

EMISSIONS REDUCTION ASSURANCE COMMITTEE

Submission Template

Emissions Reduction Fund Crediting Period Extension Review

Carbon Credits (Carbon Farming Initiative—Landfill Gas) Methodology Determination 2015

Overview

Projects registered under the landfill gas method receive credits over a seven year period. The Emissions Reduction Assurance Committee is reviewing the landfill gas method to decide whether it is appropriate to extend the crediting period for eligible offsets projects.

In reviewing the method, the Committee must have regard to whether eligible offsets projects covered by the method continue to result in carbon abatement that is unlikely to occur in the ordinary course of events (**section 133(1)(a)** of the *Carbon Credits (Carbon Farming Initiative) Act 2011*).

The Committee is conducting public consultation to assist its review. In particular, the Committee seeks feedback on whether eligible offsets projects covered by the method result in carbon abatement that is unlikely to occur in the ordinary course of events.

Please use this submission template to provide your comments on the crediting period extension review of the *Carbon Credits (Carbon Farming Initiative—Landfill Gas) Methodology Determination 2015*. When providing your response please include relevant details, evidence and reasoning to support your conclusions.

Contact Details

Name of Organisation:	Australian Landfill Owners Association
Name of Author:	Colin Sweet, CEO
Phone Number:	0409290209
Email:	info@aloea.com.au
Website:	www.aloea.com.au
Date:	June 27 th 2017

Confidentiality

All submissions will be treated as public documents, unless the author of the submission has requested the submission not be published on the grounds its publication could reasonably be expected to substantially prejudice the commercial interests of the author or another person. Public submissions will be published in full on the Emissions Reduction Assurance Committee website, including any personal information of authors and/or other third parties contained in the submission. Confidential submissions will not be published but will be provided to the:

- Emissions Reduction Assurance Committee
- Department of the Environment and Energy

If any part of the submission should be treated as confidential then please provide two versions of the submission, one with the confidential information removed for publication. Please note that a request made under the *Freedom of Information Act 1982* for access to a submission marked confidential will be determined in accordance with that Act.

Do you want this submission to be treated as confidential? **Yes** **No**

Submission Instructions

Submissions should be made by **close of business** on the day the public consultation period closes for the review. This date will be specified on the website. The Emissions Reduction Assurance Committee reserves the right not to consider late submissions.

Where possible, submissions should be lodged electronically, preferably in Microsoft Word or other text based formats, via the email address – EmissionsReductionSubmissions@environment.gov.au
Submissions may alternatively be sent to the postal address below to arrive by the due date.

Emissions Reduction Assurance Committee Secretariat
Department of the Environment and Energy
GPO Box 787
CANBERRA ACT 2601

Name of method: *Carbon Credits (Carbon Farming Initiative—Landfill Gas) Methodology Determination 2015*

Would landfill gas capture and combustion activities undertaken under the Emissions Reduction Fund Landfill Gas method continue after the end of the seven year crediting period if they were not eligible to receive Australian Carbon Credit Units (ACCUs)? Please provide evidence to substantiate your response.

- Landfill gas has typically been captured by landfill operators to manage and minimise odour emissions from landfills.
- The ERF has provided an incentive for landfill operators to capture more landfill gas than would have been collected historically to comply with licence conditions.
- Credits under the ERF are one of a number of sources of income for landfill operators, but are the most significant stream of income to encourage capture of additional landfill gas.
- ERF has provided incentive for landfill operators to invest in additional capital and incur additional operating costs to capture additional landfill gas, and where possible, generate additional electricity than would have been collected otherwise.
- Because of the volatility of electricity prices, generation of electricity from landfill gas cannot be assumed to be a profitable venture.
- Council projects undertaken under the ERF with a single flare have a single source of income and will therefore become unviable if the crediting period is not extended.

Do state and territory landfill gas regulations require landfill gas capture and combustion activities undertaken under the Emissions Reduction Fund Landfill Gas method to continue, even if projects are no longer eligible to receive ACCUs?

- State and Territory Landfill Gas regulations are silent in relation to landfill gas capture and combustion activities undertaken under the Emissions Reduction Fund, but generally require operators to manage odour emissions.
- In relation to landfill gas collection, State and Territory Landfill Gas regulations are non-specific, for example, they may require a gas collection system, but will not specify technical details in relation to such gas collection.
- By deduction, if the crediting period is not extended, it is most likely that landfill operators will allow their gas collection activities to revert to the standard experienced prior to the ERF. The landfill operators will collect sufficient gas to maintain compliance with their licences in relation to odour management, for example, but will have no financial capability to maintain additional capture currently resulting from the ERF.

Have installation and maintenance costs of landfill gas capture and combustion projects changed over time? If so, by how much?

- It is assumed that the installation and maintenance costs have increased with CPI over time. Because landfill gas capture is a very mature technology, there have not been any significant improvements in the costing model in recent times.
- Because credits under the ERF have provided incentive to capture additional landfill gas, the costs of doing so has increased because of increased well density, the use of sacrificial horizontal pipework and additional monitoring for accuracy in reporting.

Has the technology for landfill gas capture improved since the Landfill Gas method was made, making landfill gas capture activities more cost effective? Please describe the nature and scale of change, including supporting evidence where available.

- Because landfill gas capture is a very mature technology, there have not been any significant improvements in the technology model in recent times.

What other sources of revenue are available to landfill gas projects? Has the revenue from landfill gas capture and combustion projects improved such that the activity is more cost effective? Please provide evidence to support your response.

- ACCUs.
- Electricity revenue on large sites (>500,000 tonnes of waste per annum).

Have reputational benefits or other positive outcomes from landfill gas projects changed such that proponents would continue projects in the absence of funding under the Landfill Gas method? Please describe benefits and positive outcomes.

- Prior to the ERF, landfill operators were already espousing the reputational benefits of capturing landfill gas and equating that capture with equivalent energy consumers such as motor cars or average households.
- Landfill operators can get a greater reputational benefit from allowing third parties to install highly visible solar collectors or wind driven turbines.

Given your knowledge and experience of projects operating under the Emissions Reduction Fund, would you invest in a new landfill gas project in the absence of the Emissions Reduction Fund?

- A new landfill gas project would be developed in the absence of the ERF if, a) it were required by the operating licence or b) it were able to provide shareholders with the necessary return on investment.

What lessons did you learn from the establishment and ongoing operation of your existing landfill gas project(s) that would impact your decision to invest in new projects?

- ERF funding has allowed landfill operators to capture larger amounts of landfill gas than would have occurred to meet their licence conditions.
- In capturing additional quantities of landfill gas, landfill operators are now more familiar with the cost of increasing well densities, adding horizontal piping and monitoring more closely the quantities of gas produced.