



Australian Government



Australia's Carbon Pricing Mechanism – Offsets

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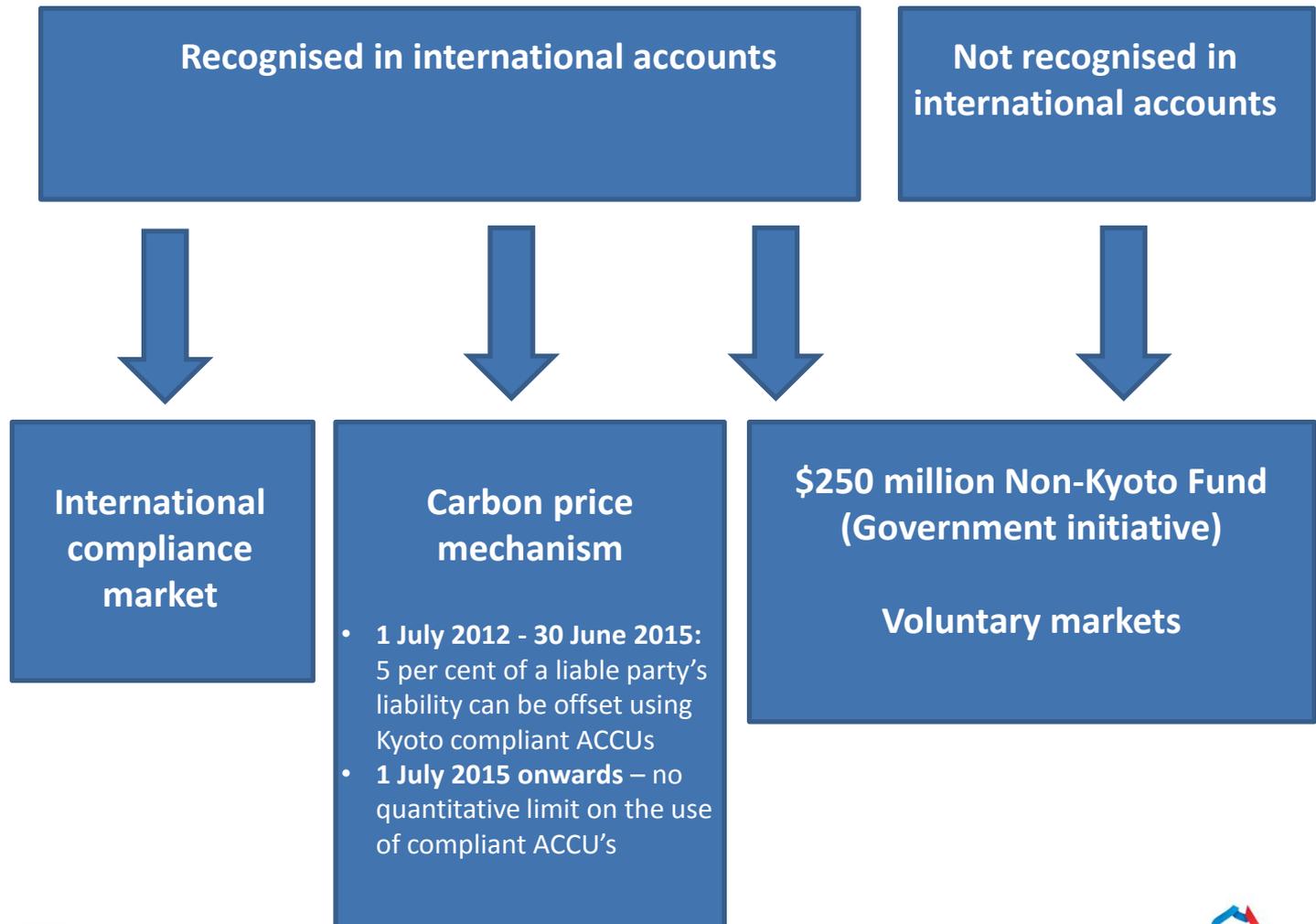
Offsets in Australia's ETS

Carbon Farming Initiative (CFI)

- Land sector generates around 18 per cent of Australia's emissions (forestry and agriculture)
- Carbon Farming Initiative (CFI) legislated in mid 2011 to drive abatement through offsets – predominantly in non-covered sectors
- CFI carbon credits are called 'Australian Carbon Credit Units' (ACCUs) – each unit = 1 ton of abatement
- Landholders can receive carbon credits for:
 - Reducing emissions
 - Increasing carbon stores
 - Kyoto and non-Kyoto compliant activities
- People and businesses can buy ACCUs from landholders to offset their own emissions



Markets for different ACCUs



Integrity under the CFI

The CFI offsets integrity standards are based on internationally accepted principles to ensure that CFI credits are only issued for genuine offsets.

CFI project must be:

- Measurable
- Conservative
- Based on peer-reviewed science
- Internationally consistent
- Avoidance of leakage
- Permanent
- Additional

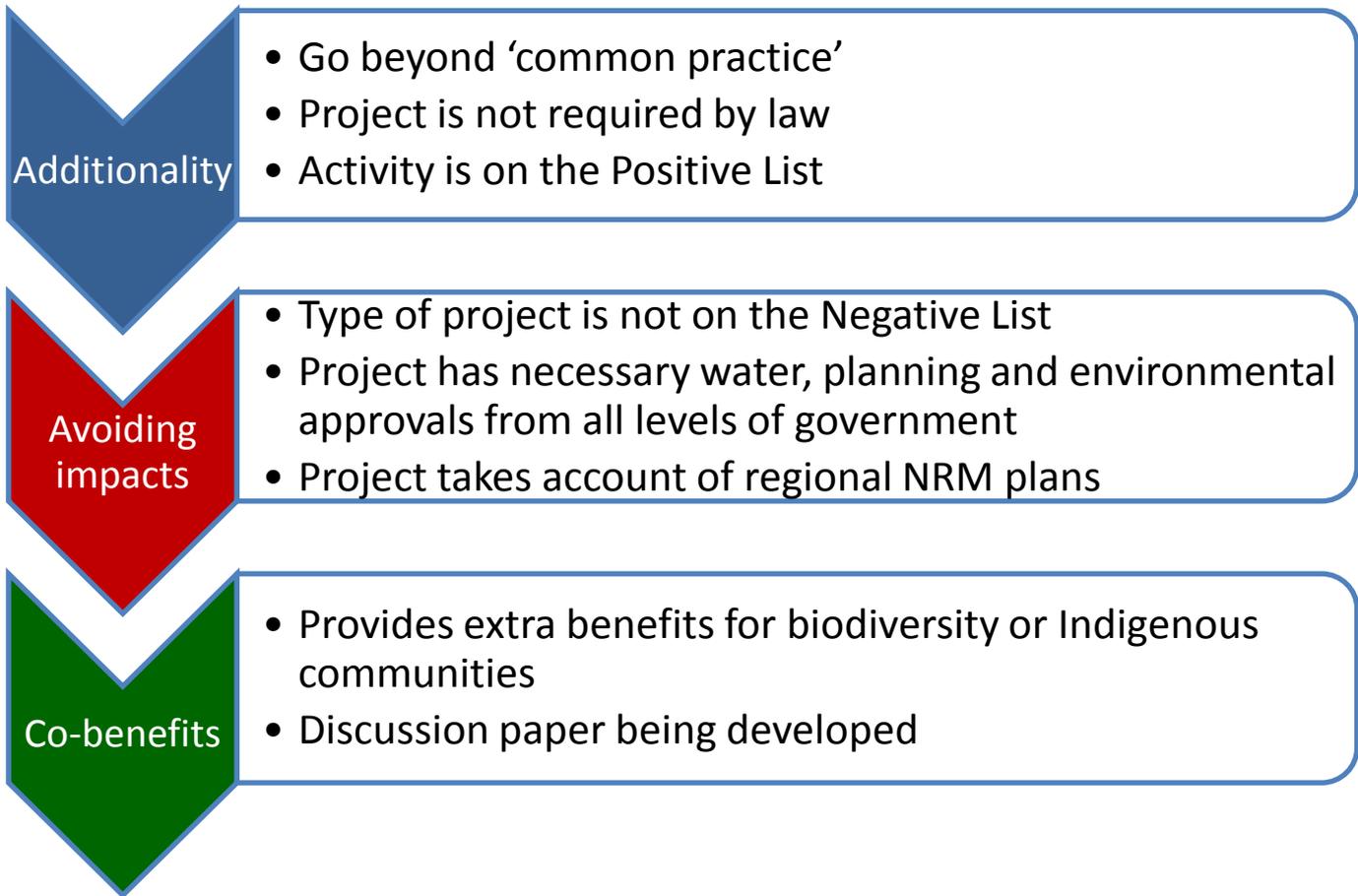
Offset Methodologies

- Bottom up and top down development of methodologies
- Assessed by Domestic Offsets Integrity Committee (DOIC)
 - Independent experts
 - Public consultation
 - Makes recommendations to Minister
- Approved by Minister and published as legislative instruments



| Sequestration | Emissions reduction |
|---------------------------------|---|
| Reforestation (approved) | Fertiliser management |
| Revegetation | Manure management (piggeries – approved) |
| Rangeland restoration | Reduced livestock emissions |
| Soil carbon | Landfill gas flaring (approved) |
| Native forest protection | Savanna fire management (approved) |

Positive list, Negative list and co-benefits

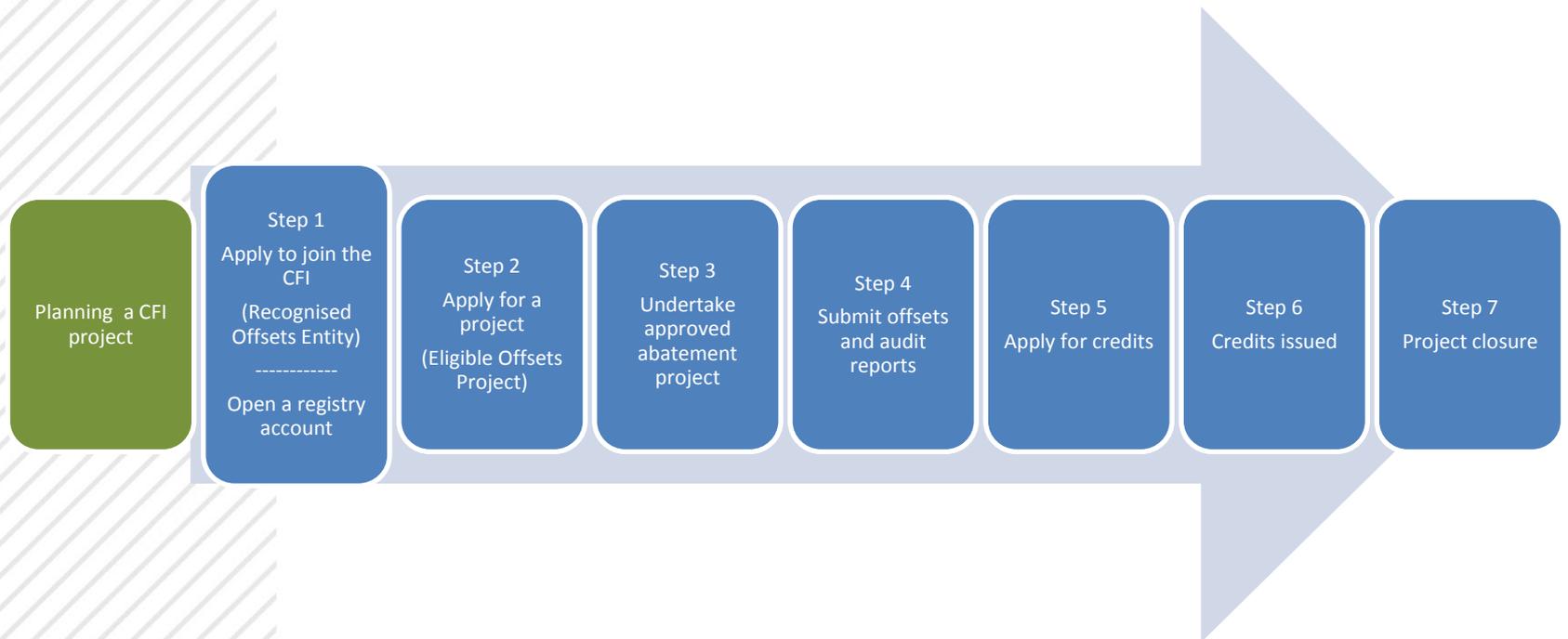


Permanence obligations

- The CFI ensures that credits represent permanent abatement, while at the same time retaining land-use flexibility:
 - Maintain carbon or hand back credits (only with sequestration projects)
 - Re-establish carbon after a fire or drought
 - Risk of reversal buffer
 - Carbon maintenance obligation



CFI - Process



Questions?

Further information about climate change and renewable energy is available online at:

- www.climatechange.gov.au
- www.cleanenergyfuture.gov.au
- www.livinggreener.gov.au.

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