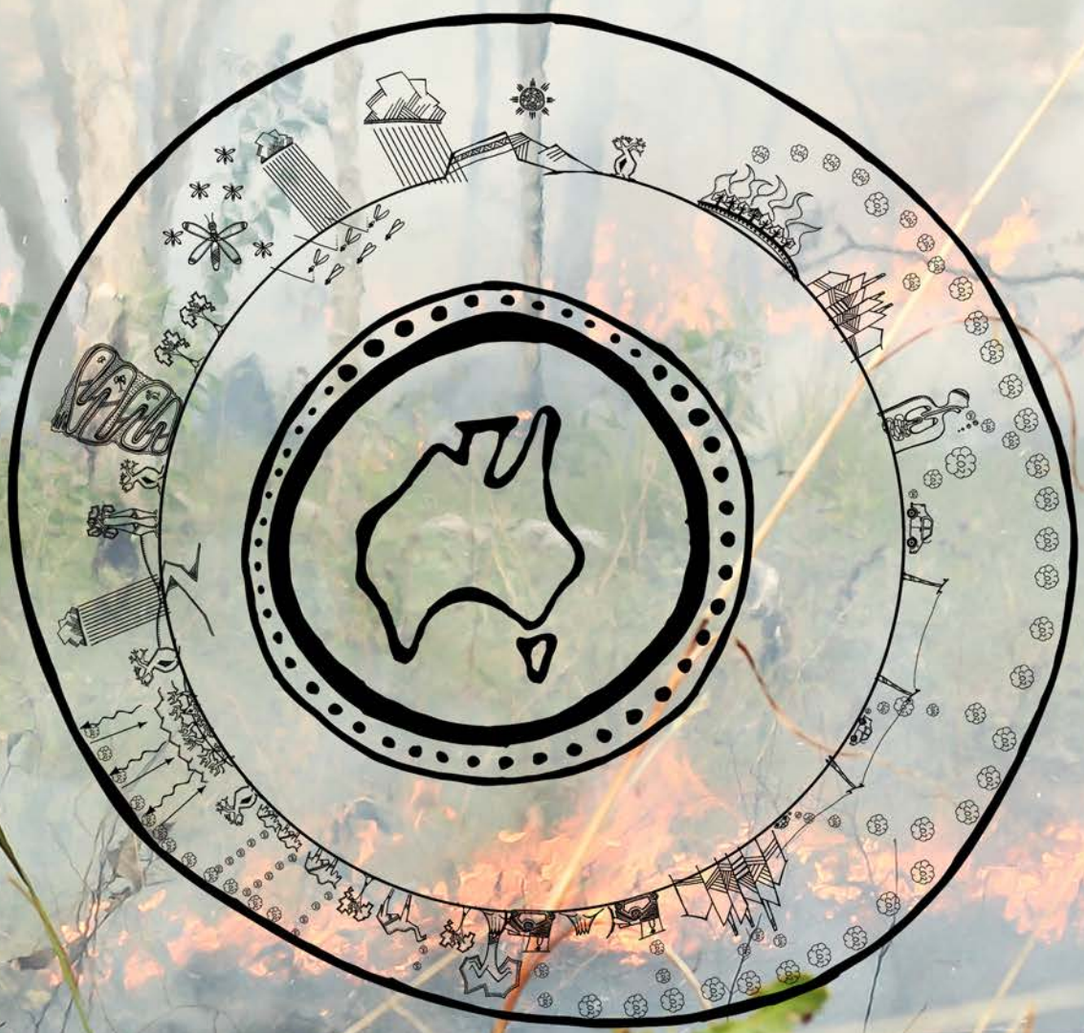
Carbon Projects



Step-By-Step Guide for Indigenous Australia

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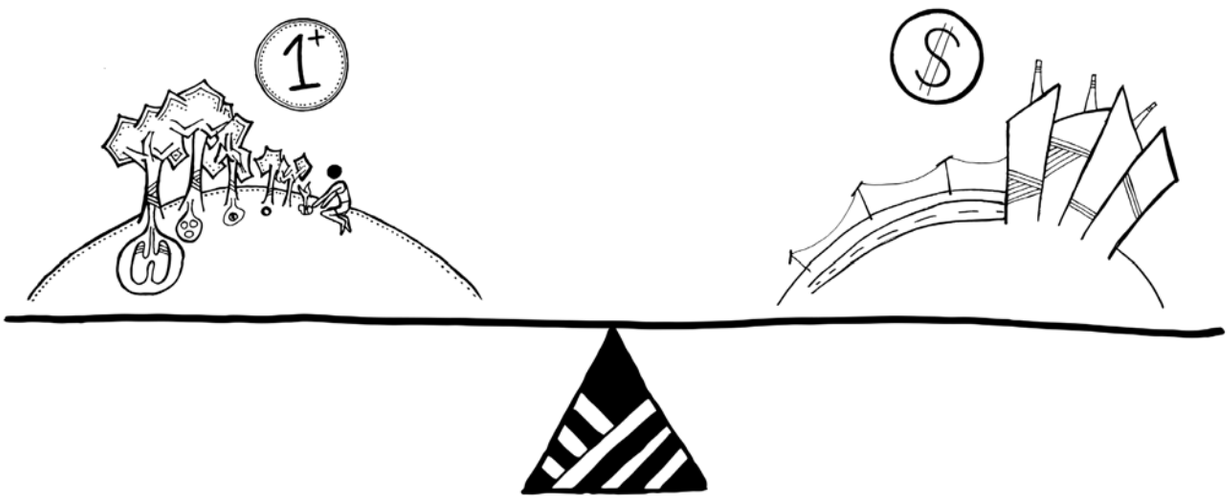
Carbon Projects

Step-By-Step Guide for Indigenous Australia



Disclaimer
The material in this publication is intended only as general information and should not be considered as giving formal business, financial or legal advice. This guide should be used in conjunction with the Carbon Credits (Carbon Farming Initiative) Act 2011 and Carbon Farming Initiative Amendment Act 2014, the associated legislative instruments and professional advice appropriate to a potential participant's individual circumstances. While care has been taken to ensure the accuracy of this guide at the time of writing and into the future, the Kimberley Land Council and the authors of this guide accept no liability and expressly disclaim liability for any person's loss arising from the use of this guide.

This Guide is current as at September 2015.

Authors: Anthony Harrison and Polly Grace.

The carbon farming opportunities for Indigenous land owners project is supported by funding from the Australian Government.

Australian Government

Contents

1. Executive Summary

Carbon projects provide an opportunity for Indigenous people to engage in business opportunities that improve livelihoods and allow people to maintain and strengthen their connection with country. In addition to carbon abatement, carbon projects on Indigenous land deliver environmental benefits. These include biodiversity, weed reduction and landscape linkages, and social benefits such as looking after cultural sites, strengthening connections with country and providing training and employment opportunities.

Some Aboriginal people in the north Kimberley region have registered carbon projects with Government across their Native Title lands. These projects can earn carbon credits for the greenhouse gas (GHG) emissions they reduce. These credits can be sold to the Australian Government (the Government), through the Emissions Reduction Fund (ERF), and also to other carbon markets, signalling a new era for Indigenous enterprise opportunities in remote communities.

Late dry season fires can have a detrimental effect on the local ecology, cultural sites and pastoral values. Early dry season burning can protect life, property and the land from out-of-control wildfires; and conserve biodiversity.

By burning early in the dry season, Indigenous fire management projects use traditional burning methods and modern scientific practices to reduce the amount of GHGs released into the atmosphere from unmanaged and potentially dangerous wildfires.

There is a lot of work involved in doing a carbon project. While it can help generate money, carbon projects will often be 'revenue neutral'. This means that the money from a carbon project is needed to pay for the costs of doing the project. Because carbon projects do not make a lot of extra money, they only make sense if they can help you to achieve something that you already want to achieve.

For example, if your organisation wants to improve healthy country fire management, a carbon project may be a way to support rangers to undertake this work. The money from the carbon project will need to be reinvested each year in healthy country fire operations in order to keep the carbon business – and the fire operations – running.

This Guide seeks to provide step-by-step details to help you plan and work out if a carbon project is right for you. Doing a carbon project is a business decision, and should be made taking into account the business goals of your organisation.

✦KLC supports Traditional Owners to manage their country while improving community development through strong cultural governance, income generation, job creation, increased training opportunities and improved health and wellbeing.✦

Wunambal Gaambera Uunguu Ranger Jason Adams.

2. Overview

This Guide provides an overview of carbon projects, including outlining the process for setting up and running a successful carbon project and participating in carbon markets. This Guide is intended for use by Kimberley Aboriginal People and Native Title groups.

The Guide assumes a basic knowledge of climate change and the background to the Government's Emission Reduction Fund (ERF) and the Carbon Credits (Carbon Farming Initiative) Amendment Act 2014.

You can find more information on the ERF at: *http://www.cleanenergyregulator.gov.au*

And more information on climate change at: *http://www.environment.gov.au/climate-change*

Uungguu Rangers.

2.1 Key concepts and Glossary

In the first part of the Guide we will discuss the fundamental ideas you will need to understand to conduct a carbon project, as well as key terms.

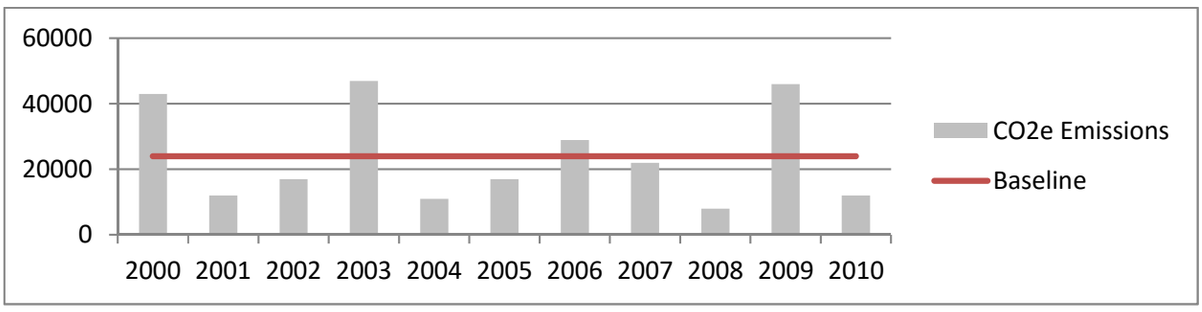
Australian Carbon Credit Unit (ACCU) or **carbon credit:** is a tradeable unit that represents a tonne of Carbon Dioxide Equivalent emissions (CO2-e). Carbon Credits are issued to carbon projects and sold in the carbon market.

In Australia, the form of carbon credits issued under the ERF is a called an Australian Carbon Credit Unit (ACCU). An ACCU can only be issued to someone who has an Australian National Registry of Emissions Units (ANREU) account (see *Part 3.7 'Application to open an ANREU Account'*). ACCUs can be bought and sold within the Australian carbon market (see *Part 3 'Guide to the ERF'* and *Part 4 'Voluntary Market'*).

In this Guide we will refer to carbon credits earned through the ERF as 'ACCUs'. Carbon credits generally will be referred to as 'carbon credits'.

Baseline refers to the historical average emissions produced over a number of years by a particular activity. The below example shows how a baseline averages the year to year variation in CO2-e. The baseline is used in some methods to calculate how many ACCUs a carbon project makes by comparing the historical GHG emissions with the existing GHG emissions.

Figure 1: Example Baseline



Carbon Abatement Contract is an ERF contract between the scheme participant and the Regulator. It contains all the rules and legal obligations for selling ACCUs to Government**.**

Carbon Dioxide (CO_2) is a GHG that is created through humans and animals breathing, or created when things burn or decompose.

Carbon Dioxide equivalent emissions (CO_2-e). Along with CO_2 there are other gases, such as Nitrous Oxide (N_2O) or Methane (CH_4), that are GHGs. CO_2 is the 'measuring stick' for the damaging effect a gas has on the atmosphere. N_2O has an impact on the atmosphere that is 298 times stronger than that of 1 tonne of CO_2, while CH_4 is 25 times stronger. Carbon Dioxide equivalent emissions is a standard used to measure all emissions regardless of which particular gas.

The **Carbon Farming Initiative (CFI)** is the scheme introduced in 2011 that allows farmers and land managers to earn ACCUs by reducing emissions or storing carbon on their land. This has now been replaced by the Emission Reduction Fund.

Contract Identifier is the unique code given to a project intending to bid into the ERF auction. It is given to participants after successfully registering for an ERF auction (see *Part 3.15a&b 'Participating in the ERF Auction'*)

A **Carbon Market** is how and where carbon credits are bought and sold. These markets began in 1997 when 180 countries signed the Kyoto Protocol, pledging to reduce their GHGs emission over a period of years.

The Australian Government has agreed, under the Kyoto Protocol, to reduce the country's GHG emissions by 5% below 2000 levels by 2020.

Carbon markets are systems for trading carbon credits. Carbon markets let countries and companies trade carbon credits (representing emissions abatement) to meet their international targets.

The Government's Emission Reduction Fund (ERF) is one carbon market (see *Part 3 'Guide to the ERF'*); the voluntary sector (see *Part 4 'Voluntary Market'*) is another market. If you have a project that earns carbon credits then you will need to find a buyer in the carbon market.

A **Carbon Offset** describes a reduction in GHG emissions made to compensate for GHG emissions created elsewhere. Businesses are often under pressure from their stakeholders to lessen their environmental impact. Offsetting their emissions demonstrates a commitment to the environment and can provide support to renewable energy and conservation projects.

For example, a business which flies planes may want to reduce its climate change impact. But it does not want to stop flying planes. Instead, it pays someone to do a project that reduces GHG emissions – like doing healthy country fire management to reduce late season wildfires. The planes keep flying, but the GHG emissions from the plane are 'offset' by the healthy country fire management.

Carbon Project is an activity that stores or reduces the amount of GHG emissions going into the air. For example, a savanna burning carbon project reduces the amount of GHG emissions going into the air by reducing the size and intensity of late season wildfires. These types of projects are called emissions avoidance projects. Other projects work by storing greenhouse gas emissions, for example, trees keep carbon dioxide in their leaves, roots and stems. A carbon project may involve planting trees to store carbon dioxide. These types of projects are called sequestration projects.

The amount of GHG emissions that a carbon project prevents is measured and reported to the relevant authority.[1] Carbon credits are issued for each tonne of CO_2-e that the project prevents. These carbon credits are then traded in the carbon market.

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1 In the case of the ERF, the relevant authority would be the Regulator.

2. Overview

Under the ERF there are many different types of projects that can be undertaken and the rules for each type of project are different. The rules for a project are outlined in the Method. Each Method involves an activity that stops GHG emissions from reaching the atmosphere, or stores carbon in plants or soil.

Part 6 'Savanna Burning Carbon Projects' of this Guide discusses the Savanna Burning ERF Method. This Method currently has the most potential for Native Title Groups in the Kimberley region of Western Australia.

The **Clean Energy Regulator** (**Regulator**) is an Australian Government body and independent statutory authority responsible for administering the ERF. Its responsibilities include administering and policing carbon projects and managing the auctions under the ERF legislation. The Regulator maintains a website with important resources for carbon projects *www.cleanenergyregulator.gov.au.*

Climate Change means the unnatural or human induced warming of the planet.

Climate is what the weather of a place is like over a long time. Like big rain in the wet season and cold winds in the dry. The climate of a place can change naturally but this takes a very long time. Climate change, or global warming, is the cause of very fast and big changes to our weather and climate systems, which is having a big impact on peoples lives.

Climate change is caused by too many GHG going into the air. GHG form a blanket around the earth, trapping in the heat. As more GHG go into the air, this blanket is getting thicker, and the earth is getting warmer.

Climate change can have an effect on rain, wind and storms, can melt snow and ice or change ocean currents and alter the time and length of the seasons. For more information see:

- Kimberley Land Council – Climate Change
  https://www.youtube.com/watch?v=ZGKcEldZGzE
- The Climate Change Movie
  https://www.youtube.com/watch?v=H6uDiJng-uo

Crediting period is the time over which a carbon project can earn carbon credits. It varies by project type or Method. As an example, a savanna burning carbon project under the ERF has a 25 year crediting period.

Delivery Schedule forms part of the ERF contract. It sets out the date when a project will give ACCUs to the Regulator and how many (volume) ACCUs it will give, over the entire period of the carbon abatement contract.

Emissions Avoidance Projects are a type of carbon project that avoid or lessen GHG emissions. An example would be a savanna burning carbon project where by changing the time, intensity and size of fires GHG emissions are avoided. This is different from a Sequestration Project that stores carbon in vegetation and soil.

Emission Reduction Fund (ERF) is a $2.55 billion Australian Government scheme that purchases ACCUs from land sector and industrial carbon projects. It is intended that this will go part of the way to reaching Australia's international commitment to reduce emissions by 5% below year 2000 levels 2020.

Forward Abatement Estimate (FAE) is an estimate of the total amount of CO_{2}-e that a carbon project under the ERF expects to produce over the entire crediting period**.**

Greenhouse Gases (GHGs) are gases that make the planet warm. Greenhouse gases create a blanket around the earth, trapping hear in the atmosphere. These gases include CO_2 (Carbon Dioxide), N_2O (Nitrous Oxide) CH_4 (Methane).

Method/Methodology is a set of rules for each ERF carbon project. Each Method has been agreed to by the Government. The Method sets out how you have to set up, run, monitor and report on a carbon project, the information you need to record and keep, and how to calculate how many GHG emissions have been avoided or sequestered by the project.

Project Report is the report used under the ERF to provide information on the carbon project to the Regulator. The project report provides information on how much GHG emissions an ERF project has reduced or how much carbon it has stored. The Method tells you what information needs to be included in the project report. The project report is then used by the Regulator to work out how many ACCUs to issue for the carbon project.

Right Way Fire is a term used to describe traditional fire management practices. Traditional Owners undertake right way fire in the early dry season to put in place strategic fire breaks and to stop the intensity and spread of late dry season wildfires.

Secondary Market is used in Australia to refer to ERF scheme participants sourcing extra ACCUs from other projects to meet their contractual agreement under the ERF. Also within the ERF there may be scope in the future for companies with large GHG emissions to purchase ACCUs in the secondary market to offset their GHG emissions.

Scheme participant means the individual or organisation that owns and operates a carbon project in the ERF.

Voluntary Market describes the buying and selling of carbon credits by a person or company that wants to voluntarily offset their GHG emissions. For example, a person or company may choose to buy carbon credits to do the right thing for the environment or to show good corporate responsibility. An example of the voluntary market is airline passengers buying carbon credits to offset the GHG emissions from their flight.

Early dry season prescribed burning.

2. Overview

✦The first Australian carbon projects wholly owned and operated by native title holders were registered in the Kimberley region of Western Australia in February 2014✦

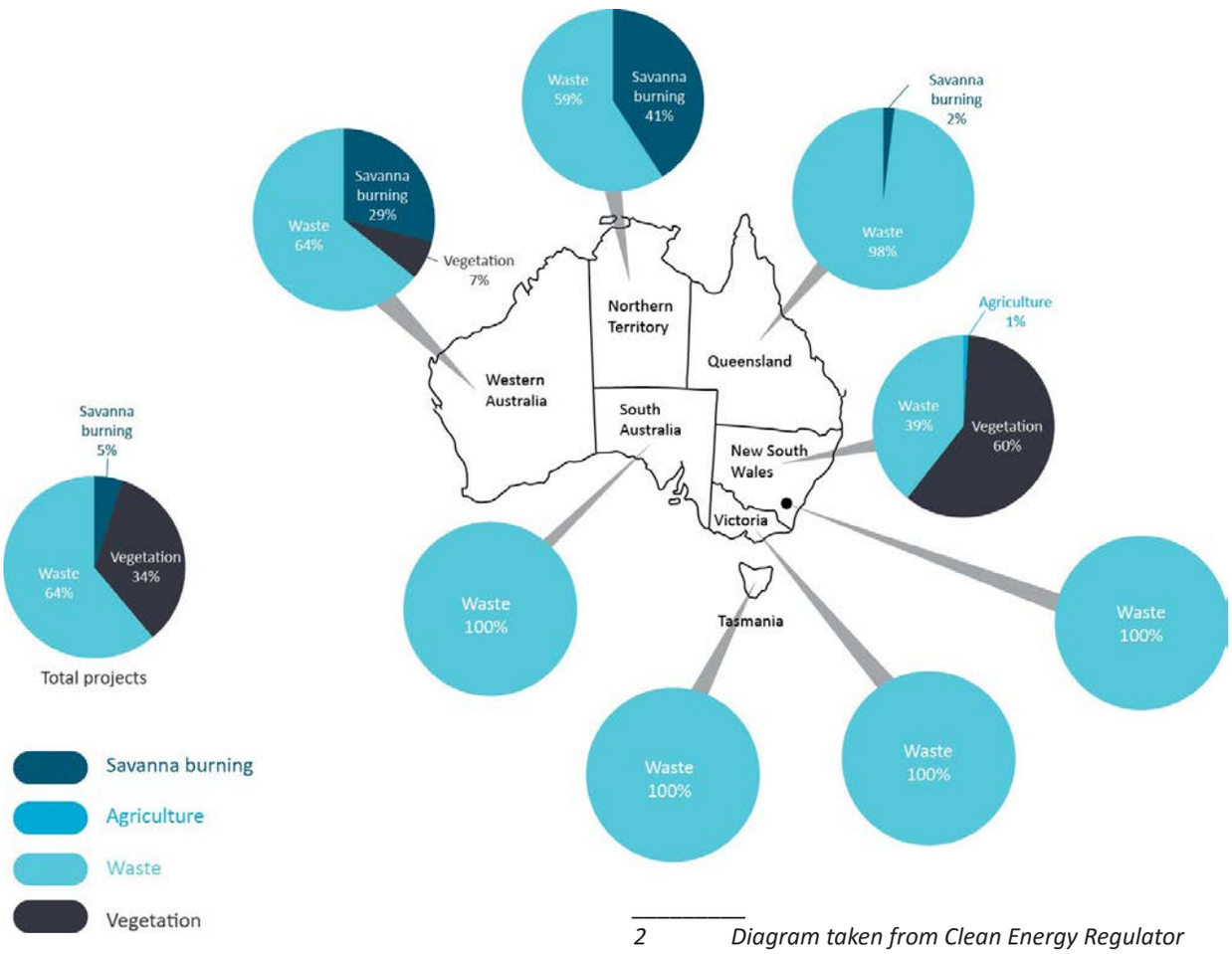
2.2 Backgrond Information

2.2a Snapshot of Australian carbon projects

This table shows which type of carbon project has earned what proportion of ACCUs in each State under the Carbon Farming Initiative until November 2014. Overall, most ACCUs have been issued in the waste sector. This could be because it costs less to set up a carbon project in the waste sector than for it does for other carbon projects, like the savanna burning Method.

Under the ERF these proportions will change to reflect the introduction of new Methods and carbon projects.

Figure 2: Snapshot of Australian carbon projects [2]



2 *Diagram taken from Clean Energy Regulator Media Update 19 November 2014*

Kimberley Rangers travel to remote areas to undertake cultural and environmental management activites.

2. Overview

✦A Carbon project is only worthwhile if the benefits outweigh the costs and time involved in running the project✦

2.2b Key questions to consider before undertaking a carbon project

A carbon project is very complex. This list provides a snapshot of the types of things you should think about if you are deciding whether to do a carbon project. These points are covered in more detail later in this Guide:

- Which carbon crediting scheme will you participate in?
    - A good understanding of carbon markets will help you to succeed in your project. Do you have the time available to learn this? Will you need to pay someone with this expertise?
    - *See Part 2.2 'Background Information'.*
- Is your project eligible for registration under the scheme you have chosen?
    - *See Part 3.6 'Register the Project'* for registration of ERF projects.
- If choosing to participate in the ERF, do you know what ERF Method you would use?
    - Do you need help to identify a Method that may work for you?
    - See *Part 3.3 'Identify a Method to be used'.*
- What are the benefits that come from the carbon project?
    - How will the benefits be used or shared?
    - See *Part 3.4 'Conduct a feasibility study'* and *Part 3.5 'Design your project governance'.*
- What are the additional jobs that your organisation will have to do to run a carbon project?
    - Is your organisation able to handle the extra work required to do a carbon project? Would you need to hire more staff?.
    - Will the benefits be outweighed by the administrative requirements of running the carbon project, such as holding meetings, getting documents signed, reporting and record-keeping?
    - See *Part 3 'Guide to the ERF'* as an example of the extra work required to undertake a project
- Do you have the appropriate skills to operate a carbon project?
    - Would you have to hire a specialist? What additional costs does this present?
    - See *Part 3.9 'Undertake Project'.*

Kimberley Rangers conduct on-ground burning.

- What procedures will you need to put in place to meet the precise record keeping and reporting requirements of the Method?
    - See *Part 3 'Guide to the ERF'.*
- Do you have the money to pay for project costs, such as an auditor?
    - The audit process under the ERF proves that the requirements of your project have all been met and that you have actually earned the ACCUs you claim
    - See *Part 3.12 'Audit'.*
- How will you sell your carbon credits?
    - Will you hire a broker to negotiate price and other benefits on your behalf?
    - See *Part 3.8 'Identify a Buyer'* and *3.14 'Sell your credits'.*
- Do you know enough about your legal rights to do the project or would you need to seek legal advice about this?
    - See *Part 5 'PBCs, Native Title and Carbon'.*

✦Before deciding to do a carbon project you need to make sure you have available sufficient time, funds and skills – and that the money from the sale of carbon credits makes the project worthwhile.
The KLC recommends undertaking a feasibility study to analyse these things prior to undertaking a carbon project✦

The KLC can provide assistance and contacts with carbon projects.

3. Guide to the ERF

Bush tucker on the Dampier Peninsula.

3.1 Overview of the Emissions Reduction Fund

The ERF is a voluntary Australian Government scheme that provides opportunities for land managers and companies to earn money from reducing their GHG emissions or storing carbon in vegetation and soil.

Individuals and organisations taking part generate ACCUs from undertaking approved carbon projects. One ACCU is earned for each tonne of CO_2-e stored or avoided by a carbon project. ACCUs can then be sold to the Government through an auction process or sold to others through the Secondary or Voluntary Markets (see *Part 3.16 'The Secondary Market* or *Part 4 'The Voluntary Market'*).

The Government uses the ACCUs it buys to meet its international commitments, under the Kyoto Protocol, to reduce Australia's GHGs.

The ERF commenced in December 2014 and the first auction took place in April 2015. The Government has provided $2.55 billion to establish the ERF, with further funding to be considered in future budgets.

There are a number of requirements that must be met to participate in a ERF auction. One of these requirements is that a project must generate at least 2000 t CO_2-e per year of the project. This should be considered as part of undertaking a feasibility study (see *Part 3.5 'Feasibility Study'*).

In the first auction, two out of 38 registered savanna burning carbon projects were successful in getting contracts with the Government. These two projects were also the only Indigenous projects with a successful bid in the Auction. The majority of other projects that were successful were tree planting, landfill and alternative waste treatment projects.

✦You can register online to receive emails from the Regulator with important news, updates and dates for upcoming events including ERF auction dates✦

Kimberley Rangers log fire management data.

3. Guide to the ERF

3.2 Steps to participate in the ERF

There are a number of steps involved in participating in the ERF.

1. **Identify the Method to be used**

   Information can be found at *www.cleanenergyregulator.gov.au* about what Methods are available and if they are applicable to your situation.

   The Method with the most potential in the Kimberley is the Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management) Methodology Determination 2015

2. **Conduct a feasibility study**

   Examine all aspects of a potential project to see if it is worthwhile. This includes seeking specialist advice.

   For example, for a savanna burning carbon project you need to check if you have the right type of vegetation and how much it costs to do fire operations and if these costs will be greater than the potential income from the sale of carbon credits.

3. **Design the project governance**

   How will decisions about the project be made? Will you use an existing structure such as a Board of Directors or create a new structure?

   A balance is required to ensure that enough people are included in decision making without slowing the project down too much.

4. **Register the Project**

   Follow the procedure set out in this Guide and on the Regulator's website.

5. **Apply for an ANREU Account**

   Follow the procedure set out on the Regulator's website.

6. **Identify a buyer**

   Who will you sell your carbon credits to?

   a. **ERF**

      Enter into a **carbon abatement contract** with the Government to deliver ACCUs over a period of years

   b. **Secondary market**

      Sell ACCUs to third party to satisfy their existing carbon abatement contract

   c. **Voluntary market**

      Find a buyer or partner and develop a give-and-take business arrangement

7. Undertake Project

Follow the Method carefully and ensure that you consider below steps 8 and 9 in your daily activities. Also be aware of your Occupational Health & Safety and regulatory obligations such as personal protective equipment and a safe work environment.

8. Record Keeping

Your records form part of the information required to report on your project to the Regulator and part or all of this information may be required during the auditing process. Records must be kept for 7 years.

9. Reporting

The Method requires you to report specific information at regular times to the Regulator.

For example, in a savanna burning project, you will need to submit project reports to the Regulator. These will include your vegetation fuel type maps and the reports generated by the SavBAT2 software and other documents.

10. Audit

Provide your Auditor with all documentation that is required for them to prove your level of emissions reduction beyond reasonable doubt.

All audits must be undertaken by category 2 or 3 auditor registered under the National Greenhouse and Energy Reporting Regulations 2008. The cost of any audits are your responsibility.

11. Apply for ACCUs

ACCUs are deposited into your Australian National Registry of Emissions Units (ANREU) Account by the Regulator once you have submitted your audited Project Report

12. Sell ACCUs

Once you have received your ACCUs you need to transfer them from your ANREU account to the buyer's ANREU account.

Early dry season prescribed burning.

3. Guide to the ERF

Purnululu National Park.

3.3 Identify the Method to be used

A Method is the set of rules about how to do a carbon project. Under the ERF, you will only get ACCUs for a carbon project if that carbon project is undertaken in compliance with an approved Method and genuine abatement has occurred.

There are many different types of Methods, but not all of them will work in a particular area. Examples of some existing ERF Methods are:

Savanna burning carbon projects – this Method applies in the north of Australia in areas that receive above 600mm of average annual rainfall. The Method works by burning in the early dry season to reduce fuel loads and create firebreaks. This reduces out of control wildfires in the late dry season and reduces the amount of emissions going into the atmosphere. More information on this Method is provided in *Part 6* of this guide.

Destruction of methane from piggeries where the pond that the farmer uses to collect the pig manure is covered; methane produced by the manure builds up under the cover, it is then burnt or 'flared', reducing the amount of methane that reaches the atmosphere.

Reforestation and afforestation involves planting trees to store ('sequester') carbon in the living tree, removing CO_2 from the air and using it to build its trunk, branches and leaves. For the life of the tree this carbon is locked away.

North Kimberley Fire Abatement project team members.

In deciding whether a particular Method may work for you, some questions to ask include:

- What type of land management activities are suitable for my land?
- Are these land management activities covered by an existing Method?
- What additional things would I need to do (or not do) to meet the Method requirements?
    - For example, would I need irrigation for a tree planting Method?
    - Or am I not allowed to clear vegetation for a specified period of time and does that suit my aspirations for the land I manage?
- Do I have the resources required to run a project under the Method?
    - For example, if you would like to run a savanna burning carbon project, do you have an existing ranger group that currently practices Right Way Fire? Would you need to extend your burning program so as to be successful in a carbon project?

The KLC has undertaken a feasibility study of which Methods may work in the Kimberley. This research suggests that the best Method in the Kimberley is savanna burning, although there may be new Methods in the future that will provide other opportunities.

All the available Methods can be found through *www.cleanenergyregulator.gov.au.*

3. Guide to the ERF

3.4 Conduct a Feasibility Study

A feasibility study will look at the costs and likely income from a carbon project, as well as other legal, environmental and capability factors to help you decide if it is possible or worthwhile doing a project. A feasibility study will generally include:

- whether you satisfy the eligibility criteria to do a project, including specific eligibility requirements included in the Method – for example by having the right level of average rainfall;
- whether you have the legal right to do the project;
- whether or not you have the right environmental conditions to do the project;
- what legal or regulatory approvals are required to do a project (and how difficult these may be to obtain);
- what governance, business or administrative structures you may need to put in place to do a project;
- how you need to go about implementing the activity on the ground (Method implementation, reporting and auditing rules);
- how much abatement are you likely to get from the project, what things will make this vary, and whether you will have enough ACCUs to participate in an ERF auction;
- how much it will cost to implement the project (start-up costs; ongoing costs; audit and reporting costs);
- how and where will you sell abatements/ ACCUs; and
- what are the potential risks involved in the project.

Some of these requirements are discussed in more detail below.

3.4a Is your project eligible under the ERF?

The ERF has a number of eligibility requirements that must be met for a carbon project, including:

- that your project is not required under an existing law or regulation;
- that your project is new; and
- that the project is not likely to be carried out under another Government scheme.

As well as these, each Method has specific eligibility requirements that must be met. The feasibility study should look at each of these things in the context of your particular project to see if it can go ahead.

3.4a(i) Not required under another law or regulation

In order to ensure the environmental integrity of the ERF, ACCUs are not given to activities that are already required under an existing law or regulation. This is because the purpose of the ERF is to encourage new activities to address climate change, not to pay for existing activities.

*For example, An Aboriginal Corporation wants to do a carbon project to reduce GHG emissions from late season wildfires by burning in the early dry season (a savanna carbon project). Part of the area where they want to do the project is a National Park. Under the rules for the National Park, the park is required to be managed in a way that minimises GHGs with early dry season fire management. This area **cannot** be included in the carbon project because the existing rules already require fire management to reduce GHGs. A different part of the area where they want to do the project is an Indigenous Protected Area (IPA). The IPA management plan says that the area should be actively managed for fire. This area **could** be included in the carbon project. Even though the IPA requires fire management, the fire*

management is not required for the purpose of reducing GHGs, so the savanna carbon project is not required by another law or regulation.

3.4a(ii) Doing a New Project

The 'Newness Test' is another way to make sure the proposed carbon project would not occur in the absence of the ERF. The newness test requires that a carbon project has not started before it has been registered with the Regulator. The types of things which show that a project may have started include, for example:

- commencing construction work or planting if this is required to do a project;
- buying or leasing a tangible asset for a project.

The newness test may not be applicable to certain Methods. For example, if you had already been burning savanna country as part of your land management and not for the primary purpose of reducing GHGs, it won't prohibit you from registering a carbon project under the savanna burning Method (see *Part 6 'Savanna Burning Carbon Projects'*).

3.4a(iii) Project is likely to be carried out under another scheme

The ERF also says that certain activities that are already carried out under existing government schemes may be excluded. The exclusion of certain programmes is intended to ensure that emissions reductions are not paid for twice – once under the ERF and again under another government programme.

It is not the Government's intention to prevent participants from obtaining funding or in-kind support from multiple sources where this is necessary for the project to proceed. There is a list of excluded government programmes provided in Subdivision B, Section 21 of the *Carbon Credits (Carbon Farming Initiative) Rule 2015.* This list does not include Indigenous Protected Areas or Working on Country Funding; however projects that have received funding under other programmes will be reviewed by the Regulator on a case by case basis as the agency needs to see the application and details of the grant funding purpose/ agreement to determine its eligibility.

For example, a savanna carbon project may involve Rangers paid with IPA funding. The savanna carbon project is not be able to operate based on the IPA funding alone. It also requires additional funding from selling ACCUs through the ERF to be viable. This Project would not be prohibited from participating in the ERF.

3.4a (iv)Method-specific eligibility requirements

As already discussed, each different carbon project is covered by a different Method. The Method sets out the rules for doing the project on the ground, for calculating the change in GHGs (and how many ACCUs you might earn) and for reporting.
The Method also includes specific eligibility requirements for the particular activity.

For example, the Method for savanna carbon projects specifies a certain geographic area where projects must occur.

Kimberley Ranger conducts on-ground burning.

3. Guide to the ERF

3.4b Legal right to undertake a carbon project

In order to do a carbon project, you must be able to show that you have the legal right to do the project.

Having the legal right to carry out the project means you have the right to do the activities required under the project and have a right to the ACCUs issued by the project.

The person or organisation who has the legal right to do the project will depend on what type of project it is, who the person is wanting to do the project, and what interests exist in the project area, including any Native Title interests.

More information on the legal right to do a project for Native Title holders is provided at *Part 5 'PBCs, Native Title and carbon'*.

3.4c Legal and Regulatory Approvals

To do a carbon project you must get all legal and regulatory approvals required by any other Commonwealth and State Government laws. These may be things that are only required once off, or something you need to get every year of the Project.

For example, if you wanted to do a project that involves planting trees, you may be required to get government approval to irrigate the trees.

Another example is a savanna carbon project, where you have to get a permit to set fire to the bush under the Bush Fires Act WA 1954 before you can do any burning.

The feasibility study should identify what legal and regulatory approvals are required to undertake the project, and how difficult these may be to obtain.

3.4d Undertaking a cost-benefit analysis of a carbon project

The feasibility study should look at whether the benefits of doing a carbon project – both financial and otherwise - are greater than the costs of doing a carbon project. This involves a consideration of revenue, additional benefits, and costs.

Revenue

Revenue from a carbon project comes from the sale of ACCUs or other carbon credits. The amount of revenue will be determined by:

1. The amount of credits you produce (taking into account any variation in production each year);
2. How many credits you're able to sell (this may change each year based on market demand); and
3. What price per credit you are able to sell for (this may change each year due to legislative changes or market demand)

Additional benefits

Carbon projects provide a range of benefits in addition to the revenue generated. Because the revenue generate is often small, these benefits can be quite important in deciding whether to do a carbon project. The types of benefits that may come from doing a carbon project include:

1. Positive environmental outcomes by reducing greenhouse gas emissions;
2. Improved biodiversity, weed reduction and landscape linkages; and
3. Social benefits such as looking after cultural sites, strengthening connections with country and providing training and employment opportunities.

Costs

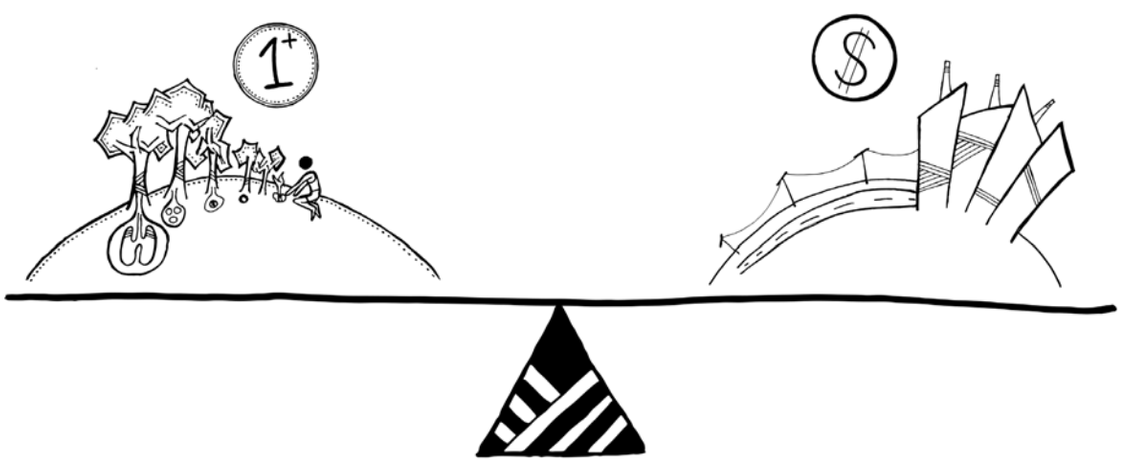
The costs of doing a carbon project depend upon the individual project and method being applied. Types of costs include:

- Project establishment costs such as:
  - paying for administrative staff to collate and submit data, files and information to the Regulator;
  - A consultant to assist with specialist services such as vegetation mapping, or legal advice on project registration;
  - Meeting costs to establish governance and authorisation arrangements

  Project establishment costs are paid only once at the beginning to set everything up.
- Project administration: these are the ongoing costs for each year of operation and include the project activities listed under *Parts 3.10 'Record Keeping', 3.11 'Reporting' 3.13 'Apply for credits'* and *3.15 'Participation in the ERF Auction'*. The cost for staff to conduct these activities will vary in length of time.
- Project Operations: These costs relate to the activities of physically running the project. Using a remote savanna burning carbon project as an example, the costs would include the hire or purchase of a helicopter, pilot, incendiary machine and other related equipment. For a savanna burning carbon project, these are the greatest costs
- Costs for engaging an Auditor. See *Part 3.12 'Audit'*;

To determine if your project is financially feasible you'll need to ask 'will my project produce enough revenue to cover or exceed its costs?'

You may also want to consider whether you can access other sources of funding to help cover the project costs. For example, many Indigenous groups want to implement Right Way Fire because of the beneficial healthy country outcomes. Registering a carbon project is one way to support Right Way Fire, and you may be able to get additional funding from private donors or Government to support this activity.



Balancing the costs and benefits of carbon projects.

3. Guide to the ERF

3.5 Design your project governance

As with any business, a carbon business requires good management and leadership. We'll use the term 'governance' to describe this.

This discussion focuses on governance for the purposes of the carbon project. It is also important to think about cultural and land management governance, and making sure the right people for the right country are involved in decision-making. This is something your PBC may have already addressed.

The governance of your carbon project is an important consideration. Existing carbon projects involving aboriginal groups across Australia operate under many different models. There is no single structure that will suit all groups as each group has their own unique corporation rule books and laws differ between States.

Early dry season prescribed burning.

✦It is important to find a balance between good consultative governance and a business model that will suit the carbon market and its requirements- you need to be able to make quick, fully authorised decisions to suit your buyers and/or partners✦

3.5a Important considerations to design your project governance around

Setting up a carbon project on Aboriginal Land in the Kimberley is complex. There are lots of forms to be filled out and decisions to be made. It is good to plan ahead about how these decisions will be made, who can make them and who are the right people to design the overall project. Some things to guide governance arrangements include:

- Who or what entity will be the scheme participant
    - You will need to take account of who has the legal right to do the project – is it the Prescribed Body Corporate (PBC)? A Pastoralist? Or someone else? (See *Part 3 'Guide to the ERF'* and *Part 5 'PBCs, Native Title and carbon'*)
- Who will make decisions regarding the project? Will it be a person or Board?
- Who will make decisions regarding the distribution of revenue and benefits? On what grounds?
- Who will make day-to-day operational decisions?

Who would be your project's Media Liaison and what authority would they have (if you propose to promote the project to attract buyers or partners)?

Figure 3: Examples of responsibility under difference governance models

	Model			
Responsibility under the model	**PBC**	**HCAC**	**Separate business entity or authorised individual/s**	**Aggregated projects**
Who receives the ACCUs?	The PBC	The PBC	The PBC or the entity	The aggregator who then provides payment to the PBC
Who is the scheme participant (owner of the project)?	The PBC	The PBC	The PBC or the entity	The aggregator
Who is responsible for the delivery of a carbon abatement contract including if there is a default on a contract?	The PBC	The PBC	Depends who is the scheme participant	The aggregator if the scheme participant
Who undertakes the project?	The PBC	The PBC	The PBC or the entity	The PBC or the aggregator
Who manages the project?	The PBC	The HCAC	The entity	The PBC or the aggregator
Who makes decisions about a sale?	The PBC	The HCAC	The entity	The aggregator
Can the model provide quick, fully authorised decisions to satisfy a partnership or sale?	Can be longer decision times	Can be longer decision times	Quick decisions involving issues the entity is authorised to make	Quick decisions regarding the sale of ACCUs

3. Guide to the ERF

Example 1 - PBC as governance entity

Your PBC's Board of Directors becomes the decision making body for the carbon project. The benefits of this arrangement are:

- *The PBC might be the scheme participant for the project and may hold the right to the project and ACCUs earned. As such, it may be the first and simplest governance arrangement to be considered (see Part 5 'PBCs, Native Title and carbon')*
- *There is already a group of people accustomed to, and a process for, making decisions*
- *The PBC Board are the elected officials of their Native Title group and would have the authority to make decisions around the application of any benefits.*

Some challenges of this arrangement are:

- *The processes of the Board must be adhered to and this may slow or complicate a decision.*
    - *For example, your Board may not meet regularly and important decisions may not be made until too late. Also, some decisions that PBC Boards make require a General Meeting and a quorum to vote upon. This can be time consuming and expensive.*
- *Will your Board have time on their agenda to commit to the project?*

Example 2 - The Healthy Country Advisory Committee (HCAC) are delegated authority to make decisions and the Healthy Country Coordinator is given authority to sign documents and run the carbon project

In this scenario the HCAC makes decisions and submits paperwork about the project. The HCAC reports back to the PBC who could retain authority for big decisions. The benefits of this arrangement are:

- *The HCAC, who will oversee the project are able to make quick decisions regarding day-to-day issues acting in the best interests of the Native Title Holders through the Healthy Country Plan*
- *The HCAC and Ranger staff have experience in running programs on country and completing monitoring and recording tasks*
- *There is already a process in place for reporting the activities of the HCAC and Rangers to the PBC*

The challenges of this arrangement are:

- *There may be work required to train staff in the complex administrative requirements of a carbon project*
- *There are two groups of people making decisions about the project. This could confuse and delay decisions*
- *Will there need to be extra meetings or reports from the HCAC to the PBC to keep everyone informed?*

Dambimangari Ranger Alfred Umbagai.

Example 3 - A separate business entity is established to run the project

In this example an entity is set up to run the project and is overseen by the PBC. The benefits of this arrangement are:

- *The profit, loss and other business liabilities such as potential litigation or bankruptcy are separated from the PBC (the holder of your Native Title rights) and the land management group*
- *The entity could run the entire project from registration through operation, to monitoring, recording and reporting and finally the sale of ACCUs earned. This simplifies the business operations and reporting back to the PBC*
- *This model could have dedicated business staff who may be capable of running the project to a higher standard than would be achieved otherwise.*

The challenges of this model are:

- *There would be extra work and legal requirements required to set up and register another organisation and its interrelation with the PBC*
- *Will you need to employ outside expertise to set up and operate the new entity? Will this be costly and lessen the benefits coming from the project?*
- *The PBC has another group that is required to report and seek direction of the PBC*
- *Under this model you would need to factor into the feasibility study the requirement for paid staff.*

3. Guide to the ERF

3.5b Aggregation

Aggregation is where individual carbon projects join together as one project. There are two types of aggregation possible:

1. Project aggregation - where activities that use the same Method to bring about carbon abatement are grouped into a single registered project.

2. Contract aggregation - where projects are grouped or 'bundled' into a single sales contract. An aggregated contract can include projects using different carbon abatement Methods.

Aggregation could be done to save money and time on administration, broker and audit fees, to work cooperatively, or if you want to give an outside person the right to do the project for you. Under the ERF, aggregation involves giving someone else the legal right to undertake a project for you.

Different carbon projects may also choose to work cooperatively to realise efficiencies, but without having to join the projects in a formal aggregation arrangement.

Benefits and challenges of aggregation will depend on the model used. More information about different aggregation models is available on the Regulator's website *www.cleanenergyregulator.gov.au.*

Examples of potential benefits of aggregation include:

- Having a larger total amount of ACCUs to sell
- Sharing the costs of doing the project operations
- Save money on auditing by operating as one project
- Marketing carbon together to save broker and marketing costs
- Minimise the risk that the project won't produce as much ACCUs in certain years by sharing the risk across different projects.

Examples of challenges for aggregation include:

- For a Native Title project an Indigenous Land Use Agreement may be required in order to give someone – other than the PBC – the legal right to do the project (and aggregate). It is recommended that you get legal advice in relation to these requirements
- You may lose the individual identity of the project, and it may be harder to identify specific co-benefits for your project
- Structures for decision making and management of the project can be more complicated
- The structure and how it relates to legislation and project delivery can be very complex
- If parties need to withdraw from the arrangement for whatever reason there may need to be a way to separate the individual project areas to run again by themselves.

It is recommended that you seek professional advice on the implications of aggregation for both your carbon project rights and any possible effect on your Native Title rights.

Kimberley Rangers at Purnululu National Park.

Kija Ranger Alec Echo conducts biodiversity survey.

3.5c Key people and their roles in a successful carbon project

To run a successful carbon project you will need a person or people who have been authorised to sign important documents. Some of the tasks required of key people are listed below along with what is needed for that person to be able to fulfil that responsibility:

- **Be the signatory for the application to register a project on behalf of the PBC or other entity as applicable**
  - This person must pass the 'fit and proper' test . *(A fit and proper person is one that has not has not been convicted of dishonest or false and misleading conduct under the Criminal Code.)*
  - The signatory must be authorised by your corporation abiding by your corporation rulebook
- **Be the authorised representative for the ANREU account** (see *Part 3.7 'Application to open an ANREU Account'*)
  - This person requires three correctly certified proof of identification documents
  - The person must pass an Australian Federal Police national police check application form for each authorised representatives (note that a conviction may not necessarily disqualify a person).
- **Hold the AusTender account**
  - This person must be available to log-in to AusTender during the auction period and submit the bid form.
  - They will need to be in contact with the authorised bidder – and perhaps should be the same person as the authorised bidder (see below)

- **Be the authorised bidder at an ERF auction**
    - This person has the authority to bid and withdraw bids in the ERF auction
    - There are no legislative requirements on this person such as 'fit and proper' tests
    - The authorised bidder must be chosen or elected by your corporation abiding by your corporation rulebook.
- **Be the contact person in relation to your project**
    - This person needs to be contactable by the Regulator for any questions relating to your project
    - You can choose to use a director, or can appoint an 'agent' for your project
    - They should have access to phone and email and be able to contact all other people involved in the project
- **Authorise media releases for groups that plan to promote their project to attract buyers and partners**
    - There are no legislative requirements on this person
    - This is an internal governance arrangement- how you handle media is up to your organisation.

All of these people should be readily available to answer telephone or email enquiries, as well as have access to email, a printer, and a scanner.

There may be things your Aboriginal Corporation needs to do to authorise these people to carry out these tasks. Generally speaking, a resolution from the Board of your corporation delegating responsibility to that individual is sufficient. However, as the rulebooks of each corporation are unique the process of delegating authority should be checked.

The biggest decisions for a carbon project are made at the beginning. A governance model is a crucial first step that can help shape the success of the Project. It is important to find a model that works for you and your organisation, whilst being dynamic enough to successfully run a carbon project.

Kimberley Rangers at Purnululu National Park.

3. Guide to the ERF

3.6 Register the Project

Once you have decided on a Method, undertaken a feasibility study, and established your governance arrangements, you then need to register your carbon project.

There are a number of steps involved in registering an ERF carbon project with the Regulator. Applications to register a project must now be done online through the Regulator's Client Portal. The Regulator is moving to online forms. There is currently a transition period and some forms are still downloadable, but it is important to check the Regulator's website to make sure you have access to a computer with internet for filling in all the forms.

It will help your understanding to look at all the requirements and forms for the project from beginning to end. This will lessen the chance of mistakes and help ensure that you are able to comply with the requirements of a project until its completion.

3.6a Register with the Regulator's Client Portal

Visiting the Regulator's website and registering with the client portal is the first step to do a carbon project. Registering on the Client Portal is similar to applying for an email address. Once this step is completed you can access the online forms to allow you to register a project and complete the other forms required a carbon project.

3.6b Client Identification Form

Key things required to complete the Client Identification Form are:

- Whether you will be known to the Regulator as an:
  - Individual
  - Organisation
  - Trust

Note that Aboriginal Corporations would be an 'Organisation' for the purposes of the Client Identification Form.

- An Authorised contact person
- An identifier such as an Australian Business Number (ABN) or in the case of Aboriginal Corporations, an Indigenous Corporation Number (ICN)
- A current Office of the Registrar of Indigenous Corporations corporation extract detailing the corporations executive officers or;
- A list of Directors or other Executive Officers
- The Directors must pass a 'fit and proper persons' test
  - A fit and proper person is one that has not has not been convicted of dishonest or false and misleading conduct under the *Criminal Code*.
  - The fit and proper person test applies to the scheme participant. If the PBC is the applicant then the Directors of the PBC must also pass the fit and proper person test

3.6c Application to register a project

The type of information you will need to complete the online application to register a project includes:

- The authorised Agent or contact person for your project;
- A chosen Method (see *Part 3.3 'Identify the Method to be used'*);
- Proof of the legal right to carry out the project (see *Part 3.4* and *Part 5*);
- Additional information to support your chosen Method;
- A Forward Abatement Estimate (FAE) of at least 2000 t CO_2-e per year of the project (minimum bid amount for ERF auctions);
- The newness requirement needs to be met (see *Part 3.4d 'Doing a new project'*).
- A person who is authorised to sign the documents required (see *Part 3.5 'Design your project governance'*);
- A description of the project and activities
- A description of the skills and expertise of any person intended to be used in carrying out the project consistently with the chosen Method;
- Disclosure of all persons who hold an interest in the land on which the project occurs through the completion of an Eligible Interest Holder Consent Form
- There is also the requirement at this point to upload documents regarding
    - The peak period of the project or abatement period;
    - Documents relating to regulatory approvals sought and granted (ie. A Shire permit to burn) or what actions has been taken in regards to regulatory approvals if they are outstanding';
    - Eligible Interest Holder Consent Form; and
- Geospatial information and files where applicable

In relation to land based carbon project such as a savanna burning carbon project you will also need to provide:

- Where the project is located and each land title or titles covering or partially covering the project area(s)
- Geospatial information and files
- Details of any Natural Resource Management Plan that covers your project area

Balanggarra Rangers prepare to conduct aerial burning.

3. Guide to the ERF

3.7 Application to open an ANREU Account

The ANREU Account is just like a bank account- the ACCUs you earn are deposited into this account. You can then transfer the ACCUs to a buyer, just like online banking, using a log-in and password.

This application form requires you to nominate an authorised representative. This nominated person will hold the account details and password and will be responsible for carbon credit transfer at the time of receipt and sale (see *Part 3.5c 'Key people and their roles in a successful carbon project'*). The Regulator recommends (although this is not compulsory) that an ANREU account holder appoints at least two authorised representatives so that one may initiate a transaction on ANREU (the transaction initiator) and another may approve the transaction (the transaction approver).

The authorised representative must provide:

- Proof of identity- three correctly certified proof of identity documents (for example a birth certificate, passport and drivers licence);
- A completed Australian Federal Police check consent form (this form consents to the Australian Federal Police checking your criminal record and telling the Regulator if you have a record with them); and
- A fit and proper person declaration. Although this step may have been completed previously it will need to be repeated here, particularly if the ANREU Authorised Representative is different to the scheme participant
    - A fit and proper person is one that has not has not been convicted of dishonest or false and misleading conduct under the *Criminal Code*.

3.8 Identify a Buyer

After you have completed the foundation work for your project it is time to identify who your buyer might be. There are three possible markets at the time of writing:

1. **ERF**- You can seek a carbon abatement contract with the Government at an ERF auction any time after your project is registered. You can do this before you begin your project operations if you can guarantee the Regulator that your project will deliver on its emissions reduction or avoidance (see *Part 3.15 'Participating in the ERF Auction'*).
2. **The Secondary Market** - Existing ERF carbon projects may need extra ACCUs to fulfil their contracting obligations (see *Part 3.16 'Secondary Market'*).
3. **The Voluntary Market** – You might seek a partnership or purchase carbon credits from a company who voluntarily offset their GHG emissions (see *Part 4 'Voluntary Market'*).

✦ The successful operation of a carbon project requires proper preparation. Take your time and consider all of your requirements to achieve a successful result. ✦

Undertaking good early dry season burning helps stop big late season wildfires.

3.9 Undertake Project

This is the operational part of the project. For example, if you're running a savanna burning carbon project, this is the time to undertake your Right Way Fire program. If you're using a tree planting Method it's time to run irrigation and plant your trees.

Remember that your Method is your guide to running your project successfully. You should carefully follow the Method. Some things to be aware of in undertaking the project include:

- Be careful to record information as required by your Method. This needs to be done regularly- if this isn't provided to the Regulator in your reports you may jeopardise the receipt of your ACCUs.
- The Method might require that you complete certain work at a particular time of year. Using a savanna burning carbon project as an example, the burning must be done in the early dry season- in the first half of the year before the 1st of August.
- Do you need specialists or particular equipment for any part of your operation? For example, if you are conducting aerial burning you will need a helicopter, a pilot and an incendiary machine and trained operator.
- Do you have enough staff to conduct your operations?
- Does your existing staff require training in any aspect of the project? An example might be that your staff needs help with recording information that is specific to the Method you're using.
- What specific occupational health and safety issues does your project have? Do you need to provide personal protective equipment to your staff?
- Do you require insurance for the project?

3. Guide to the ERF

3.10 Record Keeping

There are record keeping requirements that must be satisfied under the ERF and the Method that you use. These records must be kept for 7 years and it is recommended that you also keep a backup copy of the records somewhere safe in the event of something occurring that would cause a loss of records (ie. a fire).

You will need to keep a record of:

- All of the information used in the project report
- Your project registration documents
- Correspondence with other agencies, stakeholders and regulatory bodies
- Records of project activities. *For example, maps, flight lines and fuel receipts from burning activities*
- A record of any changes to your key people or their Fit and Proper Person status. If there are any changes these must be documented and reported to the Regulator
- A record of your legal right to undertake the project
- Notifications to the Regulator of any changes made to the project

If the Regulator asks for an unscheduled audit, you will need to produce these documents. Also be aware that there may be requirements under a specific Method to keep other additional records.

For more information visit the Participant Obligations' section of the Regulator's website *http://www.cleanenergyregulator.gov.au/*

3.11 Reporting

You will need to submit Project Reports to the Regulator.

A project report is a written report about the project that must be submitted before you can apply for ACCUs.

Under the ERF, you can choose when you submit your Project Report as long as you adhere to the minimum and maximum reporting periods (periods between reports). The minimum reporting period for projects is six months unless specified otherwise in the legislative rules. The maximum reporting period is two years (or five years for sequestration projects). When one reporting period ends, the next reporting period starts on the following day and this continues for the entire crediting period of the project.

The frequency with which you report will depend on your particular project, how often you need ACCUs and any reporting period requirements of the Method.

Wunggurr Ranger- Robin Dann.

✦It is important that your project report has all the required information so that the Regulator can issue your ACCUs✦

3.11a Documents to include in your project report

The project report is the document that sets out what activity you have been doing, and includes the calculations for how many ACCUs your activity has produced. It is used by the Regulator to confirm how many ACCUs you will be issued. A project report must contain all information required by the legislation and the Method. At a minimum, a project report must contain:

- the unique project identifier of the eligible offsets project;
- the name of the applicable Method used;
- The start and end dates of the reporting period
- if a report has been submitted previously for the project—the date the most recent report was submitted;
- the name and contact details of:
  - the scheme participant; or
  - if there are multiple scheme participants—the participants' nominee;
- all of the calculations used to determine the emissions avoided or sequestered by the project
- details of any required or triggered audits during the period of the report or past periods
- whether the project has been implemented in accordance with the applicable Method;
- whether an application for ACCUs for the project has been, or is being, submitted under section 12 of the Act for the same reporting period;
- if a project area for the project is covered by a regional natural resource management plan—whether the project is consistent with the plan;
- the day on which the next reporting period for the project is to end;
- any information required to be submitted in the report for the project under the applicable Method;
- whether the scheme participant, under subsection 76 (8) of the Act, is setting out more than one project report in the same document;
- whether the project is, or has been, wholly or partly covered by a prescribed non-CFI offsets scheme;
- a signed declaration by the scheme participant that the information contained in and accompanying the project report meets the requirements under this regulation and is accurate.[3]

The Method also may require specific additional information to be included in the project report (for an example see *Part 6.2 'A closer look at the ERF savanna burning Method'*).

Also, any changes to the project must be reported to the Regulator with a description of the change and how the project is continuing to comply with the requirements of the method or other legislation.

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3 Taken from Carbon Credits (Carbon Farming Initiative) Rule 2015- F2015L00156. Accessed 14 August 2015 https://www.comlaw.gov.au/Details/F2015L00156

3. Guide to the ERF

3.12 Audit

An audit is an independent verification of the project report and must be carried out by a category 2 or 3 Greenhouse and Energy auditor registered under the National Greenhouse and Energy Reporting Regulations 2008.

An audit is required to confirm that you are actually reducing emissions by the amount that is stated in your project report and involves having the Auditor check the details of your project. Their crosscheck and confirmation of your figures confirms the number of ACCUs that the project is entitled to. The Auditor also checks that your project has been conducted as per your report and that you have the legal right to conduct the project.

3.12a Number and frequency of audits

Under the ERF, the Regulator has adopted a risk-based approach to audits. The number of audits a project requires during a crediting period under the ERF is based on the abatement amount- the bigger the project, the more audits required. For example, a savanna burning carbon project abating 40 000 t CO_2-e annually would be required to have three audits over its crediting period of 25 years.

1. Initial audit

The initial audit is important as it will set the basis for the project, proving beyond doubt that you are in fact reducing emissions by a certain amount.

The first (initial) audit is the most in depth as all aspects of the project must be covered such as project registration details like the legal right to conduct the project and specific Method requirements. Initial audits will cover a period of at least six months.

2. Subsequent audits

These will reconfirm the first audit in scheduled intervals as negotiated between the scheme participant and the Regulator. Subsequent scheduled audits will cover a minimum of 12 months.

3. Unscheduled or additional audits (Triggered audits)

The Regulator can 'trigger' additional audits where there is suspicion of wrongdoing or non-compliance with legislation or the Method.

Further details of auditors and audit requirements can be found on the Regulator website.

Right Way Fire.

Purnululu National Park.

3.12bThe costs of an audit

Audits can be expensive, ranging from $7,000 to $50,000 depending on the project type. It is worth checking and getting quotes from a number of auditors. The auditor you use must be registered under the NGER Regulations. The Regulator maintains a list of registered NGER auditors which can be found on the Regulator website.

An audit can require the auditors to conduct a site visit, which may be expensive. Staff must also be available to answer any questions the Auditors might have. Audits usually take about two weeks but can go on longer. If you provide all of your documentation at the start of the audit process then this will enable the Auditor to be as quick as possible.
Audits are paid for by the scheme participant except where:

1. The CER has initiated an audit and;
2. There is no evidence of non-compliance with the legislation or Method found.

Figure 4: Number of audits necessary[4]

	Threshold – average annual abatement	Initial audit	Number of subsequent audits	Total number of audits
Small	Up to 50 000 t CO_2-e	1	2	3
Medium	50 001 – 150 000 t CO_2-e	1	3	4
Large	Over 150 000 t CO_2-e	1	5	6

4 Taken from 'Audit in the Emissions Reduction Fund Risk-based audit framework' November 2014 published by the Clean Energy Regulator

3. Guide to the ERF

3.13 Apply for ACCUs

To receive your ACCUs you need to complete and submit a 'claim for ACCUs' form. The type of information you will need to complete the form includes:

- a copy of your audited project report;
- a statement of compliance by the Auditor;
- project identification information;
- how many ACCUs you are applying for;

ANREU account information (see *Part 3.7 'Application to open an ANREU Account'*).

3.14 Sell your ACCUs

Once you have received your ACCUs, you then transfer these to a buyer in accordance with a sales contract you have negotiated (see *Part 3.8 'Identify a buyer', 3.16 The Secondary Market;* and *4. Voluntary Market*) or through the ERF Auction (see *Part 3.15 Participating in the ERF Auction*).

3.15 Participating in the ERF Auction

The ERF Auction is the way in which the Government buys ACCUs from carbon projects.

The Regulator will hold a certain number of auctions each year on behalf of the Government. These auctions are for scheme participants to bid for a Carbon Abatement Contract. If you are successful at an auction, you enter into a legal contract with the Government which guarantees that you will deliver the negotiated amount of ACCUs over the negotiated time period. This is a business agreement that the scheme participant makes with the Government.

The Government will enter into contracts with scheme participants who are successful at the auction. In deciding who is successful, the Regulator looks for the cheapest abatement. The dates for the Auctions are set by the Regulator. The Regulator will publish the date for an auction 6 weeks in advance on its website and by email to those registered to receive the Regulator's email new updates.

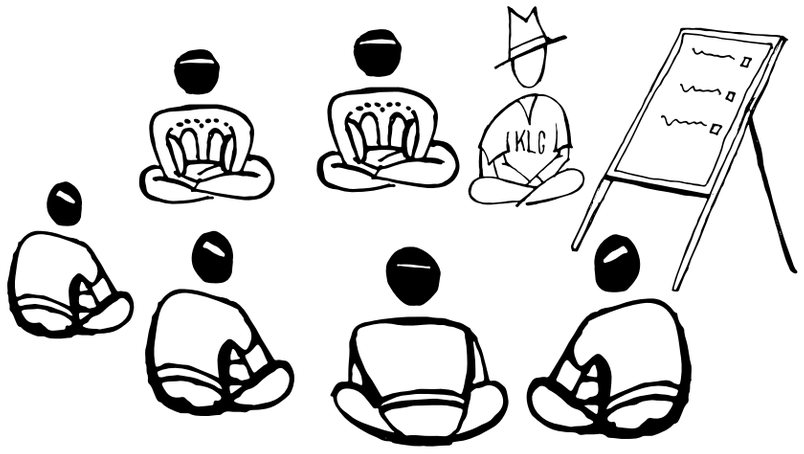
Figure 5: Auction information released by the Regulator

Timeline and information to be published	Date
Auction format and minimum bid size published	By approximately three months before auction day
Auction date(s) and bidding window published	By no later than six weeks before the auction
Auction registration closes	Five business days before the auction
Each participant and authorised bidder notified of their results	By the end of five business days after auction close
Volume weighted average price published	By the end of five business days after auction close

Wunambal Gaambera Uunguu Rangers.

3. Guide to the ERF

✦The Auction Qualification form, completed and submitted, constitutes a legally binding offer by you to the Regulator to supply a certain amount of ACCUs over an agreed period of time✦



Undertaking a carbon project can be complex. It's important to consult with a carbon expert.

Once you have decided to participate in an auction there are four key steps required (see *Part 3.15a-d 'Participating in the ERF Auction'*).

3.15a Auction Qualification

The Auction Qualification is to show that your project intends to and is qualified to bid into the ERF Auction. To qualify for an ERF auction you must prove that you have a registered ERF project. It is the first of a three part offer to enter into a binding legal contract with the Regulator.

By submitting an Auction Qualification form, you are indicating that you agree to be legally bound by the terms of the Carbon Abatement contract if your auction offer is successful.

Important considerations in completing the Auction Qualification form are:

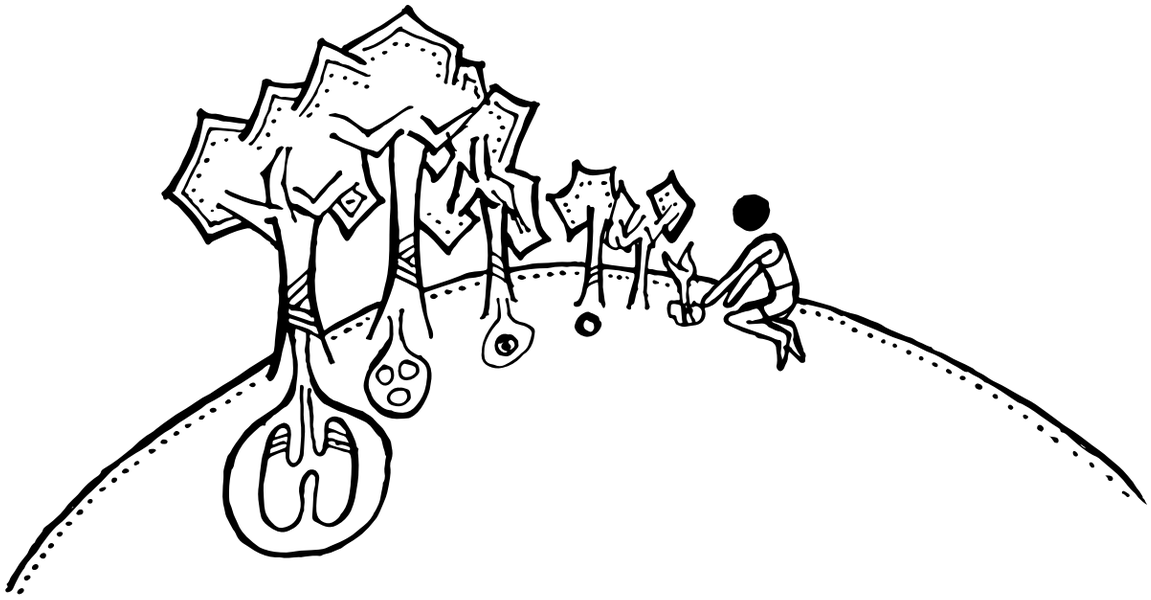
- **Conditions Precedent**

These are conditions that can be written into the contract that your project is dependent upon. It is good to think about whether there are certain things that you require in order to deliver on the contract. For example, if your ability to undertake the project depends on getting a loan from the bank, you could put a condition precedent that a loan is granted. The condition precedent must expire before the contract commences, so in this example, you must be given the loan by the time you bid into the auction.

- **Indicative Agreed Quantity**

This is the amount of ACCUs that you are offering to sell to the Government. At this stage, the amount you put down is not binding – just an indication of what you think you will bid in later during the auction. Note that the minimum bid amount for the ERF auction is 2,000 t CO_{2}e per year of the project.

In deciding on the quantity, the types of things you can think about are how many ACCUs you think your project will produce, any risk that the project may deliver less ACCUs, and whether you may want to keep some ACCUs aside to sell into the Secondary or Voluntary markets. The



Carbon sequestration project.

amount you bid should not be more than you think your project can produce. If your project does not get as many ACCUs as you contracted to give to the Government, you would need to purchase extra ACCUs in the Secondary Market or face the penalties written into the contract.

- **Indicative Expiry Date**

This is the amount of time over which you will deliver ACCUs to the Government. At this stage of the auction process, the time frame you put down is not binding, it is just an indication of what you think you will bid in later during the auction.

The time period is normally between 1 and 7 years. Some Methods, such as savanna burning, allow contracts to be as long as 10 years (with a crediting period of 25 years). In deciding on the contract length, you should consider:

- Are there any things which could impact on your ability to do the project and produce ACCUs in the future?
- Are there benefits of locking in a long contract, so you can have guaranteed income from the sale of ACCUs?

You can also apply for a 'one off' sale of ACCUs that you have already earned.

In the Auction Qualification form you will also need to provide the seller's (scheme participant or multiple participants) bank details.

As this form is legally binding it is wise to seek legal advice before its completion. You will need to understand the Carbon Abatement Contract Code of Common Terms[5] and what implications these have for you.

5 *http://www.cleanenergyregulator.gov.au/ERF/Want-to-participate-in-the-Emissions-Reduction-Fund/Step-2-Contracts-and-auctions/Contracts/Carbon-Abatement-Contract*

3. Guide to the ERF

✦A scheme participant must complete their registration no later than 5 working days before the auction they wish to bid into✦

3.15b Register for Auction

The Auction Registration is the second step in the three part offer to the Regulator. Upon the Regulator's acceptance of this form you are registered to bid into a specified auction.

The auction registration requires you to confirm your auction qualification and nominate:

- The auction you wish to bid into, which will have been advertised on the Regulator's website.
- The quantity of ACCUs you will deliver over the course of the contract- this amount will now be locked in.
- The expiry date of the contract- this date will now be locked in.
- The Delivery Schedule- you will need to nominate a date each year when you will deliver ACCUs to the Regulator. You will need to choose a date that will allow you to complete all of the steps for claiming your ACCUs. This date will need to take into account:
    - How long after the end of the project's reporting period you will be required to submit your project report
    - How much time you will need to allow time for an audit. Although this won't be required each year you will need to allow time so you can be audited and still deliver your ACCUs in time

For example, in a savanna burning carbon project, the reporting year runs from the 1st of January until the 31st of December. This is the period of time over which you earn your year's ACCUs. You should allow enough time after the 1st January for you to complete your paperwork, and for the Regulator to process it and give your ACCUs (they are permitted to take a maximum of 90 days to deliver ACCUs) and for you to actually transfer the ACCUs to the Government.

Once you have successfully registered for an auction, the Regulator will email you the unique identifying details of the next auction. You (or your Authorised Bidder) will need these details in order to participate in the final step of the auction.

3.15c Nominate an Authorised Bidder

You will need to choose someone to bid on behalf of the project. This is the person who has to log-in to the 'AusTender' website on the day of the auction. This person should have access to a computer with internet, email, a printer and a scanner.
The authorised bidder form[6] nominates this person. It is recommended to complete and submit this form as early as possible before the auction date.

3.15d Submit your bid on AusTender

Your bid is the final step in participating in the auction. This is when you submit your final paperwork saying what price you would like the Government to pay for your ACCUs.

The bid price is very important. When deciding on the bid price, you need to take into account all the costs involved in running a carbon project, for example, the operating costs such as equipment or insurance, reporting and audit costs and the costs of a broker (if used). It is important that the bid price reflects the price it costs to do a project.

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6 http://www.cleanenergyregulator.gov.au/DocumentAssets/Pages/CER-ERF-AUC004---Auctions-Authorised-Bidder.aspx

Purnululu National Park.

AusTender

To bid into an ERF auction you must use a government website called AusTender *http://tenders.gov.au.* This website is not solely for the use of carbon projects. This website handles all government tenders for work that the Government offers to the private sector so you'll find a lot of unrelated information here.

You'll need an AusTender account. The most appropriate person to hold this account is your Authorised Bidder. To apply for an AusTender account, go to the AusTender website and follow the links to sign up. It is a similar process to applying for an email address. The person who holds an AusTender account must have an email address.

The bidding window

When the Regulator announces the auction dates they will announce the 'bidding window'. The bidding window signifies a certain time in which you may put a bid in and also to withdraw a bid should that be required. An Auction Bid Form will be made available on the AusTender website during the bidding window. To place a bid you'll need to;

1. Log-in your AusTender account.
2. Use the Auction Identification Number you received from the Regulator when you submitted your Auction Registration documents to search for the ERF auction in AusTender
3. On the AusTender ERF auction webpage, print the Auction Bid Form
4. Complete the Auction Bid Form with your
   - Contract Identifier
   - The unit price per carbon credit you want to bid
   - The details of your Authorised Bidder
   - The details of the carbon abatement purchasing processing date and contract date are pre-filled and don't require you to make changes
5. The Authorised Bidder needs to sign the form
6. Scan the document
7. On the AusTender ERF auction webpage upload the form as directed

For more information you can find the AusTender user guide at *http://tenders.gov.au*

✦ You are only allowed one bid per contract ID; care must be taken to ensure that all the details on the Auction Bid Form are correct and complete ✦

3. Guide to the ERF

3.15e Success at an ERF Auction

The auction bid document completes the process for bidding into the ERF Auction. The government will award a Carbon Abatement Contract (see *Part 3.15f 'Carbon Abatement Contract'*) to the projects with the lowest cost abatement. Once you have placed your bid and the auction has closed, the Regulator will advise of the results within five business days.

3.15f Carbon Abatement Contract

The Carbon Abatement Contract is a binding contract for delivery of ACCUs. As the contract binds you for its duration—as nominated by you and agreed to by the Regulator, it is the most important document in the ERF process.

If you are successful, you must operate your project as specified in the Method and your Carbon Abatement Contract, apply for ACCUs (by completing your project report, having these audited, and meeting your record-keeping and reporting requirements) and deliver your ACCUs to the Government according to the delivery schedule.

3.16 The Secondary Market

In addition to selling ACCUs through an ERF auction, it may also be possible to sell ACCUs through the secondary market.

In the Secondary Market you may be able to make a sale of ACCUs to someone who has a carbon abatement contract but who is unable to deliver their contracted number of ACCUs. They may have to purchase ACCUs from another project to satisfy their contractual obligations.

The ERF also has a 'safeguard mechanism' built into the legislation. This is to ensure that emissions reductions paid for through the ERF are not offset by significant increases in emissions elsewhere in the economy. This mechanism will come into effect after July 1, 2016 to allow time for consultation. This mechanism may create more opportunities for the sale of ACCUs in the future. More information will be released in the future about the secondary market at: *www.environment.gov.au*

✦The contract is the result of a successful bid in the ERF auction. This document will bind your project into the delivery of ACCUs for its duration✦

Early dry season prescribed burning in the Kimberley.

4. Voluntary Market

Early season burning is frequently undertaken using a helicopter to access remote or large areas.

4.1 What is the Voluntary Market?

In a voluntary carbon market a person or company volunteers to offset their GHG emissions by purchasing carbon credits from a project that reduces the amount of emissions produced by their business operations. The motivation for doing this may be to show they are doing the right thing for the environment and to contribute to a solution to climate change.

Ever since the science of climate change has been widely accepted, there have been people and organisations across the globe working on ways to reduce humankind's carbon footprint. These organisations had established markets before the ERF began. There may be opportunities for Australian carbon projects to participate in other carbon markets, or to establish ad-hoc voluntary partnerships.

4.2 Participating in the voluntary market

One of the main challenges to participating in the voluntary market is identifying a company who is interested in buying your carbon credits. To find a partner you will need to do research, talk with other carbon projects and see which companies have a voluntary program.

There are numerous reasons why a company may want to partner with a carbon project. Some examples are:

1. To use your carbon credits and abatement to offset their emissions or that of their clients
2. To take action against climate change
3. To support positive social, environmental and economic outcomes
4. To be seen as good corporate citizens and environmental stewards

Edmund Jungine uses the incendiary machine from the helicopter.

5. For philanthropic reasons (i.e. to support people and organisations who are working for the benefit of others)

Voluntary offset buyers are often interested not only in the carbon credit, but also in the other benefits associated with carbon projects. It is worth exploring with a potential partner what other benefits they are interested in supporting and how this could impact on the price they will pay for carbon credits. Some potential co-benefits that a partner might be interested in are:

- The environmental benefits. Environmental benefits specific to a Kimberley carbon project can be wide ranging and may include: improvement to plant communities; improvement of animal populations (including threatened species) and their habitat; and weed reduction, among other things.
- Potential marketing of the carbon project, the aboriginal group involved and the partner company. For the carbon project it might mean that it is easier to find another buyer in the future. For the aboriginal group it might promote awareness of their culture and assist with cultural exchange programs and tourism operations. For the buyer company it might mean that they earn the goodwill of their stakeholders and clients.
- Employment in remote communities. A strong, long-lasting business partnership might create stable conditions for employment.
- Being able to talk about the 'story' of a carbon project is positive goodwill marketing for a company and their reputation. The story may include aboriginal people practicing traditional law and culture whilst burning country according to traditions and also using modern science and methods such as GPS and helicopters.

- There might be a positive effect on culture if this is promoted and encouraged by setting aside funds for on country trips such as visiting remote art sites or doing fire walks. These activities can then be included in the 'story' of a project.
- Destination marketing. If a partnership with an airline, transport or tourism business was established there might be the opportunity to market an area of Native Title land for tourism and assist local indigenous tourism operators.
- There is scope for other joint programs between partners with potential outcomes limited only by your imagination. Some examples might be:
    - An environmental program with an Indigenous Ranger Group targeting an endangered species;
    - A 'destination marketing' promotion of the traditional homelands of an indigenous people including targeted marketing of an Indigenous tourism product;
    - A social welfare program to assist or employ Indigenous people
- An exchange of services. The scope of this is only limited by your imagination but one example might be providing art for an office building in return for whatever the company provides such as electricity, transport, commercial services etc.

There can be a lot of work involved in establishing a good partnership that benefits everyone involved. It is a good idea to consider getting independent financial, legal and business advice before entering into any kind of business relationship.

4.2a Brokers

There is a surprising amount of work involved in a sale of carbon credits such as:

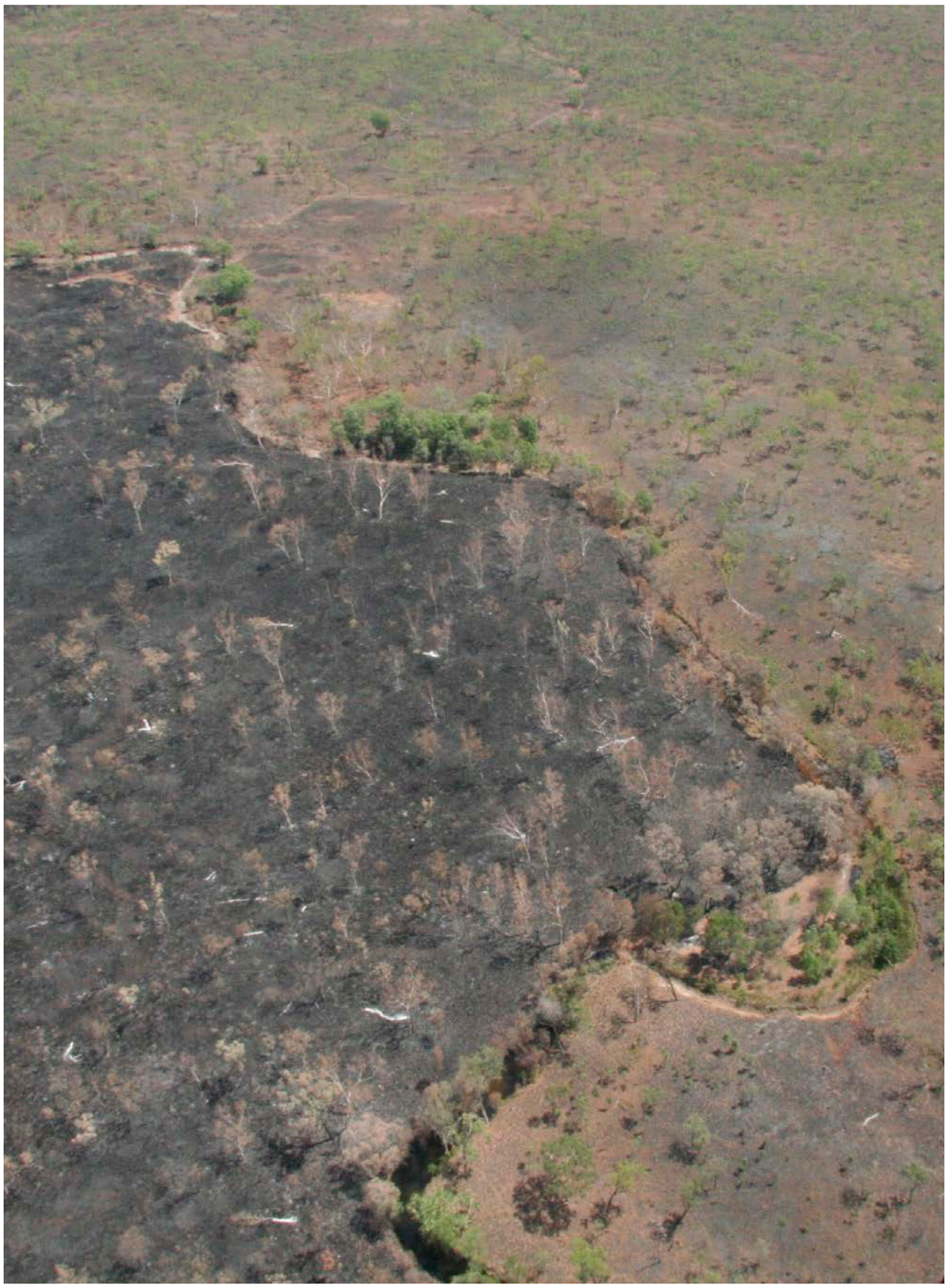
- Negotiating a price, a partnership or other benefits
- Drafting a contract of sale
- Providing business or legal advice in relation to a sale.

If you aren't comfortable dealing with a company or feel out of your depth, then hiring a Broker might be prudent.

Brokers are intermediaries or 'go-between' business people that can assist with a sale between a scheme participant and a company. They may also be able to guide you on how much to sell your carbon credits for. A Broker is required to have an Australian Financial Services License to:

- Advise you on the potential price of your carbon credits in particular markets;
- Negotiate a deal on your behalf;
- To make a market (ie. Regularly offer to purchase and sell financial products such as carbon credits).

You should always check the qualifications of someone providing expert advice. In particular, if you are contracting someone to provide financial advice, you should ask whether they have an Australian Financial Services Licence and what experience they have in providing this type of advice.



Late fire going out on firebreaks put in by strategic burning in early dry.

4. Voluntary Market

4.3 Examples of Voluntary Markets: Gold Standard and Voluntary Carbon Standard

The Gold Standard and Voluntary Carbon Standard are examples of schemes that – like the ERF – provide carbon credits for projects that reduce GHG emissions, and create a market for those credits.

Gold Standard (established 2004)
The Gold Standard Foundation has headquarters in the city of Geneva in Switzerland. Below is an excerpt from their website *http://www.goldstandard.org/*

> For ten years, The Gold Standard Foundation has pioneered the way climate change is addressed. Our Reward for Results approach has channelled billions of Euros into 1000 low carbon development projects.
> To receive our prestigious stamp of approval all Gold Standard projects must be implemented following our best practice rules, consult with local stakeholders, continually reduce greenhouse gas emissions and improve the environment and people's lives. Once certified by The Gold Standard projects are issued credits annually against independently audited climate and sustainable development outcomes. The purchase of these credits – by governments, business, impact investors and individuals – provides on-going funding to project activities.
>
> This Results Based Finance principle shifts the emphasis to outputs rather than inputs or promises and gives the buyers of Gold Standard credits confidence that their money is making a real difference. We measure our success, in turn, on the aggregated positive impacts that our projects deliver to thousands of local communities and the global environment.
>
> With a strong conviction that our climate 'results based finance' model can be replicated and adapted, we are pioneering best practice rules and monitoring tools for broader environmental and development outcomes, beginning with water.
>
> *WWF calls The Gold Standard its 'carbon market weapon of choice' whilst The World Bank's International Finance Corporation rates the development impacts of Gold Standard projects as 'supra-normal'.*

Voluntary Carbon Standard (2005)

In just a few short years, the Verified Carbon Standard has become the world's leading voluntary greenhouse gas program. We were founded by a collection of business and environmental leaders who saw a need for greater quality assurance in voluntary carbon markets.

In 2005, our founding partners - The Climate Group, International Emissions Trading Association (IETA) and The World Economic Forum - convened a team of global carbon market experts to draft the first VCS requirements. World Business Council for Sustainable Development (WBCSD) joined the effort soon after. These experts soon formed the VCS Steering Committee, which worked diligently to draft the first and subsequent versions of the VCS Standard. Many of the members of the original steering committee went on to be on our Board of Directors, which now has evolved into a body of 12 members that offers input and guidance to the organization.

By 2008, with the VCS Standard becoming more widely adopted, the Board of Directors named David Antonioli the organisation's first Chief Executive Officer. Soon after in 2009, VCS incorporated in Washington D.C as a non-profit NGO. Today, a growing professional staff with offices around the world manages the ongoing operations and development of the VCS Standard and Program.

This growing staff provides VCS with an unmatched ability to innovate and expand the international carbon market. We rely on expert committees to ensure existing and new requirements reflect state-of-the art knowledge and global best practice. We convene new committees of global experts on a regular basis to guide the development of fresh requirements. With input from our experts, we steadily expand the scope of the Program to respond to the need for new, innovative and trusted carbon accounting tools.

4.4 An example of a voluntary market buyer

'Flygreen Airlines' offers a voluntary program to offset the GHG emissions of their flights. People can pay to offset some of their emissions when they fly with Flygreen Airlines. The airline sources carbon credits from an Aboriginal carbon project.

Flygreen Airlines promote the partnership to create public awareness about this option. They want to be able to promote the good work of the airline- how they are working on a solution to climate change. They also want to promote the Aboriginal group- who are working to improve the environment locally and globally, and are also creating employment for their people and caring for their culture.

The clients of the airline who pay for offsets feel that they have done the right thing by supporting

1. *A company that cares for the environment*
2. *A company that supports Aboriginal people to*
   - *Own and operate businesses*
   - *Care for their country*
   - *Work towards a solution to climate change*
   - *Look after their people through employment opportunities*
   - *Transmit culture between generations through active land management using traditional knowledge*
3. *A company that offsets their GHG emissions*

5. PBCs, Native Title and Carbon

5.1 If you have Native Title, then who owns the project?

As touched on in *Part 3.6 'Register the Project'*, an application to register a carbon project under the ERF must show that you have the legal right to do the project.

Having the legal right to carry out the project means you have the right to do the activities required under the project and have a right to the ACCUs issued by the project.

The person who has the legal right to do the project will depend on what type of project it is, who the person is wanting to do the project, and what interests exist in the project area, including any Native Title interests.

The Regulator requests that you provide the following information on your legal right to carry out the project:

- a description of the project activities and associated obligations (such as allowing access or monitoring),
- a statement that you:
    - have the right to carry out the project activities on or for the sites or assets included in the project, and
    - have a lawful and exclusive right to be issued all ACCUs that may be created as a result of the project activities,
- an explanation of how you acquired the legal right, and
- a statement about the duration of your legal right.

It is recommended that you get legal advice on your right to undertake a carbon project, as part of undertaking a project feasibility study, or prior to applying to do a project.

Carbon projects on Exclusive Possession Native Title Lands

For a RNTBC wanting to do a carbon project on exclusive possession Native Title land, establishing the legal right to do the project requires:

- a determination of exclusive possession Native Title;
- a RNTBC; and
- that no other person has the legal right to do the carbon project[7]

Working out if anyone else has the legal right to do the project commonly involves looking at what other legal interests exist in the land, through looking at the tenure or any contractual rights in the project area, and whether they give rise to a legal right to do the carbon project.

In the Kimberley, there are three main types of interests, in addition to Native Title, that may exist in exclusive possession Native Title lands:

- Aboriginal Land Trust
- Aboriginal Pastoral Lease
- Unallocated Crown Land.

An application to register a carbon project should look at which of these interests exists in the project area and whether they give rise to a right to undertake a carbon project. Where no one else has the legal right to do the project, the RNTBC is taken to have this right.

A RNTBC with a legal right to do a carbon project may not want to undertake the project, but may wish to enter into an agreement giving permission for another person to do the carbon project on exclusive possession Native Title lands. To do this you may need an Indigenous Land Use Agreement that transfers your legal right to the other party.

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7 Taken from Section 46 of the Carbon Credits (Carbon Farming Initiative) Act 2011. Accessed on 11 June 2015

Wunggur Rangers.

For example, CarbonCare Aboriginal Corporation have exclusive possession Native Title determined, and want to register a carbon project. CarbonCare Aboriginal Corporation is the RNTBC, and as part of their Native Title determination, have the exclusive right to access and use the land. There are no other registered interests in the land. As no one else has the legal right to do the carbon project, CarbonCare as the Native Title holders are able to register a carbon project over the area.

Carbon projects on Non-Exclusive Possession Native Title Lands and other land tenure

There are no special rules for doing carbon projects on non-exclusive possession Native Title lands. It is assumed that the same rules apply to non-exclusive possession Native Title lands as for other non-Native Title land.

Showing the legal right to do the project generally involves looking at what interests exist in the land and the nature of those interests, as well as any contractual arrangements.

For example

ABC Aboriginal Corporation want to register a carbon project. The project area includes private land owned by the Corporation. ABC Aboriginal Corporation is the registered owner of this land. There is no lease over the land or mortgages. ABC Aboriginal Corporation has the sole right to run and manage the land. As the owner of the land, ABC Aboriginal Corporation are able to register a carbon project over the area.

DEF Aboriginal Corporation are the leaseholder of some land. They want to do a savanna burning carbon project. The lease gives them exclusive right to access and manage the land. It allows them to undertake land management activities, including fire management, and to pursue economic opportunities. There is nothing in the lease expressly prohibiting a carbon project. DEF Aboriginal Corporation rely on their lease to show they have the legal right to do a carbon project.

GHI Aboriginal Corporation have non-exclusive Native Title interests in an area of land. The land is owned by a private land holder. As the owner of the land, the private land holder has the legal right to do a carbon project. The private land owner enters into an agreement with GHI Aboriginal Corporation granting them the right to access the land and undertake the carbon project. The Agreement also gives GHI the right to the carbon credits. GHI Aboriginal Corporation uses the agreement to show they have a legal right to do the project.

6. Savanna Burning Carbon Projects

✦The Method that has the most success in the Kimberley is the Savanna Burning Method ✦

The only ERF Method currently in use in the Kimberley is the savanna burning Method. The newest version of this Method is the '*Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management) Methodology Determination 2015'*

The Regulator has a guide available that provides an introduction to conducting an ERF savanna burning project called *'Participating in the Emissions Reduction Fund – A guide to the reducing greenhouse gas emissions through early dry season savanna burning Method'.* Before planning your project KLC suggests you read the Regulator's guide; as well as download a copy of the Method's *explanatory statement* to read along with the *savanna burning Method.* Explanatory statements provide further detail about each part of the Method and are important documents for interpreting and understanding a Method.

In this section of the guide we have outlined some key concepts and considerations for people thinking about starting a savanna burning project in the Kimberley region.

6.1 Fire and Savanna Burning Carbon Projects

Fire is a natural feature of savanna ecosystems in Northern Australia. However not all fires are the same. There is a big difference in the amount of smoke (and GHG emissions) caused by a large out of control fire occurring late in the dry season to that of a 'cool burn' earlier in the year that might go out overnight.

A savanna burning carbon project aims to reduce GHG emissions from fire by shifting fire patterns from the late dry season to the early dry season. Existing savanna burning carbon projects in the Kimberley involve Native Title holders and Rangers conducting strategic burns on country in the early dry season in order to stop the spread of large destructive late season wildfires. This reduces the total area burnt as well as the amount of area burnt late in the dry season. This means there are less GHG emissions. Reinvigorating this traditional method of managing country improves environmental outcomes for the Kimberley region and enables Traditional Owners to:

1. spend more time on country;
2. take care of important cultural sites;
3. facilitate the sharing of traditional knowledge across generations;
4. complement the work undertaken through IPAs and Healthy Country Management Plans; and
5. create jobs for people in their communities.

6.2 A closer look at the savanna burning Method

The savanna burning Method clearly outlines the activities that must take place as part of the Project. The Method can be found at *https://www.comlaw.gov.au/Details/F2015L00344*

✦A savanna burning carbon project aims to reduce the emission of methane and nitrous oxide from fire by using fire management in the early dry season✦

6.2a Project timing

Reducing emissions by using the savanna burning Method involves doing fire management activities at the begging of the year between the 1st of January and the 31st of July, referred to as the 'Early Dry Season'. The intention of the Method is to lessen or stop wildfires that occur in the 'Late Dry Season'—the 1st of August to the 31st of December. Fighting wildfires that do occur late in the year can help abate more emissions.

These dates are set out in the Method, and do not change even if the weather in a particular year is different – for example, if there is a late or long wet that pushes burning back later in the year. It is important to plan ahead to make sure all burning has taken place by 31st July each year.

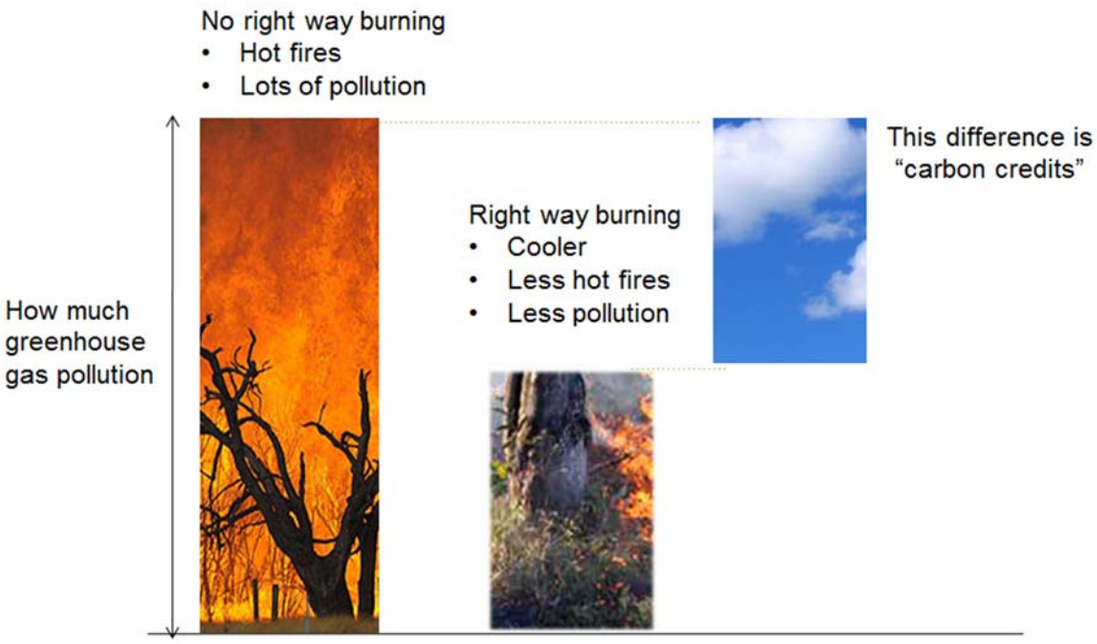
6.2b Baseline and Carbon Credits

The amount of carbon credits that a savanna burning carbon project makes is determined by reference to a historical baseline.

The Baseline of a savanna burning carbon project is the GHG emissions produced by fires in the project area in the 10 years prior to the year your project starts.

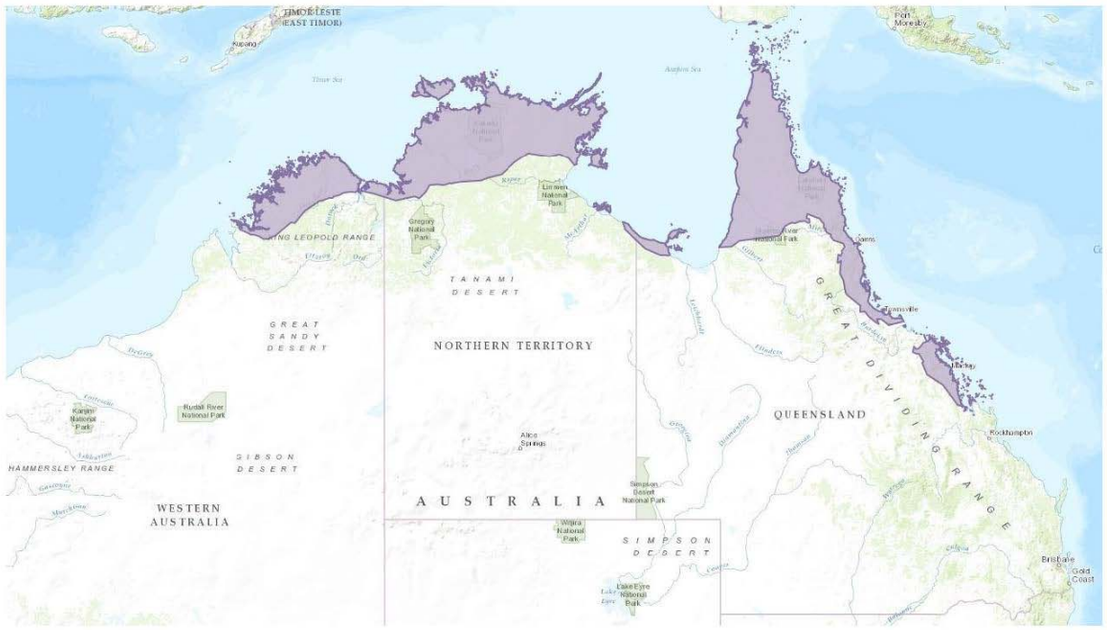
A savanna burning carbon project aims to reduce emissions from this baseline by shifting fire patterns to the early dry season. Measuring abatement against a baseline ensures that only abatement beyond what would have occurred anyway can be credited. If you reduce GHG emissions below the baseline level you can start earning carbon credits.

Figure 6: Savanna burning carbon project baseline



6. Savanna Burning Carbon Projects

Figure 7: The savanna burning high rainfall zone indicative map [8]



6.2c Types of vegetation

The savanna burning Method models how much GHGs are emitted by a particular type of vegetation. In order to do a savanna burning carbon project the project area must contain one or more of the following vegetation classes as described in the Method:[9]

- eucalypt open forest with tussock grass ground layer
- eucalypt woodland, with tussock grass ground layer
- sandstone woodland with a mixed tussock and/or hummock (spinifex) grass ground layer
- sandstone heath with a ground layer dominated by hummock grasses (spinifex).

Some types of Kimberley vegetation are not included in this list. This is because the research has not been done for these vegetation types. There may be other Kimberley vegetation classes that are researched and become part of the Method in the future. The KLC will monitor this and notify projects or potential projects of any changes.

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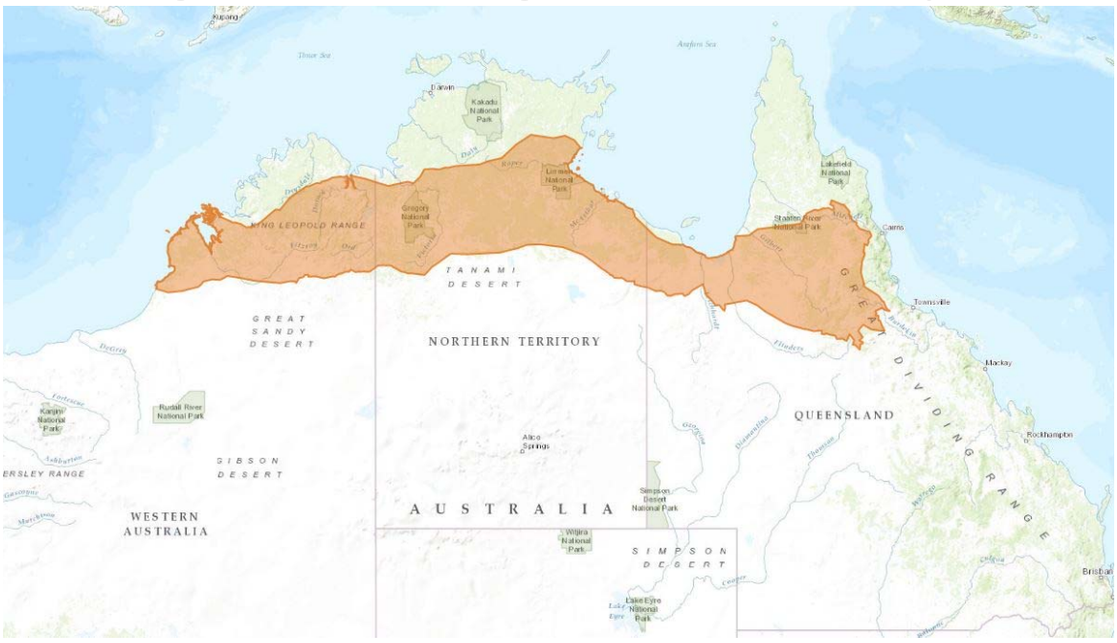
8 Taken from http://www.environment.gov.au/climate-change/emissions-reduction-fund/methods/savanna-burning. Accessed 10 June 2015.

9 Taken from http://www.cleanenergyregulator.gov.au/DocumentAssets/Pages/A-guide-to-the-Savanna-burning-method.aspx. Accessed 7 July 2015

Figure 8: The savanna burning low rainfall zone indicative map [10]



6.3 Savanna Feasibility Study

As discussed in *Part 3.4 'Conduct a Feasibility Study'*, a feasibility study will look at the costs and likely income from a carbon project, as well as other legal, environmental and capability factors to help you decide if it is possible or worthwhile doing a project.
Specific considerations for feasibility of a savanna burning project are:

- For a project to be eligible under the ERF you must:
    - show you have the legal right to undertake the carbon project (see *Part 3 'Guide to the ERF'* and *Part 5 'PBCs, Native Title and carbon'*);
    - that your project is not required under an existing law or regulation (see 3.*4c 'Not required under another law or regulation'*);
    - that your project is new- for savanna burning carbon projects, this test is satisfied if you are applying the Savanna Burning Method;
    - that the project is not likely to be carried out under another Government scheme.
- That the vegetation types in your project area are eligible under the Method.
- Whether additional fire management activities will be required for a successful carbon project and how expensive this may be to implement?
- Are there regulatory approvals required and how hard are they to get? An example would be a 'permit to set fire to the bush' under the *Bush Fires Act WA 1954.*

A comprehensive feasibility study will give you the understanding of the requirements for a successful project whilst outlining what potential your project might have[11].

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10 Taken from http://www.environment.gov.au/climate-change/emissions-reduction-fund/methods/savanna-burning. Accessed 10 June 2015.

11 The KLC has completed and distributed feasibility studies for eligible Native Title Groups as of July 2015.

6. Savanna Burning Carbon Projects

Early dry season prescribed burning in the Kimberley.

6.4 Design your savanna burning project governance

Part 3.5 'Design your project governance' discusses the importance of good project governance. In designing your project governance for savanna carbon projects, you need to think not only about who makes decisions about the carbon aspects of the project, but who makes decisions regarding the fire operations on a day-to-day basis. It is also worth thinking about how you could work with any other groups or organisations to share costs, and whether this may impact on your chosen governance arrangements.

6.5 Register the Project

Once you have decided on a Method and confirmed the project is worthwhile through a feasibility study, you then need to register your carbon project. *Part 3.6 'Undertake Project'* discusses this requirement.

For emissions avoidance projects, which include savanna burning carbon projects, there is an additional form that must be submitted along with the application to register a project. The form is the Annex B to the application to register a project: Emissions avoidance area based project.

This form requires:[12]

- Land Title or Native Title reference numbers. You may need to seek legal advice to assist with this;
- Geospatial Information ie. A clear map of the project area;
- Proof of the legal right to carry out the project (see *Part 3.5a 'Important considerations to design your project governance around'*); and
- Details of any Natural Resource Management (NRM) plan that covers the location of your project.

12 *Based on form CER_ERF_ANX002 v2.0 26/02/2015 accessed 10 June 2015.*

Kimberley Ranger conducting on-ground burning

6. Savanna Burning Carbon Projects

6.6 Undertake Project

This is the operational part of the project. It's time to undertake your Right Way Fire program.

How a savanna burning project is set up and run is critical for calculating how much GHG emissions are avoided as a result of a project, which in turn determines the amount of abatement that has occurred and how many ACCUs may be issued for a project. The Method and explanatory statement describes in detail how to set up a project, how to calculate the volume of emissions avoided as well as the net abatement that has occurred.

There are a number of specific requirements that you should have in place to begin your savanna burning carbon project. Many of these costs will need to be paid for up front – before ACCUs are generated. Some of these things include:

- A **validated vegetation fuel type map:** This is a big cost in developing a savanna burning carbon project. A vegetation fuel type map categorises vegetation in the project area into the vegetation classes identified in the Method. Different types of vegetation release different amounts of GHG emissions when burnt. The vegetation fuel type map identifies what vegetation types are in the project area. This is later used to calculate how many GHG emissions have been produced (or avoided) by Early Dry Season burning. The vegetation fuel type maps must be less than 3 years old when the project commences.

  The vegetation fuel type map must be 'validated'. This means checking that the vegetation types as identified in the map match what is actually present on the ground. To validate the map, scientists must travel over the project area and take photos – both from the ground and air. They then match the vegetation identified in the photos against the vegetation fuel type map to show that the map is correct.

  Some vegetation fuel type maps have already been prepared for the Kimberley region. You should check with the KLC whether a map already exists for your project area.

- A **Fire Management Program** or the intention to begin one. In order to undertake a savanna burning carbon project you need to undertake annual Right Way Fire operations. You may already be doing fire management which you will want to increase through a carbon project. Or you may be planning to commence fire management as part of the carbon project. Right Way Fire operations can be quite complicated. You need to plan in advance, have access to the right staff and resources and comply with any legal or regulatory requirements.

- Access to **technology** required for record keeping and monitoring. Under the savanna burning Method, you need to record and keep a lot of different data, such as all the fuel used in helicopters, planes, cars and drip torches; where and when you burnt; and all your permissions – such as Permits to burn under the Bushfire Act.
  You need to have the right technology to do this, such as Laptop computers and software and GPS (Global Positioning System) devices. You also need to have record-keeping systems in place – and records must be kept for seven years – this might require dedicated computers, online storage or hard drives as well as hard copy record keeping systems.

- Access as required to **Equipment** to conduct burning. You also need to have access to equipment to conduct burning, remembering some of these things can be expensive. Equipment may include:
    - Helicopter for aerial burning
    - Raindance machine
    - Vehicles
    - Fire drippers
    - Personal Protective Equipment
    - Fire fighting equipment

- Access to **Information Technology** and equipment
  As well as having computers for record-keeping, you will also need equipment to make sure you can print and sign documents, access information and respond to any correspondence coming from the Regulator. It is important that key staff involved in the carbon project have access to:
    - Computer
    - Printer
    - Scanner
    - Internet
    - Email
    - SavBAT II (North Australian Fire Information's online savanna burning abatement tool)

- **Staff:** Undertaking a savanna carbon project involves a lot of time and resources. There is both the operational requirements of staff – to do the burning – and the administrative side – doing reporting, record-keeping, and getting documents in order and submitted. Many of these things require staff with specific knowledge, training or technical skills. For example:
    - Burn Operations Supervisor – an experienced person who is able to plan and carry out fire operations each season. This is a big job that requires experience in fire operations as well as knowledge of the landscape, and knowledge of how carbon projects work – a good burn operations supervisor can work with Native Title Holders to plan burning in a way that will optimise healthy country outcomes as well as getting the best carbon abatement.
    - Rangers, Ranger Coordinators and Traditional Owners – Rangers and Traditional Owners need to be available to help plan and carry out the fire operations
    - Carbon Project Specialist – someone with knowledge about the requirements of a carbon project. This person can work with your Burn Operation Supervisor to prepare project reports, and work with the Authorised Representatives to get documents submitted in time. This person may also be able to help to organise the sale of carbon credits, or you may choose to use a Broker (see *Part 4.2a 'Brokers*)
    - You may also need to get external assistance at different times of the project, such as from a Lawyer, Financial Advisor or Broker.

6. Savanna Burning Carbon Projects

Uunguu and Balanggarra Rangers from the North Kimberley Fire Abatement Project.

6.7 Record Keeping

There are record keeping requirements that must be satisfied under the ERF and the Method that you use. These records must be kept for 7 years. For a savanna burning carbon project you will need to keep a record of:

The vegetation fuel type map

- Data sources used for compiling the map including mapping products consulted and produced
- Evidence of the validation including
    - The results of the validation assessment
    - The data sources used for undertaking the validation assessment
    - GIS Maps with the positions of all independent data waypoints collected
    - The GIS map that shows the intersection of the independent data waypoints and the vegetation map
    - The matrix showing quantitative evidence of errors of omission and commission by vegetation class and evidence that the final vegetation map is at least 80% reliable

Calculating baseline and project emissions

- All maps and data used to calculate both baseline and project emissions in electronic form (in standard spreadsheet or text format)
- Maps must be in standard geospatial formats

Maps

- A GIS (Geographic Information System) map combining the vegetation map and the savanna burning 600-1000mm rainfall map or the savanna burning 1000mm rainfall map that proves the project falls within the eligible rainfall area
- Seasonal fire maps for each year in the baseline period and reporting periods
- All monthly fire maps and supporting data sets used to develop maps to calculate baseline and project emissions
- Years since last burnt (YSLB) maps for the project area and the data to support those maps
- For a fire map sourced from NAFI, evidence of the source
- For a fire map not sourced from NAFI:
    - The registered greenhouse and energy auditors validation assessment report of the fire map
    - The data sources used for undertaking the validation assessment, including copies of all mapping and sampling products consulted and produced
    - All GIS maps depicting the position of all independent data waypoints collected
    - The GIS map that shows the intersection of the independent data waypoints and the seasonal fire maps
    - The matrix showing the quantitative evidence of errors of omission and commission by vegetation class and evidence that the final vegetation map is a least 80% reliable

If the data collected by the registered greenhouse and energy auditor's validation assessment has been used to increase the accuracy of a fire map:

- The original fire map and the adjusted fire map

Records of project activities

- The results of all calculations and information that contribute to calculations of emissions and abatement
- Records of early dry season burning activities undertaken, including location, timing and method
- Evidence of fuel use, including invoices and receipts and, in the case of helicopter use if fuel receipts are not available, records of hours of flight

Other records required

- Correspondence between the scheme participant and the Regulator in relation to your project
- Information about your legal right to carry out a project
- Information in relation to any decision made by the scheme participant in relation to the scheme participants obligations under the Act or Regulations, including the reasons for the decision
- Information about any variations to the project
- Information about regulatory approvals required and/or obtained in relation to the project
- Project reports and audit reports
- Information about any event that is reasonably likely to significantly increase or decrease abatement

6. Savanna Burning Carbon Projects

Early dry season prescribed burning in the Kimberley.

If the scheme participant is not an individual, information about the following:

- The scheme participant's organisational structure and any changes it undergoes
- The individuals with decision making authority within the organisation, and any change of those individuals

6.8 Reporting

The project report is the document that sets out what activity you have been doing, and calculates how many ACCUs your activity has produced. It is used by the Regulator to confirm how many ACCUs you will be issued. A project report must contain all information required by the legislation and the Method. The minimum requirements for a project report are outlined in *Part 3.10 'Record Keeping'* and *Part 3.11 'Reporting'.* In addition, for a savanna carbon project, you must provide

- **A validated vegetation fuel type map that also shows the rainfall zone(s) for the project area.** This is central to a savanna burning carbon project and underpins the amount of emissions abatement that can be claimed in your project report. The Method contains a formula for each vegetation fuel type which determines the amount of emissions abatement if that vegetation is burnt at specific times.
- **Seasonal fire maps** for the period of the carbon project.
- **Fire frequency map** outlining the history of fire in the project area helps to demonstrate the benefit of the project.
- **Raindance waypoints and GPS tracks.** If aerial burning is conducted and a Raindance Machine and GPS device used, then this data is also required to be reported. The tracks produced by a GPS device are sometimes known as flight lines and can be displayed on a map.

Kimberley Rangers undertake a range of cultural and environmental management activites to keep country healthy.

- **The calculations** such as the Baseline. If SavBAT is used, these can be taken directly from this tool.
- An **audit report** produced by a third party Auditor. This is an independent verification of the figures that you produce and guarantees the emissions abatement you are claiming.
- Copies of required **permissions**. An example for a savanna burning carbon project is the permission to burn obtained from the local government.
- **Tables** as per the Method requirements.
- **Fossil fuel use** must be monitored through the use of invoices and vehicle logbooks etc. as this use is counted against the overall emissions abatement of the project.

6.9 Audit

Audit requirements are discussed in *Part 3.12 'Audit'.*

The initial audit of a savanna burning carbon project will require auditing the vegetation fuel type map. This will require the auditor to make contact with the person who prepared your vegetation fuel type map, and you may need to pay them for their time in working with the auditor.

6.10 Apply for and selling credits

Refer to *Parts 3.13 'Apply for Credits', 3.14 'Sell your credits', 3.15 'Participating in the ERF Auction'* and *3.16 'The Secondary Market'*.

7. Appendices

7.1 Key Organisations

Department of Agriculture is the Australian Government department responsible for delivery of the Extension and Outreach program.

Department of the Environment (DoE) is the Australian Government department responsible for the development of Methods and developing the policy of the Emission Reduction Fund.

www.environment.gov.au/

Clean Energy Regulator (The Regulator) is an Australian Government body and independent statutory authority responsible for accelerating carbon abatement for Australia through the administration of the National Greenhouse and Energy Reporting scheme, Renewable Energy Target and the ERF. Their responsibilities include administering and policing carbon projects and managing the auctions under the ERF legislation. The Regulator maintains a website with important resources for carbon projects.

www.cleanenergyregulator.gov.au/

Darwin Centre for Bushfire Research (DCBR) is the leader of scientific research into savanna burning carbon projects. They assist northern Australian land managers with applied fire management research.

http://research.firenorth.org.au/

Carbon Market Institute is an independent member based organisation that assists businesses to develop carbon projects.

http://www.carbonmarketinstitute.org/

Kimberley Land Council (KLC). The Land and Sea Management Unit of the KLC works with Traditional Owners to undertake healthy country management activities. The Land and Sea Management Unit helped to facilitate the first Native Title savanna burning carbon projects in Australia with North Kimberley Traditional Owners.

http://www.klc.org.au/

North Kimberley Fire Abatement Project is the first savanna burning carbon project in Western Australia. The project area is on the Native Title Land of the Balanggarra, Dambimangari, Wilinggin and Wunambal Gaambera groups of the North Kimberley.

You can find more at *http://www.klc.org.au/*

Prescribed Bodies Corporate (PBC). More formally known as **Registered Native Title Bodies Corporate (RNTBC**) are corporations required under the *Native Title Act 1993 (Cth)* to represent the Traditional Owners of Native Title Land. A PBC is deemed to have the legal right to undertake a carbon project on their Native Title Lands under the legislations.

7.2 Online Resources

AusTender is the online platform for viewing and applying for government contracts or tenders. It is the system used to bid into an ERF auction.

https://www.tenders.gov.au/?event=public.home

The Clean Energy Regulator

The Regulator's website contains detailed information about how to participate in the ERF and the Methods that are available:

http://www.cleanenergyregulator.gov.au/

Comlaw (Australian Commonwealth Law)

On this site you're able to access all of the approved Methods for carbon projects.

http://www.comlaw.gov.au/

The Department of Environment

The DoE's website contains information about the ERF policy and Methods that are under development:

http://www.environment.gov.au/

The Kimberley Land Council website contains information on carbon projects in the Kimberley region of Western Australia. You can find out more about Climate Change and carbon projects here:

http://www.klc.org.au/news-media/video-gallery

My Carbon Farming is a website developed to assist farmers and land managers with carbon projects. You'll find a lot of information on carbon farming and examples of different projects here:

http://www.mycarbonfarming.com.au/

NAFI

North Australian Fire Information. This online resource website utilises satellite imagery and display maps of fires as they happen but also records fire history for north Australia. You can view the fire history for your area here:

http://nafi3-dev.firenorth.org.au/nafi3/

SavBAT2

Savanna Burning Abatement Tool Version 2. It is an online software tool that interprets map files and generates figures on emissions abatement. It was developed for use with the Carbon Credits – Reduction of Greenhouse Gases through Early Dry Season Savanna Burning Method.

http://savbat2.net.au/

7. Appendices

7.3 Bibliography/References

- Carbon Credits (Carbon Farming Initiative) Act 2011 (compiled 14 April, 2015)
- Carbon Credits (Carbon Farming Initiative—Emissions Abatement through Savanna Fire Management) Methodology Determination 2015 (dated 25 March, 2015)
- Native Title Act 1993 (No. 110, 1993 as amended)(compiled 12 March, 2013)
- Emissions Reduction Fund Green Paper (December, 2013)
- Emissions Reduction Fund White Paper (April, 2014)
- Aboriginal Affairs Planning Authority Act 1972 (1 January, 2003)
- Western Australia Land Act 1933 (repealed by the *Land Administration Act 1997* s. 281 [No. 30 of 1997] as at 30 Mar 1998 [see s. 2 and *Gazette* 27 Mar 1998 p. 1765])
- The Clean Energy Regulator and their website (*www.cleanenergyregulator.gov.au*) including all downloadable forms, guides, information sheets and email updates
- The Department of Environment and their website (*www.environment.gov.au*) including all downloadable forms, guides, information sheets and email updates
- The Austender website (*www.tenders.gov.au*) including all downloadable forms, guides and information sheets
- Aboriginal Carbon Fund *www.aboriginalcarbonfund.com.au/*
- Northern Australian Fire Information *http://www.firenorth.org.au/nafi3/*
- Savanna Burning Abatement Tool *http://savbat2.net.au/*
- Australian National Register of Emissions Units *https://nationalregistry.cleanenergyregulator.gov.au/*
- Qantas *http://www.qantas.com.au/*
- Aboriginal Lands Trust *http://www.daa.wa.gov.au/en/About-DAA/Boards-And-Committees/ALT/*

Purnululu National Park.

Notes:


Kimberley Land Council