

The Safeguard Mechanism and Carbon Integrity

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Effectiveness of Safeguard Mechanism reliant on ‘high integrity’ ACCUs

- Facilities covered by the SGM are expected to rely heavily on ACCUs because of limited economically viable abatement options
- ACCUs can lower economy wide cost of meeting mitigation targets – but only do so if they represent real and additional greenhouse gas abatement (i.e. high integrity ACCUs)
- High integrity ACCUs also often generate important social and environmental co-benefits

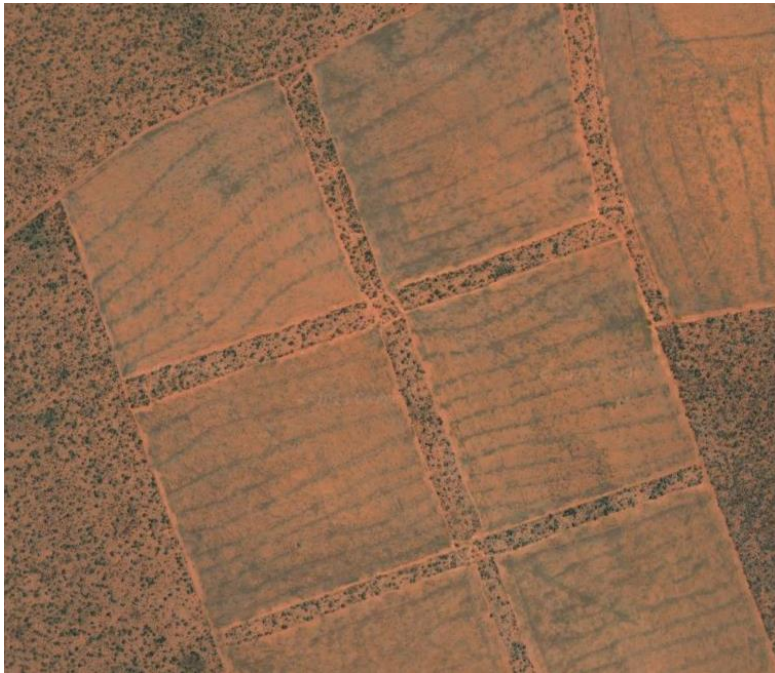
Low integrity ACCUs will undermine SGM

- Recent ACCU review dismissed problems, but implicitly acknowledged the underlying issues and recommended fixes
- Unfortunately, the review did not “look under the hood” at individual projects
- Most importantly, their recommendations could leave existing low integrity projects unaddressed
- Substantial proportion of ACCUs are low integrity = significant risk they do not represent real and additional abatement
- Using low integrity offsets increases emissions

What an HIR project should look like

Human-induced regeneration of even-aged native forest

Project start



Project finish



What HIR projects actually look like

Not cleared. Pre-existing native vegetation

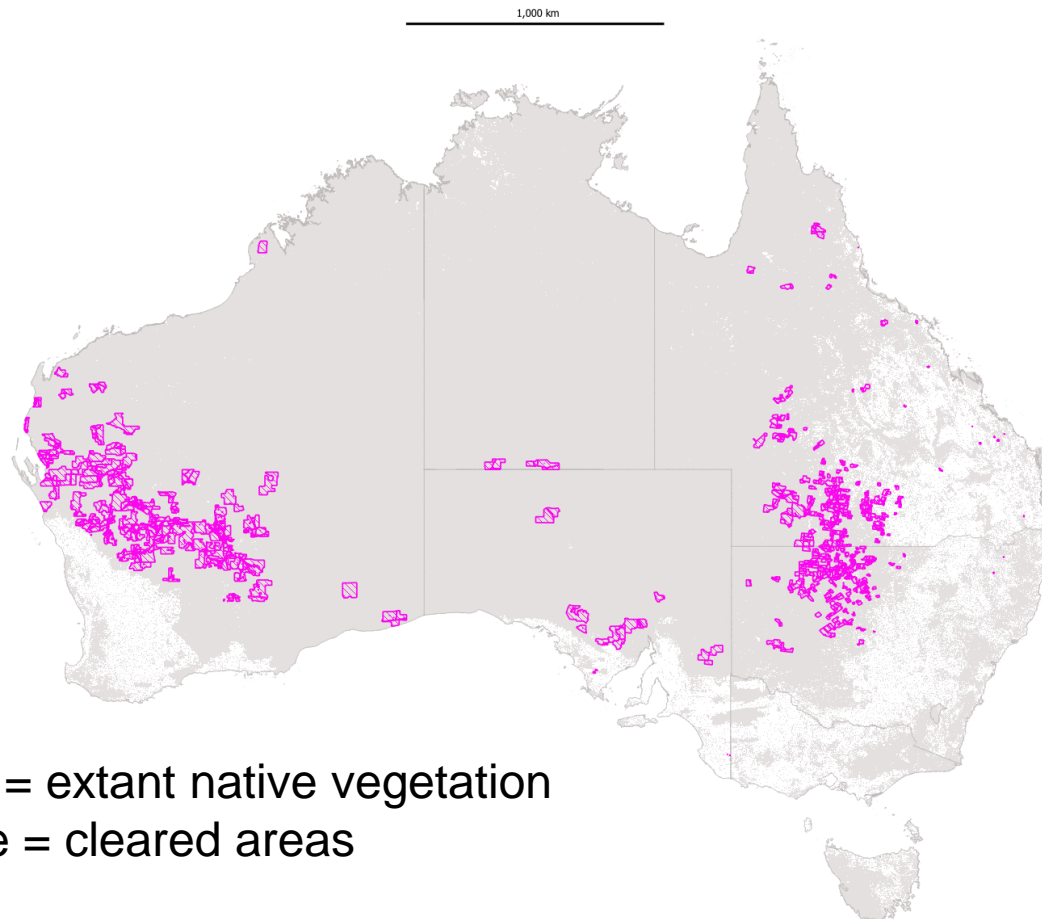
Project start



Project finish?

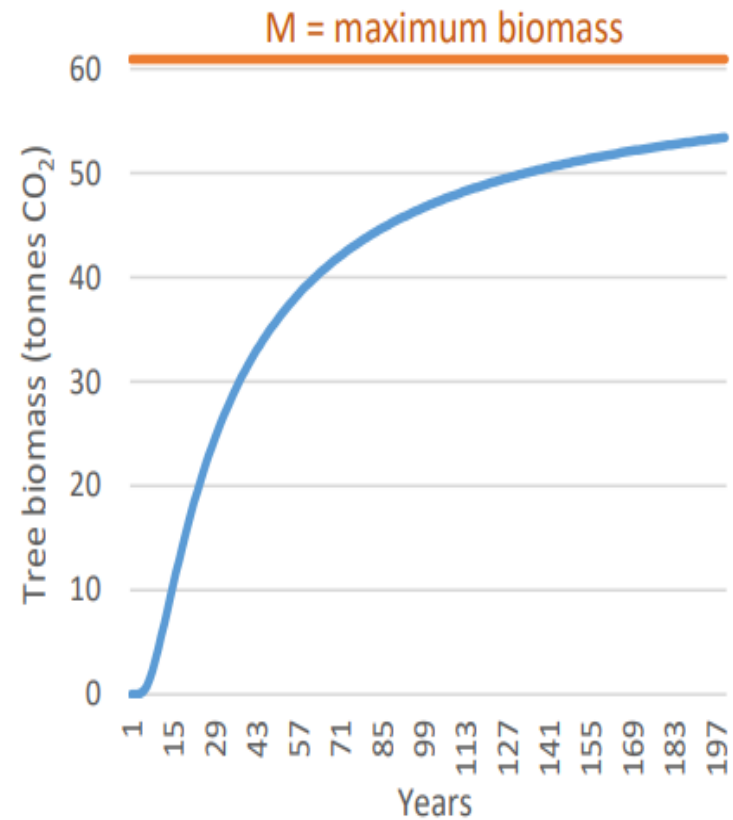
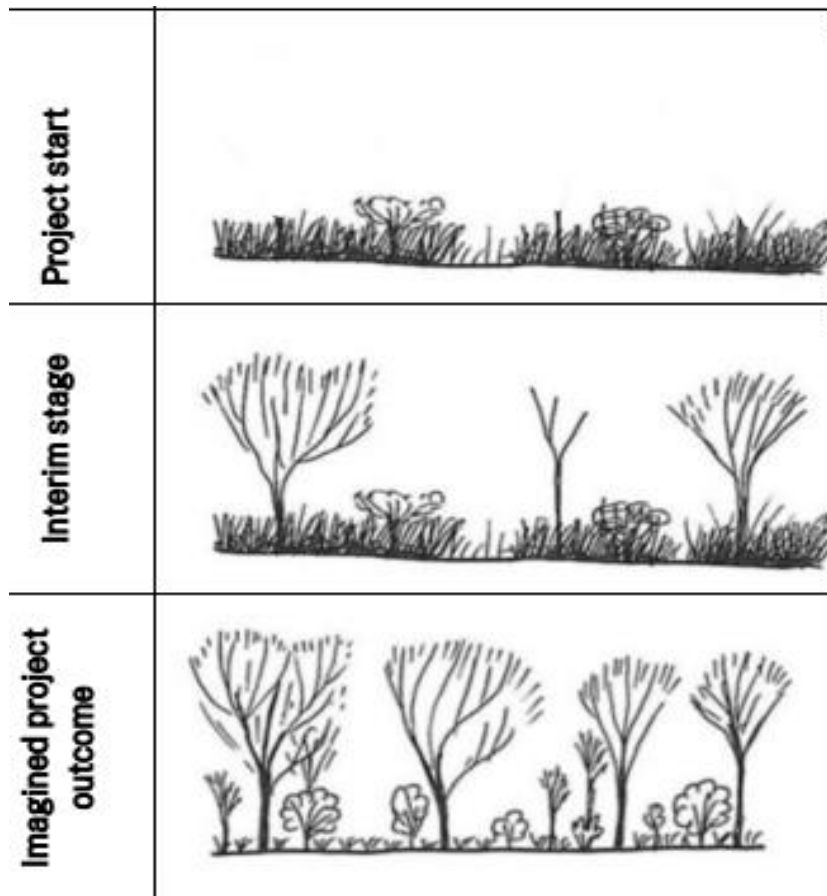


>97% of HIR project areas are extant native vegetation



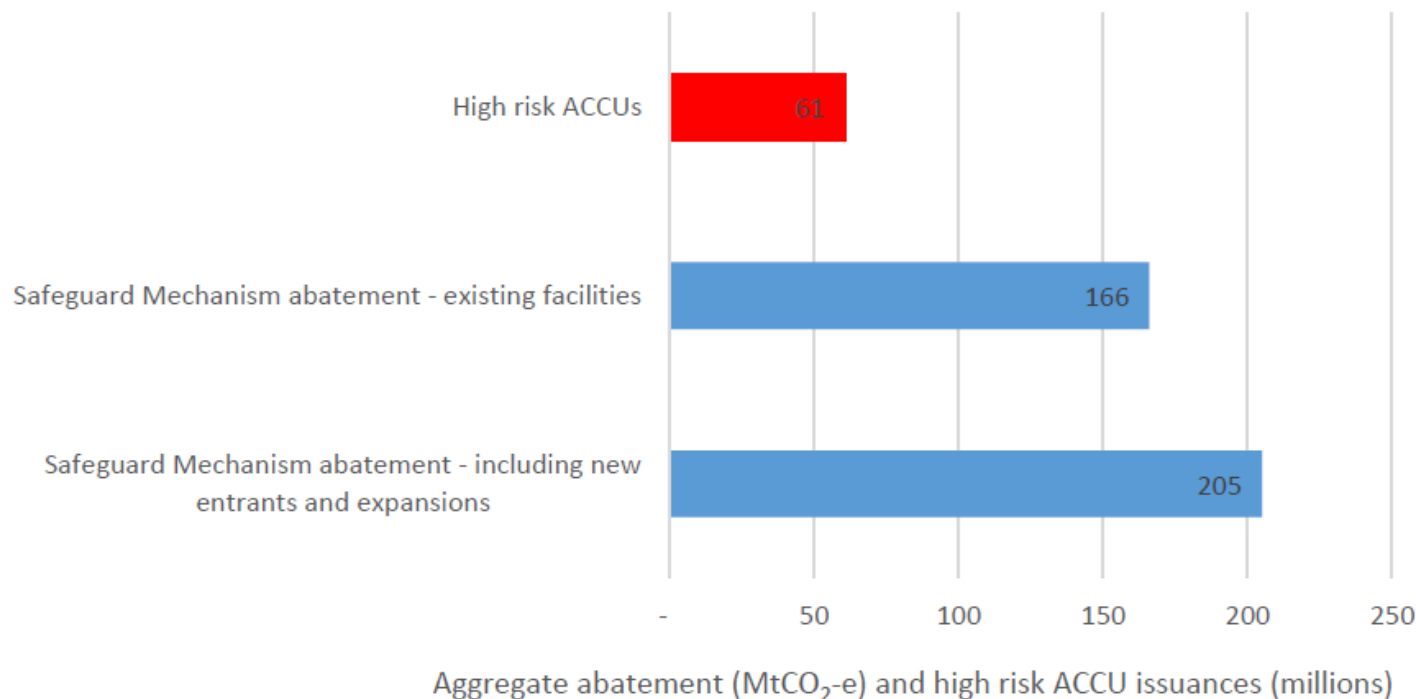
Why is this important?

Area-based model = estimates tree growth (biomass accumulation) in 1 ha of plantings or regenerating native forests – assumes 0 biomass at start and forest grows towards maximum biomass potential



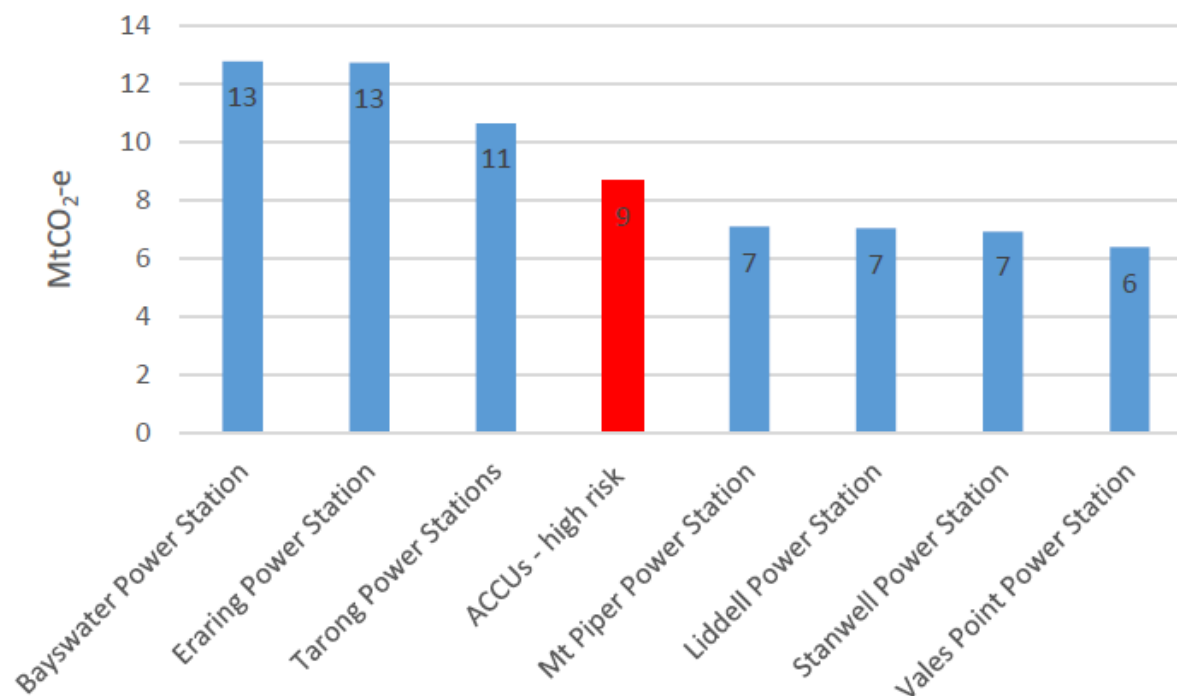
How big is the problem?

Figure 4. Estimated high risk ACCUs from existing HIR, landfill gas and avoided deforestation projects available for use under Safeguard Mechanism versus cumulative Safeguard Mechanism abatement task, 2023 to 2030



Putting this in context

Figure 5. Average annual high risk ACCUs available for use under the Safeguard Mechanism to 2030 versus annual emissions from Australia's seven largest black-coal electricity generators, 2020-21



Our estimates are very conservative

Actual number of high risk (low integrity)
ACCUs available to 2030 likely to be >75
million.

Could even be as high as 100 million.

Reports the Government won't release

1. Final report by Prof Rod Fensham on impact of grazing on tree cover (Clean Energy Regulator, CER)
2. Report prepared by Dr Cris Brack for Academy of Science review of 4 methods (Department of Climate Change, Energy, the Environment and Water, DCCEEW)
3. Paper by CSIRO on scientific validity of using FullCAM in areas containing significant baseline biomass (DCCEEW)
4. Report by Geoscience Australian on impact of HIR projects on tree cover (CER)
5. Papers prepared by Dept on scientific validity of using FullCAM in areas containing significant baseline biomass (DCCEEW)

More information

- Tortured recommendations, incomplete and unsubstantiated findings: an analysis of the report of the Independent Review of Australian Carbon Credit Units.
https://law.anu.edu.au/sites/all/files/analysis_of_the_report_of_the_independent_review_of_australian_carbon_credit_units_final_150223.pdf
- Implications of the Independent Review of Australian Carbon Credit Units (ACCU) and low integrity ACCUs for Australia's Safeguard Mechanism.
https://law.anu.edu.au/sites/all/files/impact_of_low_integrity_accus_on_the_sgm_final_150223.pdf
- Trends in forest and sparse woody cover inside ERF HIR project areas relative to those in surrounding areas. Australian National University.
https://law.anu.edu.au/sites/all/files/forest_and_sparse_woody_trends_-_hir_project_areas_vs_surrounds_201022.pdf