OFFICIAL

Hi Antony,
See our response below, attributable to a CER spokesperson:

//We reject the ongoing claims made by a small group of researchers, in relation to the integrity of the projects under the Australian Carbon Credit Unit (ACCU) Scheme Human-induced regeneration (HIR)1 method and assertions about our administration of the HIR method, including claims made in the recent report published in the Rangeland Journal on 10 October 2024. We have publicly stated on a number of occasions that we do not agree with the claims. There is nothing new in this latest report that changes our position.

We have confidence in the integrity of the ACCU Scheme and the carbon credits being issued under the HIR method.

Independent reviews of the HIR method
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- We are working together with DCCEEW to implement the recommendations of the Chubb review. To date, we have implemented all the operational recommendations from the review that are within the current legislative framework.
- The Emissions Reduction Assurance Committee (ERAC) commissioned an independent, peer reviewed statistical analysis which found that HIR projects have a significant increase in vegetation when compared to similar land without a project (the 'counterfactual').
- We have twice engaged the services of forestry expert, Associate Professor (Honorary) Cris Brack from the Australian National University, to review the performance of individual HIR projects passing their first five-yearly regeneration check.
- In the first review Assoc. Prof. Brack found HIR projects are demonstrating regeneration and proponents are implementing the project activities. In addition, the independent audit reports and the CER's assessment of HIR projects provide strong assurance that projects meet the requirements of the method.
- Assoc Prof Brack found in his second review that independent audit reports and our assessments continue to provide strong assurance that projects are being managed properly.

The ACCU Scheme including the HIR method is facilitating carbon sequestration and driving economic opportunities through the rehabilitation of degraded landscapes across semi-arid Australia. ACCUs are critical to managing Australia's transition to net zero, particularly in supporting the Safeguard Mechanism that incentivises large emitters to make the capital investments required to mitigate and reduce industrial emissions.

Managing HIR project performance and risk

HIR projects are part of a dynamic, living ecosystems, which have been historically managed by human activities that have had an impact on regenerating native vegetation. HIR projects come with risk that can be categorised as physical risk (e.g. climate, geographic, location) and administrative risks (e.g. inadequate stratification tools).
We are responsible for administering the registration and crediting of HIR projects under the ACCU scheme and responding to any non-compliance. We undertake extensive checks on applications before HIR projects are registered and ACCUs are issued to ensure they meet the legislation, rules and relevant requirements of the method. It is important to note that crediting does not occur automatically after a project is registered. Discounts are built into the scheme and crediting is progressive. Activities that lead to abatement outcomes are required to earn carbon credits. We only issue carbon credits where a project can demonstrate regenerating native forest.

Compliance obligations rest with the project proponent and our role is to verify the claims and performance of individual HIR projects to ensure the project remains eligible and abatement outcomes are being delivered. There is a minimum of 3 scheduled audits—the first audit done when a project first reports and applies for ACCUs, and several gateway audits undertaken by an independent auditor over the 25-year crediting period. An independent expert review of the performance of the HIR project portfolio is also undertaken every 6 months, with the most recent review report[2] published in August this year. We have strong compliance and enforcement powers, including clawing back of ACCUs issued if a project is found to be non-compliant with the rules.
It is our understanding that the small group of researchers continue to rely on national scale remote sensing images to assess the performance of individual HIR projects. It is not effective to monitor individual project's performance from this satellite derived remote data alone, particularly in relation to detection of early-stage regeneration. Multiple lines of evidence including project specific field data are necessary to verify vegetation change in an HIR project.

We use these multiple lines of evidence including early-stage use of targeted LIDAR to determine whether adequate recruitment is taking place to create confidence that areas are on track to achieve forest cover across carbon estimation areas. The multiple controls in place to mitigate the risk of HIR projects being over credited mean the ACCU market can have confidence in the integrity of the HIR method and the carbon credits generated across the HIR project portfolio.

The regulator has internal controls in place across the ACCU Scheme to ensure crediting is conservative and represents genuine abatement.

There is no 'cleared land' rule in the HIR method. The method requires that there has been suppression which could be 1 of 4 activities. These are livestock, feral animals, plants not native to area and mechanical or chemical destruction or suppression of regrowth. These are not our rules— these are the rules in the legislated methods.

The small group of researchers maintain that HIR projects must be registered on cleared lands that do not contain any pre-existing mature trees in credited areas. This is wrong. There is no rule requiring 'cleared land' in the HIR method. The models used to credit HIR projects have been calibrated for vegetation at various levels of growth, including some level of pre-existing remnant vegetation. If the HIR method had intended a project to be on cleared land, it would have specified this in the method rules (e.g. like the NFMR method that specifically calls out the requirement for at least one comprehensive clearing event for pastoral use). In fact, the rules

have clear protections in place to ensure that the HIR method does not incentivise clearing prior to the project implementation.

Rainfall claims

The small group of researchers continue to make claims that most observed change in an HIR project is the result of rainfall. We acknowledge that projects are influenced by rainfall in the short term and that rainfall is important for trees and shrubs to grow. However, more importantly is the question whether management activities to remove HIR suppressors (livestock, mechanical/chemical suppression, feral animals and plants not native to area) have an impact on regenerating vegetation beyond the impact of rainfall.

The requirement for projects to satisfy additionality, including sustaining regeneration through removal of suppressors, has been extensively assessed including by the Chubb Independent Review and the ERAC and found to have integrity. Our administration has in turn been found to be effective by the Australian National Audit Office.

The CER's compliance priories for this financial year include priorities for all our schemes, including ACCU and Safeguard and can found – here.//

Regards,

Jack Lawrie (he/him) – Media team
Communications and contact centre | Corporate branch

CLEAN ENERGY REGULATOR