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EMISSIONS REDUCTION FUND (ERF) OVERVIEW



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The Emission Reduction Fund (ERF), along with the Renewable Energy Target, is one of the main Australian Government responses to climate change and represents the main carbon market operating across Australia. The ERF provides rules for developing and operating carbon projects and earning ACCUs.

The ERF is administered by an organisation called the Clean Energy Regulator. You may sometimes hear them referred to as the CER. The main law governing the ERF is the *Carbon Credits (Carbon Farming Initiative) Act 2011* (CFI Act). The CFI was expanded to become the ERF in 2012.

Under the ERF, Indigenous landowners can earn carbon credits from doing projects that reduce greenhouse gas pollution. You can then sell those carbon credits to the Australian Government (through the ERF Auction), or to other buyers in the Voluntary Carbon Market.

“Under the ERF, the ‘Project Proponent’ (owner) is the person or organisation legally responsible for doing the project.”

WHO CAN DO AN ERF PROJECT?

Under the ERF, the ‘Project Proponent’ (owner) is the person or organisation legally responsible for doing the project. The Project Proponent controls the project, receives the carbon credits created by the project and is legally responsible for meeting all obligations under the ERF.

As a Project Proponent, you must show the CER that you have the capability, capacity, and good character to run the project and comply with the ERF requirements. This is sometimes referred to as ‘Fit and Proper Person’ requirements. You must also show that you have the legal right to undertake the project and claim the carbon credits.

Under the ERF, there are specific rules which simplify the process for Registered Native Title Body Corporates (RNTBC) with exclusive possession native title to become the Project Proponent. The ICIN encourages groups to consider different options for project ownership and operation and decide on an approach that best suits you, prior to registering a project.

Read More:

[ICIN Guide 6. Indigenous rights and interests](#)

WHAT TYPE OF ERF PROJECT CAN I DO?

The ERF gives carbon credits to activities that reduce the amount of greenhouse gases going into the air or that draws carbon dioxide out of the air and stores it in plants or soil. The CER develops and publishes rules for the different activities that are eligible under the ERF – these are referred to as ERF methods. Your project and the type of activity you do must be consistent with one of these methods.

ERF Methods are divided into two main types: sequestration and emissions avoidance. Some methods, such as Blue Carbon or Savanna Fire Management, may include both. It is important to ask whether the project is an emissions avoidance project or a sequestration project, as there are increased obligations, rules and risks associated with sequestration projects that do not apply to emissions avoidance projects.

“ERF Methods are divided into two main types: emissions avoidance and sequestration. Sequestration means storing carbon dioxide in the vegetation or soil. Emissions avoidance means avoiding greenhouse gases going into the air.”

Sequestration methods

‘Sequestration’ means to accumulate, keep, store or conserve. Under the ERF, sequestration means increasing the amount of carbon dioxide stored in vegetation or soil and keeping it there. Sequestration projects are long-term projects up to 100 years duration. Sequestration methods include:

- Savanna Fire Management – Sequestration and Emissions Avoidance
- Storing Carbon in the Soil
- Let the Native Forest or Woodland Regrow
- Protecting Existing Forest
- Forest Planting
- Forest Harvest

Emissions avoidance methods

‘Emissions avoidance’ means avoiding or stopping greenhouse gases going into the air; if the activity ends, the avoided greenhouse gases don’t go back into the air. Under the ERF, emissions avoidance projects are shorter-term projects usually 7-25 years duration. Emissions avoidance methods include:

- Savanna Fire Management – Emissions Avoidance
- Savanna Fire Management – Sequestration and Emissions Avoidance
- Beef Herd Cattle Management

Read More:

[ICIN ERF Methods Summary Report](#)

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3

WHAT OTHER ERF REQUIREMENTS MUST I MEET?

In addition to doing an eligible activity (method), passing the 'Fit and Proper Person' requirements and having the capability to run a project, the ERF has some other general requirements that you must meet.

The project is new and 'additional'

For a project starting out under the ERF, it must show that it would not happen anyway, in the absence of the ERF and it must not have started. This is because the ERF wants to encourage new changes in behaviour and ensure that abatement or sequestration is real and additional. It does not want to invest in activities that are already happening or that would happen anyway, without a registered carbon project.

These requirements are sometimes referred to as 'newness' and 'additionality'.

Under the ERF, carbon projects must meet the following requirements:

- Meets method-specific eligibility*
- Project proponent (owner) passes 'fit and proper person' test*
- Organisation has capacity and capability*
- Project is new and additional*
- Project owner has the legal right*
- Project has Eligible Interest Holder consent*



Pre-season Fire Meeting, ALFA

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The project has all legal or regulatory approvals

The ERF does not give or create a right to do a particular activity. You will need to look at existing laws and regulations and see if there are any licences or permits that you need.

For example, if the project you want to do involves burning, you might need to get a permit to burn from the relevant State or Territory authority.

The project owner has the legal right to do the project

To do an ERF project you must have the legal right to undertake the activity. The ERF does not create any new legal rights. If you want to undertake a project, you must look to existing rights, interests, and laws to see if you have the legal right to do the activity required under the method.

For example, an owner of freehold land may wish to do a Human Induced Regeneration project. They look at their land title, and see they have the right to put in fences and plant trees. They are therefore able to establish their legal right based on their existing land title.

Determining whether you have the legal right to do a project, and/or what is required to get the legal right will depend on:

- The type of land in question e.g. Native Title, Land Rights, pastoral lease or freehold
- The type of land interest you have e.g. Native Title, lessee, carbon project developer
- The type of activity you want to do e.g. savanna burning, grazing or feral animal management, tree planting or native regeneration.

The project has Eligible Interest Holder consent

In addition to legal right, ERF projects must also obtain consent from all 'Eligible Interest Holders'. The ERF sets out exactly who is an Eligible Interest Holder, based on the land tenure. In general, if you have some form of registered interest in the land (e.g. registered native title holder) you will likely have an eligible interest under the CFI Act.

While an ERF project can be registered without Eligible Interest Holder consent, it cannot receive any carbon credits until this consent has been obtained and consent must be obtained before the end of the first reporting period (from between 2-7 years depending on the method) or the project can be revoked (cancelled).

It is good practice to get consent before registering an ERF project.

The legal right to do a project and Eligible Interest Holder consent are often confused, because sometimes it involves the same individuals or group. However, while there is this overlap, it is good to remember that these are two separate and distinct requirements under the CFI Act.

Importantly, if you are being asked to provide consent to a carbon project, there is no obligation to say 'Yes'. You have a right to request more time and more information. And you have an absolute right to say 'No'.

Read More:

[ICIN Guide 6. Indigenous rights and interests](#)

[ICIN Seeking free, prior and informed consent](#)



Mimal Land Management

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