



Carbon Credits (Carbon Farming Initiative— Coal Mine Waste Gas) Methodology Determination Variation 2021

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

Dated: 24 September 2021

Angus Taylor
Minister for Energy and Emissions Reduction

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1 Name

This is the *Carbon Credits (Carbon Farming Initiative—Coal Mine Waste Gas) Methodology Determination 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—Coal Mine Waste Gas) Methodology Determination 2015* is amended as set out in Schedule 1.

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

1 Section 5

Insert in alphabetical order:

eligible renewable energy source has the meaning given by the RE(E) Act.

former RET electricity production device for a coal mine waste gas project means an electricity production device that:

- (a) existed, during all or part of the period between 24 April 2014 and the application time for the project, at a location where some of the methane component of coal mine waste gas from the mine has been converted; and
- (b) was among the components of an electricity generation system existing at the location on 31 December 2020 that were taken to be a power station for the purposes of the RE(E) Act which was, at that date, an accredited power station within the meaning of that Act.

RE(E) Act means the *Renewable Energy (Electricity) Act 2000*.

transitioning displacement electricity production project means a project that meets the requirements of section 16C.

transitioning electricity production project means a project that meets the requirements of section 16B.

2 Paragraph 10(1)(a)

Repeal the paragraph, substitute:

- (a) converts some or all of the methane component of coal mine waste gas drawn from an operating underground coal mine, or two or more collocated operating underground coal mines:
 - (i) by installing and operating one or more of the following:
 - (A) a flaring device;
 - (B) a flameless oxidation device;
 - (C) an electricity production device; or
 - (ii) by operating a former RET electricity production device; and

3 At the end of paragraph 10(3)(f)

Add:

; or

- (g) a transitioning electricity production project; or
- (h) a transitioning displacement electricity production project.

4 Section 16 (note at the end of the section)

Omit “or an expansion electricity production project”, substitute “, an expansion electricity production project or a transitioning electricity production project”.

5 After section 16A

Insert:

16B Requirements for a transitioning electricity production project

- (1) This section sets out requirements for a transitioning electricity production project.
- (2) The project must:
 - (a) involve operating a former RET electricity production device; and
 - (b) not use an eligible renewable energy source to produce electricity.
- (3) The project may operate an existing flaring or flameless oxidation device.
- (4) The project proponent must have provided a statement at the application time:
 - (a) that the project will be a transitioning electricity production project; and
 - (b) identifying each former RET electricity production device and existing flaring or flameless oxidation device that will be operated as part of the project.

16C Requirements for a transitioning displacement electricity production project

- (1) This section sets out requirements for a transitioning displacement electricity production project.
- (2) The project must:
 - (a) involve operating a former RET electricity production device; and
 - (b) not use an eligible renewable energy source to produce electricity.
- (3) The project may operate an existing flaring or flameless oxidation device.
- (4) The project proponent must have provided a statement at the application time:
 - (a) that the project will be a transitioning displacement electricity production project; and
 - (b) identifying each former RET electricity production device and existing flaring or flameless oxidation device that will be operated as part of the project.

Note: Unlike a new electricity production project, expansion electricity production project or transitioning electricity production project, the carbon dioxide equivalent net abatement amount for a transitioning displacement electricity production project does not take into account abatement from the conversion of the methane component of coal mine waste gas. Only the abatement from displacing electricity is taken into account.

6 After the heading to Division 2 of Part 3

Insert:

16D Operation of this Division

For subsection 27(4A) of the Act, this Division sets out:

-
- (a) a requirement in lieu of the newness requirement for certain coal mine waste gas projects that formerly operated under the Renewable Energy Target Scheme (section 16E); and
 - (b) requirements in lieu of the regulatory additionality requirement for certain coal mine waste gas projects (section 17).

16E Requirement in lieu of newness requirement for certain former RET projects

- (1) For subparagraph 27(4A)(a)(ii) of the Act, the substituted newness requirement is in lieu of the newness requirement for:
 - (a) a transitioning electricity production project; or
 - (b) a transitioning displacement electricity production project.
- (2) A coal mine waste gas project referred to in subsection (1) meets the substituted newness requirement if the project concerned involves the operation of a former RET electricity production device that is and was not operated as part of another coal mine waste gas project.

7 Subsection 17(1)

Omit “or ventilation air methane only project”, substitute “, ventilation air methane only project or transitioning displacement electricity production project”.

8 After subsection 17(2)

Insert:

- (2A) For subparagraph 27(4A)(b)(ii) of the Act, a requirement in lieu of the regulatory additionality requirement for a transitioning displacement electricity production project is that the project must operate a former RET electricity production device that is and was not operated as part of another coal mine waste gas project.

9 After section 17

Insert:

Division 3—Crediting period

17A Crediting period for certain projects

- (1) For paragraph 69(3)(b) of the Act, the period of 12 years is specified for a coal mine waste gas project that is:
 - (a) a new flaring or flameless oxidation project; or
 - (b) an expansion flaring or flameless oxidation project; or
 - (c) a new electricity production project; or
 - (d) an expansion electricity production project; or
 - (e) a displacement electricity production project; or
 - (f) a ventilation air methane only project.
- (2) For paragraph 69(3)(b) of the Act, the period of 5 years is specified for a coal mine waste gas project that is:

-
- (a) a transitioning electricity production project; or
 - (b) a transitioning displacement electricity production project.

10 Section 25 (definition of *h*)

Repeal the definition, substitute:

h means:

- (a) in the case of a transitioning electricity production project—an existing flaring or flameless oxidation device; or
- (b) in the case of any other coal mine waste gas project—an installed flaring or flameless oxidation device.

11 Section 26 (paragraph (a) of the definition of $Q_{CH_4,h}$)

Omit “a new flaring or flameless oxidation project”, substitute “a coal mine waste gas project other than an expansion flaring or flameless oxidation project”.

12 Section 26 (definition of *h*)

Repeal the definition, substitute:

h means:

- (a) in the case of a transitioning electricity production project—an existing flaring or flameless oxidation device; or
- (b) in the case of any other coal mine waste gas project—an installed flaring or flameless oxidation device.

13 Section 32

Omit “or an expansion electricity production project”, substitute “, an expansion electricity production project or a transitioning electricity production project”.

14 After Division 7A of Part 4

Insert:

Division 7B—Transitioning electricity production project method

33C Summary

The carbon dioxide equivalent net abatement amount for a transitioning electricity production project is the abatement achieved from operating a former RET electricity production device less:

- (a) the emissions from operating the former RET electricity production device; and
- (b) ancillary emissions of the project; and
- (c) certain parameters associated with electricity production.

33D Net abatement amount

- (1) The carbon dioxide equivalent net abatement amount for a transitioning electricity production project for the reporting period, in tonnes CO₂-e, is worked out using the formula (**equation 25D**):

$$A_N = A_P + A_G$$

where:

A_N means the carbon dioxide equivalent net abatement amount for the transitioning electricity production project, for the reporting period, in tonnes CO₂-e.

A_P means the project emissions abated for the reporting period, in tonnes CO₂-e, worked out using equation 25E.

A_G means the displaced electricity emissions from electricity production in the reporting period, in tonnes CO₂-e, worked out using equation 28.

- (2) The project emissions abated for the reporting period, in tonnes CO₂-e, is worked out using the formula (**equation 25E**):

$$A_P = M_{Com} - (E_{MD} + E_{An})$$

where:

A_P means the project emissions abated for the reporting period, in tonnes CO₂-e.

M_{Com} means the volume of the methane component of coal mine waste gas converted by the project in the reporting period, in tonnes CO₂-e, worked out using equation 25F.

E_{MD} means the emissions from the methane component of coal mine waste gas converted by the project in the reporting period, in tonnes CO₂-e, worked out using equation 25G.

E_{An} means the ancillary project emissions from the project for the reporting period, in tonnes CO₂-e, worked out using equation 36.

- (3) The volume of the methane component of coal mine waste gas converted by the transitioning electricity production project in the reporting period, in tonnes CO₂-e, is worked out using the formula (**equation 25F**):

$$M_{Com} = \gamma \times \sum_i Q_{CH_4,i} + \gamma \times DE \times \sum_h Q_{CH_4,h}$$

where:

M_{Com} means the volume of the methane component of coal mine waste gas converted by the project in the reporting period, in tonnes CO₂-e.

γ means the factor for converting a quantity of methane from cubic metres to tonnes CO₂-e in section 3.21 of the NGER (Measurement) Determination.

$Q_{CH_4,i}$ means the volume of the methane component of coal mine waste gas sent to a former RET electricity production device i as part of the project in the reporting period, in cubic metres, worked out:

- (a) using equation 26; or
- (b) using an integrated monitoring system.

DE means the factor for OF_{if} in section 3.14 of the NGER (Measurement) Determination.

Q_{CH₄,h} means the volume of the methane component of coal mine waste gas sent to flaring or flameless oxidation device h as part of the project in the reporting period, in cubic metres, worked out:

- (a) using equation 12; or
- (b) using an integrated monitoring system.

i means a former RET electricity production device operated as part of the project.

h means an existing flaring or flameless oxidation device.

- (4) The emissions from the methane component of coal mine waste gas converted by the project in the reporting period, in tonnes CO₂-e, is worked out using the formula (**equation 25G**):

$$E_{MD} = \sum_i \sum_j E_{MD,i,j} + \sum_h \sum_j E_{MD,h,j}$$

where:

E_{MD} means the emissions from the methane component of coal mine waste gas converted by the project in the reporting period, in tonnes CO₂-e.

E_{MD,i,j} means the emissions of gas type j released from the conversion of the methane component of coal mine waste gas by electricity production device i as part of the project in the reporting period, in tonnes CO₂-e, worked out using equation 27.

E_{MD,h,j} means the emissions of gas type j released from the conversion of the methane component of coal mine waste gas by flaring or flameless oxidation device h as part of the project in the reporting period, in tonnes CO₂-e, worked out using equation 13.

Note: Gas type j is carbon dioxide, methane or nitrous oxide.

i means a former RET electricity production device operated as part of the project.

h means an existing flaring or flameless oxidation device operated as part of the project.

Division 7C—Transitioning displacement electricity production project method

33E Summary

The carbon dioxide equivalent net abatement amount for a transitioning displacement electricity production project is the abatement achieved from

operating a former RET electricity production device less certain parameters associated with electricity production.

However, unlike a new electricity production project, an expansion electricity production project or a transitioning electricity production project, the carbon dioxide equivalent net abatement amount for a transitioning displacement electricity production project does not take into account abatement from the conversion of the methane component of coal mine waste gas. Only the abatement from displacing electricity is taken into account.

33F Net abatement amount

The carbon dioxide equivalent net abatement amount for a transitioning displacement electricity production project for the reporting period, in tonnes CO₂-e, is worked out using the formula (*equation 25H*):

$$A_N = A_G$$

where:

A_N means the carbon dioxide equivalent net abatement amount for the displacement electricity production project for the reporting period, in tonnes CO₂-e.

A_G means the displaced electricity emissions from electricity production in the reporting period, in tonnes CO₂-e, worked out using equation 28.

15 Subsection 34(1) (definition of i)

Repeal the definition, substitute:

i means:

- (a) in the case of a transitioning electricity production project—a former RET electricity production device operated as part of the project; or
- (b) in the case of any other coal mine waste gas project—an installed electricity production device.

16 Section 35 (paragraph (a) of the definition of $Q_{CH_4,i}$)

After “new electricity production project” insert “or transitioning electricity production project”.

17 Section 35 (definition of i)

Repeal the definition, substitute:

i means:

- (a) in the case of a transitioning electricity production project—a former RET electricity production device operated as part of the project; or
- (b) in the case of any other coal mine waste gas project—an installed electricity production device.

18 Subsections 36(1) and (4)

Omit “installed and existing” wherever occurring, substitute “relevant”.

19 Subsection 36(1) (definition of EF_{Elec})

Omit “on the declaration day” wherever occurring, substitute “at the end of the reporting period”.

20 Paragraph 36(3)(c)

Omit “on the declaration day”, substitute “at the end of the reporting period”.

21 After subsection 36(6)

Insert:

(7) In this section:

relevant electricity production devices means:

- (a) in the case of a transitioning electricity production project or a transitioning displacement electricity production project—former RET electricity production devices operated as part of the project; or
- (b) in the case of any other coal mine waste gas project—installed electricity production devices and existing electricity production devices operated as part of the project.

22 Subsection 37(1) (definition of X_t)

Repeal the definition, substitute:

X_t means:

- (a) in the case of a transitioning electricity production project or a transitioning displacement electricity production project—the amount of electricity produced by a former RET electricity production devices operated as part of the project, during time interval t , worked out using equation 30A; or
- (b) in the case of any other coal mine waste gas project—the amount of electricity produced by installed and existing electricity production devices as part of the project during time interval t less the baseline for electricity production for the project, in megawatt hours, worked out using equation 31.

23 After subsection 37(1)

Insert:

- (1A) The amount of electricity produced by former RET electricity production devices operated as part of the project during time interval t , in megawatt hours, is worked out using the formula (***equation 30A***):

$$X_t = \sum_i Q_{EG,i,t}$$

where:

X_t means the amount of electricity produced by former RET electricity production devices operated as part of the project during time interval t , in megawatt hours.

$Q_{EG,i,t}$ means the quantity of electricity produced by device i during time interval t in the reporting period, in megawatt hours, worked out in accordance with the monitoring requirements.

i means a former RET electricity production device.

24 Section 38

Omit “installed and existing” wherever occurring, substitute “relevant”.

25 After subsection 38(2)

Insert:

(3) In this section:

relevant electricity production devices means:

- (a) in the case of a transitioning electricity production project or a transitioning displacement electricity production project—former RET electricity production devices operated as part of the project; or
- (b) in the case of any other coal mine waste gas project—installed electricity production devices and existing electricity production devices operated as part of the project.

26 Subsection 41(1) (definition of EF_{Elec})

Omit “on the declaration day” wherever occurring, substitute “at the end of the reporting period”.

27 Subsection 47(1) (items 7 and 15 of the table)

Omit “installed electricity production devices” wherever occurring, substitute “relevant electricity production devices”.

28 Subsection 47(1) (item 11 of the table)

Omit “installed and existing electricity production devices”, substitute “installed electricity production devices or former RET electricity production devices, and all existing electricity production devices”.

29 After subsection 47(6)

Insert:

(7) In this section:

relevant electricity production devices means:

- (a) in the case of a transitioning electricity production project or a transitioning displacement electricity production project—all former RET electricity production devices operated as part of the project; or
- (b) in the case of any other coal mine waste gas project—all installed electricity production devices.

30 After the table to subsection 48(1)

Insert:

- (1A) The project proponent must make all practicable efforts to minimise the non-monitored period during a reporting period.

