

Responses from a Clean Energy Regulator spokesperson:

//The CER is aware that these claims are being made by Prof Andrew Macintosh and concerning several ERF methods. Except for the landfill gas electricity method, none of the methods Prof Macintosh is making claims about were developed by the CER.

Independent experts have told 7.30 that the CER is approving carbon projects on land that's never been cleared and in areas that already contain a lot of vegetation. We've been told that, in doing this, the CER is misapplying the rules and as a result some HIR projects are being over-credited. What is the CER's response?

This claim is completely false. To recap, the HIR method allows landholders to earn Australian Carbon Credit Units (ACCUs) for regenerating native forests by changing land management practices. Grazing by livestock or feral animals, weeds or mechanical clearing suppresses natural regrowth so removing these "suppressors" facilitates the regeneration of vegetation.

Requirements under the HIR method and relevant legislation have been progressively tightened over time.

The CER has undertaken a review of project compliance with the HIR method and found a very high level of compliance.

As part of day-to-day practice, CER assesses crediting applications using a range of evidence that is required to be submitted from HIR project proponents. The CER uses GIS tools to ensure that abatement estimated using the FullCAM model matches tree growth and compliance on the ground.

All ERF HIR projects must undergo at least 3 audits, which also check abatement claims and regular regeneration checks. If trees are not growing according to modelled growth paths, crediting can be suspended until tree growth catches up. In extreme circumstances inadequate tree growth can result in ACCUs being relinquished – but this has never actually occurred.

David Byers and others point to the Beare and Chambers report when addressing criticism of the human-induced regeneration method. That report shows that some ineligible projects were given the go ahead and that "a substantial proportion of projects in Queensland appear to have had a negative impact". A new independent study of satellite images has found about half of human-induced regeneration projects have shown a decrease in tree cover. What is CER's response to these assertions?

Again, this claim is false. The peer reviewed Beare/Chambers report identified 8 projects (out of 123 projects Beare and Chambers assessed in their analysis) that may not meet the requirements of the method and other legislation.

The CER has conducted an in-depth assessment of these 8 projects using the range of GIS tools at its disposal. The agency is satisfied that 4 of these projects comply with the requirements of the method. There are questions about the remaining four projects and these projects are being subjected to an additional audit under the agency's annual audit program. Under this program, the agency selects independent auditors to do an additional audit of the project, over and above the three audits scheme participants are already required to do. In summary, less than less than 3 per cent of those assessed by Beare and Chambers are still under investigation – again indicating the level of compliance with the HIR method is very high.

The CER has not seen the new analysis of satellite images cited by Professor Macintosh. If Professor Macintosh has new evidence of compliance issues with carbon farming projects, he is welcome to put that material before the CER for investigation.

Previous material provided by Prof Macintosh has not been substantiated following investigation by the CER.

It is important to recognise that analysis of HIR project areas alone will give a highly misleading result. The method requires proponents to delineate areas of eligible project land into carbon estimation areas (CEAs), which are the areas of land subject to the project activity (in this case removing feral animals or stock) and eligible for crediting abatement in the form of ACCUs. The entire project area can be many times larger than the CEA (e.g. a number of hectares within a larger farm). Prof Macintosh does not have access to the CEA areas and the legislation prevents that data from being released.

It should also be noted that remote sensing images require significant interpretation. While there are a range of tools available that purport to show regeneration of vegetation, unless the tool uses sophisticated machine learning and has been “trained” to detect regenerating vegetation, the images can show, for example, flushes of temporary green leaf following rainfall, rather than genuine areas of forest.

Images that appear to show sparse or no vegetation at a certain GIS resolution may not be indicative of an area of land’s ability to regenerate vegetation over time to meet the requirements of the method. Conversely, not all clumps of trees are a so called “forest” as defined by the method.

That same independent study suggests somewhere in the order of 70 to 80% of ACCUs associated with HIR projects are low in integrity. What is CER’s response?

This is also completely untrue. The Beare/Chambers report was comparing regeneration that is occurring in HIR project crediting areas to statistical control sites where project activities are not occurring. This was to test the impact of project activity beyond the impact of rainfall. It found strong evidence the projects are making a difference compared to the statistical control plots, which were generally subject to the same climatic factors. The Beare/Chambers report did not try and identify the reasons for other differences between the controls and the project crediting areas (other than rainfall). The report noted however that such differences could include factors like soil type and land management practices. To claim this as evidence for a lack of integrity is specious.

The experts 7.30 has spoken to say the CER has a structural governance problem and an inherent tension/conflict of interest, because it develops the methods, buys ACCUs on behalf of the Federal Government, and is the major customer of the project proponents/aggregators it regulates. What’s your response?

The functions of the CER are set by the Government.

The CER has well established and rigorous processes to address any potential conflicts of interest that may arise from developing ERF methods, issuing credits to projects under ERF methods, and purchasing credits resulting from ERF projects.

This includes maintaining the separation between the ‘rule maker’ and the agency. The CER is responsible for technical work to develop methods. Methods are made by the Minister for Energy,

Industry and Emission Reduction, acting on the advice of the independent ERAC, the CER and the Department of Industry, Science, Energy and Resources, including with reference to the outcomes of public consultation.

There are separate decision makers for different ERF functions. Different senior executives have accountability for method development, support for the ERAC, and the ERF registration, crediting, and purchasing.

The agency's purchasing function through competitive auctions is subject to fire-walled decision making overseen by independent probity advisers. It is separate to the agency's Australian carbon credit unit crediting functions.

Decisions to register and credit projects is made based on whether the projects meet the requirements laid out in legislation. These decisions are not based on supply considerations.\\