



Australian Government
**Department of Industry, Science,
Energy and Resources**

Senator Andrew Bragg
Chair
Senate Environment and Communications Legislation Committee
Parliament House
CANBERRA ACT 2600

Dear Senator Bragg

On reviewing the Proof Hansard of the testimony given by the department at the Senate Estimates hearing on 25 October 2021, we find that some of the information provided to the Committee would benefit from clarification.

The following exchange occurred between Senator Hanson-Young and Ms Helen Bennett, Head of Division, Climate Change:

Senator HANSON-YOUNG: Thank you for that. I'm interested in a comment in the NT's offset policy in relation to the ACCUs being surrendered back to the Australian government. It goes on to say, 'This can be demonstrated by evidence of an ERF-contracted project that is committed to generating and surrendering the required amount of ACCUs.' Is this a situation where proponents of these large emitting projects will be able to enter abatement contracts with the Australian government to satisfy that offset?

Ms Bennett: If they had a project to reduce emissions that is eligible under the Emissions Reduction Fund they would be able to enter into a project to offset those emissions.

Senator HANSON-YOUNG: Could they sell the abatement to the Australian government?

Ms Bennett: It is a hypothetical question, so I'm struggling a little bit to understand. The Northern Territory's commitment is that there will be no net increase in the greenhouse gas emissions in the Northern Territory, so they need to be looking at that. If part of that involved an emissions reduction project that was eligible under the ERF and that participated in an auction, it could be purchased by the Australian government—that's right.

The Northern Territory's draft Greenhouse Gas Emissions Offsets Policy, which incorporates the Technical Guidelines, closed for public consultation on 15 October 2021. Under the draft Offsets Policy, the preferred type of emissions offset unit is an Australian Carbon Credit Unit (ACCU). According to the draft Offsets Policy (section 8.1.1.2), ACCUs can be acquired in two ways:

1. "They can be generated using methodologies under the Commonwealth Emissions Reduction Fund (ERF) framework (ERF methodologies).

2. They can be purchased on a secondary market.

Delivery of a direct emissions offset using ACCUs means the required number of ACCUs has been surrendered back to the Australian Government. This can be demonstrated by evidence of ACCU purchase and surrender, or evidence of an ERF contracted project that is committed to generating and surrendering the required amount of ACCUs.”

I understand that under the draft Offsets Policy, it would not be possible to use ACCUs for an offset in the Northern Territory if those ACCUs have also been sold to the Australian Government under contract.

I apologise for any inconvenience caused and ask that you alert other members of the Committee to this clarification.

Yours sincerely



Helen Bennett
Head of Climate Change Division

7 December 2021