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14 April 2011

Committee Secretary
Senate Standing Committee on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

By email: ec.sen@aph.gov.au

Re: Carbon Credits (Carbon Farming Initiative) Bill 2011; Carbon Credits (Consequential Amendments) Bill 2011 and Australian National Registry of Emissions Units Bill 2011

The Clean Energy Council (CEC) is the peak body representing Australia's clean energy and energy efficiency industries.

Its priorities are to:

- create the optimal conditions in Australia to stimulate investment in the development and deployment of world's best clean energy technologies;
- develop effective legislation and regulation to reduce energy demand and improve its efficient use; and
- work to reduce costs and remove all other barriers to accessing clean energy.

The CEC works with members and the government to identify and address the barriers to efficient industry development in the stationary energy sector.

The clean energy industry and its members contribute to the generation of electricity using wind, hydro, solar, biomass, geothermal and ocean energy as well as the emerging technologies and service providers in the energy efficiency sector including solar hot water and cogeneration.

The CEC is pleased to comment on the Inquiry into the Australian National Registry of Emissions Units Bill 2011 and the Carbon Credits (Carbon Farming Initiative) Bill 2011 and the Carbon Credits (Consequential Amendments) Bill 2011 ("the Bills").

General Comments

The Clean Energy Council fully supports the Carbon Farming Initiative (“the Initiative”) and would like to emphasise the importance of passing these Bills without delay through the Senate.

It is important for the Australian businesses that will be creating carbon credits under the Initiative that certainty is demonstrated by having all parties supporting the passing of the Bills.

The Clean Energy Council believes that all credits created under this Initiative should be traded internationally and therefore must have access to official international markets.

Additionally, the Clean Energy Council supports these Bills due to the additional landfill gas generation they will encourage and abatement they will generate from existing abatement projects.

Potential opportunity for larger scale bioenergy production

This Initiative is potentially very good for bioenergy production. However, in order for energy production to be deployed at a larger scale the definition for energy production needs to be addressed and clarified with similar arrangements to that written in the Renewable Energy Target legislation. The definition of wood waste in the renewable energy legislation has been attached as Appendix A.

As is appropriate, the limitations outlined in the renewable energy legislation are entirely consistent with the principles of sustainability and the importance of protecting the native forests. However, it is noted that by focusing on the protection of native forests and the ecological management of plantation forests and crops, these regulations may create difficulty for bioenergy producers to be able to guarantee that the biomass they use for energy production meets these regulations.

The reports; *Bioenergy Industry* prepared by Stephen Schuck and Associates Pty Ltd and *Bioenergy Barriers facing Australia* prepared by SKM MMA, both commissioned by the Clean Energy Council, identify the issues raised by woody residue users in documenting that the fuel they use from forestry sources meets the legislated requirements.

Therefore it is important that the ability to generate credits under this Initiative is simplified and easily identified to meet the legislated requirements. This will allow growers to receive carbon credits for all in-ground plus average above ground carbon sequestration which will allow additional earnings and hold value for their standing biomass. As well, farmers will be allowed to harvest it for sale to bioenergy producers. The result is the grower has an asset which will assist in securing investment. This will also encourage growing short rotation crops such as the Mallee plant which can be used for bioenergy production.

For the full reports (*Bioenergy Industry* prepared by Stephen Schuck and Associates Pty Ltd and *Bioenergy Barriers facing Australia* prepared by SKM MMA) and the Clean Energy Council's supporting advocacy material, please visit removingbarriers.com.au

We look forward to continuing to work with the Standing Committee on these important issues.

Yours sincerely

[*Original Signed*]

Russell Marsh
Policy Director

APPENDIX A

8 Meaning of wood waste

(1) For section 17 of the Act, wood waste means:

- (a) biomass:
 - (i) produced from non-native environmental weed species; and
 - (ii) harvested for the control or eradication of the species, from a harvesting operation that is approved under relevant Commonwealth, State or Territory planning and approval processes; and
- (b) a manufactured wood product or a by-product from a manufacturing process¹; and
- (c) waste products from the construction of buildings or furniture, including timber off-cuts and timber from demolished buildings; and
- (d) sawmill residue; and
- (e) biomass from a native forest that meets all of the requirements in subregulation (2)

(2) Biomass from a native forest must be:

- (a) harvested primarily for a purpose other than biomass for energy production; and
- (b) either:
 - (i) a by-product or waste product of a harvesting operation, approved under relevant Commonwealth, State or Territory planning and approval processes, for which a high-value process is the primary purpose of the harvesting; or
 - (ii) a by-product (including thinnings and coppicing) of a harvesting operation that is carried out in accordance with ecologically sustainable forest management principles; and
- (c) either:
 - (i) if it is from an area where a regional forest agreement is in force — produced in accordance with any ecologically sustainable forest management principles required by the agreement; or
 - (ii) if it is from an area where no regional forest agreement is in force — produced from harvesting that is carried out in accordance with ecologically sustainable forest management principles that the Minister is satisfied are consistent with those required by a regional forest agreement.

(3) For subparagraph (2) (b) (i), the primary purpose of a harvesting operation is taken to be a high-value process only if the total financial value of the products of the high value process is higher than the financial value of other products of the harvesting operation.

¹ Examples for paragraph (b): Packing case, pallet, recycled timber, engineered wood product (including one manufactured by binding wood strands, wood particles, wood fibres or wood veneers with adhesives to form a composite).