



# Guidance for ERF participants impacted by the revocation of an ERF method for the land sector

## Background

Some Emissions Reduction Fund (ERF) method determinations (methods) have been or will be revoked. Project proponents who have registered under these methods may continue their projects, but no new projects may be registered under revoked methods.

A method is often revoked due to the publication of a new or updated version of a similar method. For example, the revocation of the 2018 soil carbon method<sup>1</sup> coincided with the publication of the 2021 soil carbon method<sup>2</sup>, and participants registered under the 2018 method were encouraged to move to the 2021 method. This guidance document often refers to a 'new method' (for example when suggesting participants re-submit registration applications under the new method) – this refers to the most recent method in a series.

## Purpose

This guidance outlines how ERF projects may be impacted by the revocation of an ERF method, and clarifies administrative processes and options for these projects. The revocation of an ERF method may impact participants who:

- are considering registering a new project,
- are in the process of registering a new project, or
- are undertaking a project that has already been registered.

This guidance provides generalised advice for participants under the ERF. The guidance is structured based on what stage of your project you are in. For more specific advice pertaining to the revocation of a specific method or the impacts on your individual project, please contact the relevant ERF assessment team to discuss your circumstances. High level guidance on method specific administrative considerations for soil carbon projects has been included at the end of this document.

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<sup>1</sup> *Carbon Credits (Carbon Farming Initiative— Measurement of Soil Carbon Sequestration in Agricultural Systems) Methodology Determination 2018*

<sup>2</sup> *Carbon Credits (Carbon Farming Initiative—Estimation of Soil Organic Carbon Sequestration using Measurement and Models) Methodology Determination 2021*

## 1. Considering registering a new project

In general, the former method will be revoked at the same time that the new method is made although this may vary by method.

Participants considering registering a project under a method that is likely to be revoked due to the publication of a new method should consider:

- the timing of their application and the likelihood of the project being registered prior to the revocation (see section 2),
- whether they intend to add new areas to the project after registration (see section 3),
- the intended project start date and crediting period start date, and whether these will occur after the former method has been revoked (see section 3), and
- whether they intend to eventually transfer to the new method.

Participants are generally advised to register under the new method where possible, as being registered under a method that has not been revoked will generally provide more flexibility. Newer methods also often contain improvements on the pre-existing methods.

## 2. In the process of registering a project

The revocation of an ERF method will have varied impacts on project registrations, depending on what stage of registering a project the participant is in. The below table provides more information on these stages, the impact the revocation will have, and steps participants can take to manage these.

Stage of registration	Impact of method revocation	Management steps
Registration application has not yet been completed and submitted in the <a href="https://portal.cleanenergyregulator.gov.au/">Clean Energy Regulator Client Portal</a> <sup>3</sup> .	The revocation of the method will result in the application being removed from the <a href="https://portal.cleanenergyregulator.gov.au/">Clean Energy Regulator Client Portal</a> .	Participants may: <ol style="list-style-type: none"> <li>1. Ensure their registration application is submitted prior to the revocation of the method, with sufficient time for the assessment team to process the application prior to the method's revocation<sup>4</sup> (see next row); or</li> <li>2. Re-submit their registration application for assessment under the new method (if applicable).</li> </ol>

<sup>3</sup> <https://portal.cleanenergyregulator.gov.au/>

<sup>4</sup> As per s27(14) of the *Carbon Credits (Carbon Farming Initiative) Act 2011*, the Regulator must take all reasonable steps to ensure a decision is made on a registration application within 90 days of the provision of further information requested by the Regulator or of the date of the application.

<p>Registration application has been submitted in the <a href="#">Clean Energy Regulator Client Portal</a> and is under assessment.</p>	<p>Projects are unable to be declared under a method that has been revoked. Any projects that are still under assessment when the method is revoked will not be declared.</p>	<p>Participants may:</p> <ol style="list-style-type: none"> <li>1. Re-submit their registration application for assessment under the new method (if applicable); or</li> <li>2. Request the assessment team to assess their registration application under the new method (if applicable). The assessment team may need to request any outstanding information under the new method to process the application.</li> </ol>
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### 3. Undertaking a project that has already been registered under the former method

The impacts of the revocation of an ERF method will depend on whether your crediting period has started or not. The below table provides more information on these stages, the impacts the revocation will have, and steps you can take to manage these:

Stage of Project	Impact of method revocation	Management steps
<p>Crediting period has commenced</p>	<p>Under s123 of the <a href="#">Carbon Credits (Carbon Farming Initiative) Act 2011</a> (the CFI Act), if a method that covers a project is revoked, that method will continue to apply to the project for the remainder of the crediting period of that project, provided the crediting period has commenced.</p> <p>However, there are restrictions as to what actions a participant can take in their project once the revocation has occurred. Notably, participants undertaking an area-based project may not vary their project to add areas once</p>	<p>Participants may:</p> <ol style="list-style-type: none"> <li>1. Continue their project under the old method (and be unable to make certain variations); or</li> <li>2. Submit an application under S128 of the CFI Act to have a new method apply to their project.</li> </ol>

	the method they have been registered under is revoked. <sup>5</sup>	
Crediting period has not yet commenced	<p>For projects that have been registered but have not yet commenced their crediting period, the revoked method will not continue to apply to the project.</p> <p>Additionally, these projects will be unable to request to transition to a new method.<sup>6</sup></p> <p>As such, the revocation of the method will result in the project being exited from the scheme.</p>	<p>Participants may consider nominating to bring the start date of their crediting period forward to ensure that their crediting period has commenced prior to the method’s revocation.</p> <p>In some circumstances, in-lieu of newness provisions have been included in new methods, to allow for projects that were registered under a previous version to register under the new method, even where their crediting period has not commenced. Contact the relevant ERF assessment team to discuss if this option exists for a particular method.</p>

## Projects that wish to transition to a new or updated method

Projects that are registered under a method and wish to transition to a new method (whether or not the method they are registered under has been revoked) will need to submit an application under s128 of the CFI Act. This application must consider the eligibility of the project under the new method, and the transferability of any net abatement calculations undertaken. These details will be method-specific, depending on both the old and new methods.

## Method specific considerations

### Soil carbon projects:

The revocation of the 2018 soil carbon method coincided with the publication of the 2021 soil carbon method<sup>7</sup>. In addition to the generalised advice outlined above, projects registered under the 2014 and 2018 soil carbon methods should consider the following when thinking about transferring to the 2021 soil carbon method:

- The land eligibility requirements have changed:

<sup>5</sup> See s23(1)(f) of the *Carbon Credits (Carbon Farming Initiative) Rule 2015*.

<sup>6</sup> See s128 of the CFI Act.

<sup>7</sup> *Carbon Credits (Carbon Farming Initiative)—Estimation of Soil Organic Carbon using Measurement and Models Methodology Determination 2021*

- » The 2021 soil carbon method allows forest land to be included in carbon estimation areas (CEAs) (provided it is not part of another ERF project), and explicitly allows woody horticulture as a form of cropping when determining the baseline land use of an area.
- » The 10-year baseline period has also been reduced to 5 years in the 2021 soil carbon method.
- » Upon transferring to the 2021 method, project proponents may apply to vary their project area under s29 of the CFI Act to include new areas of land which were previously not considered eligible under the 2014 or 2018 soil carbon methods. Note: The variations will not take effect until the start of the next reporting period.
- Upon transferring to the 2021 method, project proponents may need to provide a new or revised land management strategy (LMS)<sup>8</sup>:
  - » All projects registered under the 2021 method are required to provide the Clean Energy Regulator with a LMS
  - » If a project proponent wishes to change the eligible management activities being implemented as part of their soil carbon project in a material way, an updated LMS is required.
    - › New eligible management activities have been included and some existing eligible management activities have been broadened in the 2021 soil carbon method. Upon transferring to the 2021 method, project proponents may change the eligible management activities being implemented as part of their soil carbon project.
  - » If a project proponent wishes to undertake land management activities which have updated exclusions or restrictions under the 2021 soil carbon method (see s11 and s12 respectively), an updated LMS may be required. The 2021 soil carbon method requires the LMS to include a statement confirming that activities excluded by s11, or in breach of s12, are not being conducted or proposed to be conducted.
  - » If a project proponent intends to use biochar/and or products containing human effluent an updated LMS may be required. The 2021 method requires the LMS to explicitly confirm whether a project intends to use these products as there may be associated risks.

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<sup>8</sup> For further information about land management strategies, see s13 of the 2021 soil carbon method, and the Clean Energy Regulator's land management strategy guidance at:

<http://www.cleanenergyregulator.gov.au/DocumentAssets/Pages/Guidance-for-meeting-the-requirements-of-soil-carbon-land-management-strategies.aspx>