Carbon Credits (Carbon Farming Initiative—Landfill Gas) Methodology Determination Variation 2021

I, Angus Taylor, Minister for Energy and Emissions Reduction, make the following legislative instrument.

Dated 3 May 2021

Angus Taylor
Minister for Energy and Emissions Reduction

Contents

1 Name

This is the *Carbon Credits (Carbon Farming Initiative—Landfill Gas) Methodology Determinaton Variation 2021.*

2 Commencement

This instrument commences on the day after it is registered.

3 Authority

This instrument is made under subsection 114(1) of the *Carbon Credits (Carbon Farming Initiative) Act 2011*.

4 Amendment of methodology determination

The *Carbon Credits (Carbon Farming Initiative—Landfill Gas) Methodology Determination 2015* is amended as set out in Schedule 1.

Schedule 1—Amendment of the *Carbon Credits (Carbon Farming Initiative—Landfill Gas) Methodology Determination 2015*

1 Section 5

Insert:

restarting flaring project has the meaning given by section 11A.

2 At the end of subsection 7(3)

Add:

; or (e) a restarting flaring project.

3 Subsection 8(2)

Omit "subsection 13(1) sets", substitute "subsections 13(1) and (1A) each set".

4 Section 11

Repeal the section, substitute:

11 Requirements for an upgrade project

(1) An ***upgrade project*** must:

(a) upgrade an existing landfill gas collection system at a landfill to increase its collection efficiency to a higher annual level than previously measured at the landfill over each year covered by subsection (2); and

(b) install new gas wells to increase landfill gas collection; and

(c) combust the gas collected using a combustion device.

(2) An application for declaration of an upgrade project as an eligible offsets project must include operational records that:

(a) support the calculation of the collection efficiency of the existing landfill gas collection system; and

(b) cover the 4-year period before the application is made.

(3) The first reporting period for an upgrade project must end not less than 12 months after the landfill gas collection system, as upgraded, begins to collect landfill gas.

(4) However, an upgrade project applying this determination before the commencement of the *Carbon Credits (Carbon Farming Initiative—Landfill Gas) Methodology Determination Variation 2021* remains an upgrade project if it complies with the requirements of this section before it was varied.

Note: Crediting for such projects would consider 2 years or, if data is available to the project proponent for that period, 3 years of previous data under section 29, if the project proponent does not have 4 years of previous data available.

11A Requirements for a restarting flaring project

(1) A ***restarting flaring project*** must:

(a) have previously been a landfill gas project (other than a restarting flaring project) that generated electricity during its crediting period or periods; and

(b) collect landfill gas and combust it with a flare; and

(c) not generate electricity after its declaration as a restarting flaring project; and

(d) have a crediting period greater than zero under section 13A.

(2) An application for declaration of a restarting flaring project as an eligible offsets project must include a written statement from the chief executive officer or chief financial officer (however described) of the project proponent of the project that:

(a) the continued generation of electricity is unlikely to be economic for the site; and

(b) in the absence of the declaration of the project as an eligible offsets project there is unlikely to be combustion of landfill gas at the site beyond that which will be assumed for the project under section 28; and

(c) there is no regulatory or contractual obligation which requires combustion of landfill gas at the site beyond that which will be assumed for the project under section 28; and

(d) consultation under subsection (3) has been undertaken and supports the above statements.

(3) A person must not provide a statement under subsection (2) without consulting with relevant regulatory authorities and the owners of the landfill site.

(4) A restarting flaring project is credited under this determination as a new project, a recommencing project, an upgrade project or a transitioning project as it was previously credited as a landfill gas project (other than a restarting flaring project).

5 After subsection 13(1)

Insert:

(1A) For subparagraph 27(4A)(a)(ii) of the Act, a requirement in lieu of the newness requirement for a restarting flaring project is that:

(a) the requirements of section 11A are satisfied; and

(b) flaring equipment that needs to be installed or reinstalled at the site to undertake the project has not been installed or reinstalled (other than for backup or maintenance purposes) at any point in the 2 years immediately before the application for the declaration of the project as an eligible offsets project was made.

6 After section 13

Add:

13A Crediting period for certain projects

(1) For paragraph 69(3)(b) and subparagraph 70(3)(d)(ii) of the Act, if a landfill gas project (other than a restarting flaring project) during its second or only crediting period:

(a) does not use landfill gas to generate electricity; or

(b) does not use landfill gas to generate electricity for more than a total period of 84 calendar months;

the period of 12 years is specified.

(2) However, if:

(a) a project was covered by subsection (1) at the start of the 8th year of its second or only crediting period; and

(b) before the crediting period ends under subsection (1) the total period for which landfill gas is used to generate electricity during the crediting period exceeds 84 calendar months;

the crediting period ends at the start of the 85th calendar month that landfill gas is used to generate electricity.

(3) For this section and reporting under section 31A:

(a) landfill gas is used to generate electricity in a calendar month if at any point during 3 or more days in the calendar month electricity is generated from landfill gas; and

(b) the total calendar months of generation do not need to be consecutive; and

(c) a calendar month after electricity is first generated is presumed to be a month during which electricity is generated if there is no evidence to the contrary.

(4) For paragraph 69(3)(b) of the Act, if a landfill gas project is a restarting flaring project, the period is specified as 12 years minus the length of the last crediting period when the project was previously an eligible offsets project.

(5) However, the crediting period for a restarting flaring project under subsection (4) ends the day after the project uses landfill gas to generate electricity.

7 Subsection 24(2) (definition of $W_{LFG,CH4}$)

Repeal the definition, substitute:

$W_{LFG,CH4}$ means the proportion of the landfill gas that is methane, which is, at the election of the project proponent:

(a) 0.42; or

(b) worked out in accordance with the monitoring requirements; or

(c) if the project is covered by subsection (2A)—set out in section 5.14C of the NGER (Measurement) Determination.

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8 After subsection 24(2)

Insert:

(2A) The following projects are covered by this subsection:

(a) a landfill gas project, other than a restarting flaring project, whose application under section 22 of the Act was made before 1 September 2020; or

(b) a restarting flaring project that, when it was previously a landfill gas project, had an application under section 22 of the Act made before 1 September 2020.

9 Subsection 29(1) (definition of $W_{Com,Bef}$)

Repeal the definition, substitute:

$W_{Com,Bef}$ means:

(a) if equation 19A is calculated on the basis of data only for 2 years in accordance with subsection (7)—the average proportion of the methane from the landfill that is collected and destroyed during the 2 years before the upgrade is started, worked out using equation 19; or

(b) otherwise—the higher of:

(i) the average proportion of the methane from the landfill that is collected and destroyed during the 2 years before the upgrade is started, worked out using equation 19; and

(ii) the average proportion of the methane from the landfill that is collected and destroyed during the 4 years before the upgrade is started, worked out using equation 19A.

10 Subsection 29(3)

Repeal the subsection, substitute:

Methane collected and destroyed during 2 years before upgrade

(3) The average proportion of the methane from the landfill that is collected and destroyed during the 2 years before the upgrade is started is worked out using the formula (***equation 19***):

$$W_{Com,Bef} = \sum_y \left(\frac{\gamma(Q_{cap,y} + Q_{flared,y} + Q_{tr,y})}{CH_4{}^*{}_{,y}} \right) \div 2$$

where:

$W_{Com,Bef}$ means the average proportion of the methane from the landfill that is collected and destroyed during the 2 years:

(a) immediately before the upgrade is started; or

(b) if elected by the project proponent—immediately before the application for declaration of the upgrade project as an eligible offsets project.

γ means the factor to convert cubic metres of methane at standard conditions to tonnes of CO_2-e set out in subsection 5.4(1) of the NGER (Measurement) Determination.

$Q_{cap,y}$ means the quantity of methane in landfill gas collected for combustion from the landfill during year y, in cubic metres, measured as prescribed in Part 5.2 of the NGER (Measurement) Determination.

Note: The term ***collected for combustion*** in the NGER (Measurement) Determination is intended to mean landfill methane collected for combustion for electricity generation.

$Q_{flared,y}$ means the quantity of methane in landfill gas from the landfill that is flared or otherwise combusted for purposes other than electricity generation during year y, in cubic metres, measured as prescribed in Part 5.2 of the NGER (Measurement) Determination.

$Q_{tr,y}$ means the quantity of methane in landfill gas transferred out of the landfill during year y, in cubic metres, measured as prescribed in Part 5.2 of the NGER (Measurement) Determination.

$CH_4^*{}_{,y}$ means the estimated quantity of methane in landfill gas generated by the landfill during year y, in tonnes CO_2-e, measured and determined in accordance with subsection (4).

y means a year in the 2 years:

(a) immediately before the upgrade is started; or

(b) if elected by the project proponent—immediately before the application for declaration of the upgrade project as an eligible offsets project.

Methane collected and destroyed during 4 years before upgrade

(3A) The average proportion of the methane from the landfill that is collected and destroyed during the 4 years before the upgrade is started is worked out using the formula (***equation 19A***):

$$W_{Com,Bef} = \sum_y \left(\frac{\gamma(Q_{cap,y} + Q_{flared,y} + Q_{tr,y})}{CH^{*+}_{4,y}} \right) \div x$$

where:

$W_{Com,Bef}$ means the average proportion of the methane from the landfill that is collected and destroyed during the 4 years:

(a) immediately before the upgrade is started; or

(b) if elected by the project proponent—immediately before the application for declaration of the upgrade project as an eligible offsets project.

γ means the factor to convert cubic metres of methane at standard conditions to tonnes of CO_2-e set out in subsection 5.4(1) of the NGER (Measurement) Determination.

$Q_{cap,y}$ means the quantity of methane in landfill gas collected for combustion from the landfill during year y, in cubic metres, measured as prescribed in Part 5.2 of the NGER (Measurement) Determination.

Note: The term ***collected for combustion*** in the NGER (Measurement) Determination is intended to mean landfill methane collected for combustion for electricity generation.

$Q_{flared,y}$ means the quantity of methane in landfill gas from the landfill that is flared or otherwise combusted for purposes other than electricity generation during year y, in cubic metres, measured as prescribed in Part 5.2 of the NGER (Measurement) Determination.

$Q_{tr,y}$ means the quantity of methane in landfill gas transferred out of the landfill during year y, in cubic metres, measured as prescribed in Part 5.2 of the NGER (Measurement) Determination.

$CH_4^{*+}{}_{,y}$ means the estimated quantity of methane in landfill gas generated by the landfill during year y, in tonnes CO_2-e, measured and determined in accordance with subsection (4A).

y means a year in the 4 years:

(a) immediately before the upgrade is started; or

(b) if elected by the project proponent—immediately before the application for declaration of the upgrade project as an eligible offsets project.

x means:

(a) if pursuant to subsection (7) $W_{Com,Bef}$ is calculated for the purposes of this subsection based on data for a 4 year period—4;

(b) if pursuant to subsection (7) $W_{Com,Bef}$ is calculated for the purposes of this subsection based on data for a 3 year period—3;

(c) if pursuant to subsection (7) $W_{Com,Bef}$ is calculated for the purposes of this subsection based on data for a 2 year period—2.

11 After subsection 29(4)

Add:

(4A) $CH_4^{*+}{}_{,y}$ is equivalent to CH_4^* calculated:

(a) under Part 5.2 of the NGER (Measurement) Determination; and

(b) in accordance with the following:

(i) the reporting year is year y, where ***y*** means a year in the 4 years immediately before the upgrade;

(ii) methane generation must be determined for the whole landfill as if it were a single sub-facility zone.

12 Subsection 29(5)

Repeal the subsection, substitute:

(5) For subsections (4) and (4A), if year y covers 2 financial years, use the method set out in subsection 22(8) (as if CH_{4gen} were CH_4^*).

(6) To avoid doubt, the time periods in this section relating to a restarting flaring project which was previously an upgrade project relate to the previous upgrade project and are not reset by the declaration of the project as a restarting flaring project.

(7) In subsections (1), (3A) and (4A), references to "4 years" are taken to mean "2 years or, if data is available to the project proponent for that period, 3 years" for

an upgrade project applying this determination before the commencement of the *Carbon Credits (Carbon Farming Initiative—Landfill Gas) Methodology Determination Variation 2021* that does not have 4 years of previous data.

13 After section 31

Insert:

31A Information about electricity generation that must be included in an offsets report

(1) If the project has used landfill gas to generate electricity during its second or only crediting period or periods—an offsets report for a reporting period must include the total number of calendar months that landfill gas has been used to generate electricity between the start of its second or only crediting period and the end of the reporting period.

Note: Under subsection 13A(3) any generation of electricity during 3 or more days in a calendar month means that month is a month in which electricity is generated from landfill gas and the months do not need to be consecutive. After generation has commenced, the generation is presumed to continue in the absence of evidence to the contrary.

(2) Subsection (1) does not apply to a restarting flaring project, but an offsets report for a reporting period for a restarting flaring project must indicate if landfill gas was used to generate electricity during the reporting period.