

TreeBank

Carbon Services

**PRELIMINARY SUBMISSION TO THE INQUIRY INTO THE
REGULATORY ARRANGEMENTS FOR TRADING IN GREENHOUSE GAS
EMISSIONS** **23 December 1997**

General

This submission strongly supports the notion of emissions trading for greenhouse gas reductions and calls for some early information to assist and guide submitters.

The submission supports national standards and national level regulation to ensure (amongst other things) that **carbon offsets from vegetation sinks** are properly accounted, assessed and certified. This is seen as essential in order to be consistent with the recording and reporting requirements for national / international targets as agreed from time to time through the UNFCCC, and to provide tradeable units that are acceptable in national and international markets that demonstrably meet these requirements and include provisions for revision to keep pace with international best practice.

The benefits of trading between carbon (or carbon dioxide) emissions and equivalent offsets enables agencies, firms and individuals to be much more **flexible, responsive and incremental** in their approach and participation in emission reduction programs. The 'lumpiness', magnitude and infrequency of investments to retrofit production processes to consume less fossil fuel energy or achieve other substantial emission reductions will no longer be a sufficient reason for non-participation in voluntary programs such as the Greenhouse Challenge, or remain as an equity argument in opposition to a possible carbon tax.

Trading also encourages and supports the lowest cost options and enables firms to make choices on the best path to follow in seeking emission reductions.

Vegetation sinks offer low cost options

Vegetation sinks are very promising as a low cost option, primarily because there are many good **non-carbon reasons** for the planting of vegetation for which cost-sharing partners are available. The prospect of **partnerships** between commercial interests in harvestable products, land-related environmental interests (non-carbon) with GHG mitigation interests **will be substantially enhanced** by the addition of an emissions trading framework and support services. This is likely to be a rich source of **low cost offset projects** provided the legal, scientific and procedural issues are set out under arrangements that should be put in place or in process by this Inquiry.

Existing conditions review report is needed

There are many issues that need to be resolved and agreed in order to measure and assess carbon in biomass and convert it to units that will meet international standards for GHG reduction target purposes. What is really needed in the first instance, is a **review of the ‘state of the art’** in relevant national and international forums such as UNFCCC, IPCC, NGGIC, GCO, EA and other bodies in order to ascertain and guide submitters on what should be taken as ‘givens’ and what can be seen to be ‘on the table’ for further debate and development.

In the absence of such a report it is recognised that the efforts of submitters (including this one) will result in well-meaning contributions but may, in the eyes of the Inquiry raise matters for which your own intelligence-gathering has already accepted a convention or criterion established elsewhere. In the interests of focusing the efforts of submitters and getting the best outcomes it is very desirable to share some common understanding of a starting point.

Consistency is essential

A tradeable unit should be or embody the same **quantity attributes and technical specifications** as the emission and offset figures used to account and claim national GHG reduction targets. [Have the conventions or specifications for these been set, for example, by the SBSTA group of the UNFCCC or some other body? Has Environment Australia or the Greenhouse Challenge Office set or adopted parameters for offset equivalents against CO₂ emissions for use in reporting national targets?]

It is highly desirable too, that submitters have a chance to refer to a draft version of the forthcoming (Vegetation) Carbon Sinks Workbook now in preparation for the Greenhouse Challenge Office, well in advance of the closing date.

If the specifications to be used in the accounting of (vegetation) sink offsets for purposes of national emission reduction targets are **not** yet established, then this Inquiry appears to be engaged on somewhat of a ‘crystal-ball’ exercise. It may even find itself involved in the process of setting the standards for national statistical purposes by default?

It is highly desirable that the Inquiry has a **framework** on the parameters now considered relevant to the expression of national GHG mitigation statistics **within which** the terms of reference may be addressed. These matters should be chased up as an urgent **preliminary** task and the outcomes reported to Inquiry participants, at least via the web site and several weeks prior to the closing date.

Further submission

TreeBank Carbon Services intends to make a more detailed submission at a later time, and probably as part of a group submission involving a number of parties in Victoria, however this brief submission has been forwarded now given its call for some early guidance. Please feel free to contact me on E-mail: **TreeBank@bigpond.com** or by conventional means (03) 9399 1275 (tel &fax).

Yours sincerely

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