

Wednesday 5 December 2012

Rick Baker
Review Director
Climate Change Authority
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Dear Rick

Submission on the Review of the Carbon Farming Initiative (CFI) Issues Paper

Introduction

I wish to make a late submission on the Review of the Carbon Farming Initiative (CFI) Issues Paper. I apologise for the late submission due to the workload that has occurred to enable the CFI audits to be completed to allow the proponents to be credited before the cut-off date for the previous scheme in February 2015.

I am a Chartered Professional Engineer (Mechanical) with over 30 years of experience in all phases of thermal power station design, construction, economics, operation and testing. Over the last 10 years I have been intensely involved in greenhouse assessment and auditing.

I was the second Greenhouse and Energy Auditor (RGEA No. 0002/2010) registered for the CER's NGERs program and registered as Category 3, Category 2, Category 1 NGER Technical, Category 1 CFI Technical and Category 1 Non-Technical. As a Registered Greenhouse and Energy Auditor I have carried out over 80 audits as both the audit team leader and technical specialist in greenhouse gas and energy measurement.

I have been an Accredited Auditor and a Performance Improvement Testing Regime (PITR) Technical Reviewer under the NSW Government's Greenhouse Gas Reduction Strategy (GGAS) since 2004 and have conducted over 170 Generating System greenhouse and energy accreditation and creation audits under GGAS. I was one of the two PITR Technical Reviewers used by GGAS to audit the reduction in greenhouse gas intensity in power generation systems.

I appreciate this opportunity to provide feedback about the operation of the Carbon Farming Initiative (CFI). Having audited a large portion of the CFI projects I am in a unique position to be able to provide substantial practical feedback on the operation of the CFI over the past few years. In addition I am providing detailed submissions on some of the draft determinations currently being issued for comment by the Emissions Reduction Fund. The following are the major issues observed.

The consultation can be improved

There appears to be lack of proper consultation conducted by the Department of the Environment during the issue of the current CFI determinations and more so for the current draft determinations.

One round of consultation is usually insufficient as the revisions to the determination after the first (and only) consultation can include issues that were not in the initial draft. The determination can still contain issues that could be avoided by an additional round of consultation. A single round of consultation will not give well-developed determinations.

As experience with the existing determination show, some issues will only arise during the conduction of actual projects. As with any rule, it is only when people of many different background and abilities try to understand and use a determination that issues and different interpretations occur. It is difficult to visualise the extent of possible issues and misinterpretations with a limited sample of users, most who have some knowledge of the intent of the determination. Unless a large number of different people have a chance to tryout the determinations some of the issues will not be uncovered until it is used.

Determination complexity

Some of the current determinations have a scope that is wider than the previous determinations and the need to cover this wide scope has increased their complexity.

This increase in complexity makes it difficult to follow the methodology within the determination and understand any particular requirements. A complex determination can result in what the content of the determination not matching its intent.

The wide scope has resulted in some determinations not covering issues with the possible projects that can be included in those determinations. Judging by the standard of the current draft determinations the Department does not have a holistic view of the scope of the projects that could be covered by some determinations and therefore do not cover the issues that would exist.

The participation of additional experts within the field applicable to the draft determination should simplify the determinations.

The application of uncertainty

The determinations do not include the impact of the uncertainty of the abatement calculated to ensure that the assessment is conservative.

The Department seems to have great difficulty in understanding that the inclusion of uncertainty is essential to assure that the assessment is conservative as required by Section 133(g) of the Act.

For example, any uncertainties of the emissions factors and energy contents used that are from the NGER (Measurement) determination are not accounted for. The values given in the NGER (Measurement) determination are average values and are not conservative. There should be a total uncertainty limit or a method of reducing the abatement for those offset projects that have a high uncertainty. This exclusion of the uncertainty of the abatement is likely to result in the abatement being due to uncertainties and not due to the true reduction in emissions and will not assure that the assessment is conservative as it should be under Section 133(g) of the Act.



The inclusion of uncertainty is a critical component of all engineering and scientific fields and the exclusion of the uncertainty of the abatement calculated ensures that the determination cannot be viewed as being credible and robust.

The *"GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty"* (September 2003) v1.0 issued by the World Resources Institute and the World Business Council for Sustainable Development which is referenced in the National Greenhouse and Energy Reporting (Measurement) Determination 2008 should be followed in the determinations.

Additionality

The new determinations do not fully test for projects that would have happened anyway due to the project economic on it's own and also does not test if any equipment would have been replaced anyway due to its age. This requirement is likely to make the projects more difficult to evaluate if more detailed additionality requirements are included.

I would welcome any opportunity to further discuss any aspects of this review.

Yours sincerely

A handwritten signature in blue ink, appearing to read "R Witney".

Ron Witney

Registered Greenhouse and Energy Auditor, 0002/2010,
Category 3, Category 2, Category 1 (CFI, Technical and Non Technical)

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