanatory Statement. The New Method addresses recommendation 10 of the Independent Review of Australian Carbon Credit Units (Chubb Review) for adjustments to the crediting period to be complemented by a review and adjustment of the project's baseline, the objects of the *Carbon Credits (Carbon Farming Initiative) Act 2011* (CFI Act), and proposes to continue support for emissions reduction activities included in the Carbon Credits (Carbon Farming Initiative – Landfill Gas) Methodology Determination 2015 that expired on 31 March 2025 .

The Waste Management and Resource Recovery Association of Australia (WMRR) is the national peak body representing Australia's $21 billion waste and resource recovery (WARR) industry. With more than 2,300 members from nearly 400 entities nationwide, we represent the breadth and depth of the sector, including representation from business organisations, the three (3) tiers of government, universities, and Non-Government Organisations (NGOs), including research bodies. Our members are involved in a range of important WARR activities within the Australian economy, including infrastructure investment and operations, collection, manufacturing of valuable secondary raw products from resource recovery, energy recovery as well as community engagement and education.

WMRR advocates that all levels of government must apply a systems lens and consider WARR as integral within the context of broader supply chains and material flows, and as a key player in the delivery of industry, regulatory and policy outcomes such as enhancing economic growth, decarbonisation, climate resilience and cost of living. Our fierce advocation of the waste management hierarchy emphasises the avoidance of landfilling wherever possible, the necessity of regulated sustainable design, extended producer responsibility (EPR) and the provision of clear regulatory, infrastructure and policy pathways for the use of secondary raw materials as 'standard practice', in order to keep valuable materials in circulation at their highest and best use for longer.

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WMRR acknowledges the important role that the Australian Carbon Credit Units (ACCU) Scheme ("the Scheme") has played in reducing the WARR sector's carbon emissions by assisting abatement projects become economically viable. The Landfill Gas (LFG) Method has played a significant role in promoting the capture and combustion of LFG, reducing the carbon footprint of existing landfills by incentivising more extensive gas capture in those instances where landfill cannot be avoided. WMRR concedes that it is likely that in the absence of ACCU incentives, business as usual (BAU) methane capture would decline at landfills. WMRR's continued support for the LFG Method is underscored by the need to incentivise additional abatement at a critical time for meeting emission reduction targets.

WMRR believes that the New Method meets the Offsets Integrity Standards (OIS) and has been well considered to reinforce the Scheme's policy intent of incentivising additional carbon capture methodologies that would not otherwise be implemented but for the Scheme. WMRR is confident that the New Method reforms have adequately addressed potential loopholes that could enable proponents to be credited for landfill gas methodologies that offer no additional abatement or which can already be separately incentivised for action via separate schemes (i.e.: such as Safeguard Mechanism, Renewable Energy Certificates). WMRR is supportive of the regulatory baselines superseding the default baselines, however we recommend that the New Method is amended to reference the latest and best scientific evidence on flux rates where applicable. We have included our commentary on this proposed amendment in response to Question 2 of the Consultation Questions, which are provided at Annexure A.

From WMRR's perspective, it is crucial that ACCU methods do not displace the waste and resource recovery hierarchy by making landfilling more palatable than alternatives that avoid and reduce the creation of waste. WMRR notes that a 12-year crediting period has been applied under the New Method – five (5) years longer than that currently in place for the *Alternative Waste Treatment (AWT) Method*. Given the overarching policy goals of Net Zero Emissions and the National Waste Policy Action Plan target of reducing waste to landfill via 80% resource recovery targets by 2030 – it seems incongruous that the carbon abatement method for landfilling activities enjoys a longer crediting period than those which promote the avoidance of waste.

WMRR is particularly supportive of the approach of the New Method to differentiate default baselines so as to encourage increased participation in the Scheme, in particular through:

- including small and regional landfills and applying a 0% default baseline to promote new participation, whilst acknowledging their higher costs and lower gas flows. WMRR appreciates that this reform has given consideration to supporting investment certainty alongside additionality to accommodate the unique economic outlook for these facilities. Smaller regional landfills are often not subject to regulatory requirements to address emissions under business as usual.
- recognising that flaring-only projects have fewer revenue streams; thus, are treated more conservatively with a lower baseline than electricity generating projects.
- setting Electricity generation projects with higher baseline expectations due to historical performance and financial advantages (LGCs, electricity sales) already in place.
- enabling most upgraded landfill gas projects in Australia to retain their baselines under their current method before revoking and commencing a new crediting term under the New Method. It is anticipated that proponents will be switching projects to the New Method close to the expiry of their current crediting periods and then commence the New Method for the remainer outstanding of the New Method's 12-year term. The biggest impact will be on older, large facilities (with low baselines). WMRR understands from the supplementary material provided that most landfill gas ACCUs are issued to 51

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projects that started before CFI Act came into force in December 2011, and their low baselines (0-24%) have been "grandfathered" as these projects transitioned between schemes and methods. As Table 1 in the supplementary material highlights, these projects received 3.58Mn ACCUs in 2023-24 (<76% of the total landfill gas units), with 47 of these projects ending their crediting period in March 2026. These grandfathered baselines do not appropriately represent what would happen in the absence of the Scheme. However, landfills are long term facilities which can continue capture post closure. Whilst the integrity risk from these projects could be addressed by letting them expire, reforms allowing optional transition with adjusted baselines to extend crediting should encourage carbon abatement efforts while maintaining integrity.

- including provisions for the baseline of the transitioned upgrade project to remain and not be required to increase by 0.5% over time if it remains higher than what the default factor would have been. It would not be appropriate to revise down existing baselines for any projects where projects have made a commercial decision to commence a project at a higher baseline, as it cannot be justified that a lower baseline should be applied and all abatement from their project is 'additional'.
- including provisions for state regulations requiring more capture to override the New Method's default baselines and not enabling ACCUs for reduction of already covered emissions from Safeguard Landfills. This ensures that the method benefits only carbon abatement that is unlikely to occur otherwise. As aforementioned, WMRR proposes that the Methane Flux Regulatory Settings are amended, particularly those used to derive the permitted methane flux rate in the 'regulatory baseline factor'—to use the latest scientific evidence previously identified by the Department.

WMRR notes that the intended timelines for delivering the revised Landfill Gas Method have passed, with consultation on the method being undertaken over 12 months ago and continuous engagement undertaken with the Technical Working Group. Ongoing delays may impact investment decisions and future project uptake. WMRR's view is that the NSW Method should progress to finalisation (instead of further consultation) in so far as possible. WMRR encourages the swift implementation of the New Method, noting that the ACCU Scheme continues to be a cornerstone of Australia's climate policy, enabling the landfill gas sector to remain incentivised and viable.

WMRR's responses to the consultation questions can be found at **Annexure A**. Please contact the undersigned if you wish to further discuss WMRR's submission.

Yours sincerely

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**Annexure A**

**Responses to the Consultation Questions**:

| Consultation Question | WMRR Response |
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| Offsets Integrity Standards.<br>1. What are your views on the different approaches for different types of projects? The ERAC welcomes views on the different:<br>a. proposed baseline factors (s49, 50, 51)<br>b. crediting periods, (s29) and<br>c. provisions in lieu of newness for the different types of projects (s24, 25, 26, 27 | WMRR supports the proposed baseline factors and concurs that they strengthen integrity and support investment in the scheme. The use of the baseline factor being the higher of the default, regulatory or upgrade factor concurs with the need for the scheme to remain conservative in line with the OIS whilst being evidence based to support measurable and verifiable eligible carbon abatement.<br><br>WMRR welcomes the 12-year crediting period - it is widely acknowledged that crediting periods have a direct influence on methane capture levels achieved, with investment frequently reducing or ceasing in the final few years of a crediting period as businesses cannot achieve a return over a short time frame. As per WMRR's comments in its cover letter, it is important that the landfill diversion methods like AWT get at least a consistent extension in parallel to the LFG Method. Currently, the AWT method crediting period is seven (7) years – despite the fact that these facilities warrant significant investment for both capital and operating costs, and we support an increase of all method crediting periods to align.<br><br>WMRR supports the provisions in lieu of newness for different types of projects, noting these are based on demonstrating commitment to increase and improve capture. |
| 2. The exposure draft provides that the regulatory baseline factor must be used if it is higher than the default baseline factor.<br>One of the options for determining the regulatory baseline factor is by using regulatory guidelines for the landfill (Schedule 1, part 2). Are there any concerns with the approach set out in Schedule 1, part 2? | WMRR's key concern is with the outdated data sets used. To meet the OIS requirement that the method be supported by clear and convincing evidence it is imperative that the latest and best scientific evidence on Methane Flux Regulatory Settings be used.<br><br>The current numbers in the drafting are outdated (based on data over a decade old) and have been superseded by more recent scientific evidence. Work by Hettiarachchi (2023) in the lab and Abichou (2023) in field-based studies show that whole of site monitoring techniques have improved when compared to flux box sampling used in the older data sets. This research was previously cited by the Department in the May 2024 Options Paper. These improvements in the quantification of emissions should be reflected in the New Method. |

| Consultation Question | WMRR Response |
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| | Otherwise, there are concerns that the proposed settings in the Exposure Draft for calculating methane flux regulatory levels could unfairly result in overly high baselines for some methane abatement projects. This can be addressed by updating the conversion parameters to use the latest scientific evidence previously identified by the Department. |
| 3. Are there any concerns that the Exposure Draft does not provide separate circumstances for "restarting biomethane conversion and displacement project". | WMRR acknowledges the complexity of this project type and agrees with the conservative approach to leave out an explicit provision for restarting these in the New Method. This is in line with the policy intent of ERAC to not enable the Scheme to add another layer of incentives on top of existing incentives (like renewable energy certificates) which should promote improved carbon abatement efforts already. |
| 4. Are there any concerns with how the settings for projects at Safeguard Mechanism facilities have been implemented in the Exposure Draft? (Part 4 Division 2 and Division 3) | WMRR supports the settings for projects at Safeguard Mechanism facilities in the Exposure Draft, noting the key change in the New Method of there being no ACCUs generated for reduced covered emissions from Safeguard landfills. The Safeguard Mechanism is a cap-and-trade system that *requires* facilities emitting over 100,000 tonnes of CO2e annually to manage their emissions. It does not create obligations to carry out any landfill gas capture and only emissions from waste deposited after 1 July 2016 are covered by the mechanism. Landfill facilities are currently not eligible to receive Safeguard Mechanism Credits. However, landfill gas projects (which capture and combust methane) can generate ACCUs, which can be used by other facilities in the Safeguard Mechanism to meet their obligations.<br><br>Given that the Safeguard Mechanism commenced in 2016, it is reasonable to expect that Safeguard facilities have already invested accordingly to promote reduced emissions within their day-to-day operations, and WMRR refers to the principles of additionality and policy intent of the Scheme to promote increased methane capture beyond BAU operations. Further, WMRR reiterates its position as fierce advocates of the waste and resource recovery hierarchy through which all levels of government apply a systems lens to materials use and management with a preference for avoiding the creation of waste and landfilling .WMRR continues to be cautious of potential approaches utilising different abatement incentivising schemes for landfill operations that could promote 'double-counting' of abatement efforts. |
| 5. Existing projects that transition to the new method are required to demonstrate continued investment in the landfill (s19) The department invites feedback on whether | WMRR is wary of recommending that specific forms of evidence are provided by proponents applying to transition to the New Method. There needs to be flexibility for proponents to liaise with financial organisations, landfill owners and regulators in the most appropriate and available ways, which can vary greatly depending on the project type, |

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| any specific information should be provided to satisfy this condition. | jurisdiction and scale of investment. In WMRR's view, the wording in s19 adequately denotes the provision of evidence via the statement from the proponent CEO or CFO must include information of how the investment will be made and contribute to increasing eligible carbon abatement, with the statement not to be made without prior consultation with the appropriate regulatory authorities. |
| 6. Is there any information that should be provided by project proponents, and/or any other project information that should be released publicly to enhance public scrutiny and therefore trust in the integrity of the new landfill gas method? | WMRR would encourage consideration of inclusion of some high-level information within the ACCU project register's project summaries about how the project will contribute to increasing eligible abatement. (This could be extracted from the requirements that need to be addressed under Division 3). It has been generally noted within the WARR industry throughout consultation on the LFG Method that the approved methodologies for carbon capture and abatement calculations can be complex. The ongoing discussions around the review of the LFG methodology are evidence of the mixed levels of understanding around the calculations for the baseline and capture rates, and the differing views on the role of carbon abatement in the broader materials management system and the extent to which it should be incentivised. Offering a plainly worded explanation of how the abatement technology proposed will reduce emissions, and to what extent (even as a percentage), would likely enhance public understanding of and trust in the method. |
| 7. Are there any adverse impacts of the proposed restriction on co-location of projects the department should consider? (s17c) | WMRR supports enhancements to the ACCU Scheme that strengthen its integrity and align with the waste and resource recovery hierarchy, prioritising landfill avoidance. |
| 8. Are there any impacts of the proposed revocation of the Carbon Credits (Carbon Farming Initiative – Electricity Generation from Landfill Gas) methodology Determination 2021 the department should be aware of? (Schedule 2 – Repeals) | No. |
| 9. Could the Exposure Draft result in any adverse social, environmental, cultural or other impacts? | No. WMRR does not foresee any adverse impacts at this stage. However, we have included some final comments.<br><br>As detailed throughout this submission, it is WMRR's view that the most significant perceived risks to the Scheme's integrity is the potential double crediting of abatement projects and lack of access to the Scheme for smaller, older landfills that cannot necessarily justify investment with a default 30% baseline. These risks have been adequately addressed in WMRR's view by the New Method. |

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| | WMRR has also drawn attention to the need for Australia to take a more holistic 'systems approach' to decarbonation and resource recovery. WMRR enthusiastically supports ACCU methods that also reduce reliance on disposal infrastructure (i.e. landfills) whilst also creating a valuable recoverable commodity from the process. Participation in the Emissions Reduction Fund can underscore the economic viability of new innovative resource recovery projects. In this regard, it would be prudent for the 12-year crediting period afforded to LFG projects under the New Method to also be applied to the Alternative Waste Treatment (AWT) Method.<br><br>Finally, WMRR recognises the need to progress the New Method as a matter of priority, given the extensive consultation undertaken on the Method to date. Subject to amending the data relied on for the methane flux calculation, WMRR's view is that the NSW Method should progress to finalisation (instead of further consultation) in so far as possible. |