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Pioneers and Leaders in Conservation Agriculture
Western Australian No-Tillage Farmers Association

CARBON NEWS Issue 3

Welcome to our August edition

Hello again,

What is happening in carbon farming policy?
The Carbon Pricing Mechanism was repealed on Thursday 17 July 2014 but we are still waiting on the proposed Emission Reduction Fund and Direct Action Plan to be introduced in the Senate. In the meantime, it is important to note that the Carbon Farming Initiative is a separate piece of legislation and remains in place. Indeed there are new methodologies being developed now!

What is happening at WANTFA under the Extension and Outreach project?
We have been out and about in the wheatbelt lately talking to farmers and grower groups, discussing issues and innovations on the horizon for climate change mitigation and adaptation in agriculture. There are a number of exciting research projects that are highlighting potential links between carbon farming practices and productivity, risk mitigation and improvements in resource conditions. Some of these research projects are dedicated to finding practices and systems for conditions like those here in Western Australia. We hope to bring you up-to-date information on practices that might one day fit into your cropping or mixed farming system.
An example from research conducted by the Mingenew Irwin Group is shrubs for emissions reductions and carbon storage.
Planting anti-methanogenic shrubs or perennial pastures helps to:

1. fill the summer-autumn feed gap,
2. reduce the reliance on stubble grazing (so more stubble remains at the start of the season),
3. ensure something is growing year-round to increase the potential volume of organic matter entering the soil, and
4. reduce enteric methane (methane from sheep and cattle digestive processes) output.

Look out at field days and in the WANTFA New Frontiers in Agriculture Journal for information, prospects and details on practices and technologies such as, seasonal weather forecasting improvements to use in decision making, enhanced efficiency fertilisers, soil amendments and machinery innovations.

Contributions to Carbon News

If you would like to contribute to future issues of this newseltter please feel free to get in contact with me at nikki.dumbrell@wantfa.com.au

Thanks and I hope you enjoy,
Nikki Dumbrell
WANTFA Carbon Farming Project Officer

Soil carbon methodology released

The newest methodology under the Carbon Farming Initiative is for "Sequestering Carbon in Soils in Grazing Systems'. This soil carbon sequestration methodology, is based on storing carbon in soils on grazing land by introducing activities that increase inputs of carbon to the soil, reduce loss of carbon from the soil, or both. This is the first in what should be a suite of soil carbon methodologies. The land on which such a project occurs must have been under permanent pasture or continuously cropped for at least five years before applying to conduct the project or before conducting a baseline sampling round, whichever occurs first.
The land can be managed using a range of activities to build soil carbon including, but not limited to:

- converting cropland to permanent pasture
- rejuvenating pastures, or
- changing grazing patterns.

Activities implemented as part of the project must include at least one new management activity. Permanent de-stocking is not an eligible change in management activity.
As a sequestration activity, projects using this methodology determination are subject to permanence requirements. Permanence requires the soil carbon to be stored and maintained until the end of the permanence period, which is 100 years (under the Carbon Farming Initiative).

The methodology was developed by the Department of Environment.

Read more from the Clean Energy Regulator,
here: www.cleanenergyregulator.gov.au/Carbon-Farming-Initiative/methodology-determinations/Pages/Sequestration-methodology-Sequestering-carbon-in-soils-in-grazing-systems.aspx

Upcoming Events on the WANTFA calendar!

Monday 25 August 2014*WANTFA Machinery and Soil Amendments Field Day, Bolgart*

Tuesday 2 September 2014 *WANTFA Spring Field Day, Cunderdin trial site*

Thursday 25 September 2014*WANTFA Long Term Cropping Systems and Soil Health Day, Long Term Site, Cunderdin*
See: www.mycfi.com.au/news-and-events/?dzscal_date=9-25-2014

Update on the Emissions Reduction Fund

From the Clean Energy Regulator

On 18 June the Government introduced legislation to the Parliament to establish the Emissions Reduction Fund (ERF). The ERF will be given effect by amending and expanding the Carbon Credits (Carbon Farming Initiative) Act 2011. This is known as the Carbon Farming Initiative Amendment Bill 2014. Initial consideration of the Bill will occur in the House of Representatives and, if passed, will move on to the Senate.

Current Carbon Farming Initiative (CFI) projects will automatically transition to the Emissions Reduction Fund. Proponents will need to apply to participate in any auctions.

The amendment Bill proposes some significant changes to the information previously released during the consultation process. The most significant of these changes affect current CFI participants.

In general, current CFI projects will start a new crediting period (the length of time that Australian carbon credit units can be issued for a project) on ERF legislation passing. This crediting period will last seven years for emissions reduction projects or 25 years for sequestration projects. There will be no ability for projects to have any subsequent crediting periods. All current project proponents will receive information about this process.

The Government has also extended the crediting period for carbon sequestration projects to 25 years. Extending the crediting period to 25 years will align the crediting period with the minimum permanence period (the amount of time the trees must remain intact) and allow participants to receive credits for the time that most projects are sequestering carbon.

The new legislation provides more flexibility for project participants to align the time that they'll receive credits for the project with the actual start date of their project. This means, they can apply for their project now, but start earning credits once their project is actually up and running.

The Government has also committed to an expression of interest process for participants who may wish to begin preparation for their projects before the legislation is passed. Potential participants can notify us that they intend to commence a new project from 1 July 2014. This will ensure that companies wishing to take steps to implement projects will be taken to have met the legislative requirement that a project must not have started before the ERF has commenced.

A transition period will run from the date the ERF legislation passes through the Parliament until 1 July 2015. During that time proponents may submit applications based on current CFI methodologies and may be eligible to

apply to backdate their project. For example an emissions avoidance project application that is declared during this transitional period and which features backdating to 1 July 2012 would be given a single crediting period starting 1 July 2012 and ending 30 June 2019.

Information regarding transition from the CFI to the ERF is available on the Clean Energy Regulator website.

Read on the Clean Energy Regulator Website, here: www.cleanenergyregulator.gov.au/Carbon-Farming-Initiative/News-and-updates/Pages/2014-07/14-July-2014-Carbon-Farming-Initiative-July-update.aspx

Clarifying crediting periods and permanence obligations

Under the Carbon Farming Initiative (CFI) it is required that sequestered carbon be stored 'permanently' which is defined as a period of 100 years. This means that projects set up to capture and store carbon into vegetation and soils must be designed such that carbon stores can be maintained at a net carbon storage level for at least 100 years. Within this 100 year period you have crediting periods, these periods differ in length depending on the projects but they are usually 7 years. For avoided deforestation projects the crediting period is 20 years and for reforestation projects it is 15 years. Crediting periods are the period of time set out in a project declaration which determines how many years ACCUs (credits) can be issued by the Regulator for the project. Under the CFI, it is possible to begin a new crediting period on the back of the initial crediting period if you are still sequestering carbon or reducing emissions.

Under the proposed Emissions Reduction Fund crediting periods will be 7 years for emissions reduction projects and 25 years for sequestration periods with no opportunity to renew and start a second crediting period. Permanence remains at 100 years.

Why a crediting period of 25 years and a permanence requirement and maintenance obligation for 100? There are a few reasons. Firstly, it is thought that after the initial 25 years very little to no extra carbon will be added to the soil because the plants reach maturity (so you would not be accruing extra credits anyway) but the management or activity must be continued so that the amount of carbon already stored as a result is not lost and returned to the atmosphere. Secondly, longer crediting periods or the option to get a second crediting period would incentivise emissions reductions on a longer timescale. The Government has budgeted for a certain amount of emissions reductions at lowest cost but has not set long term budgets for long term emissions reductions. The focus and budget looks to be designed for meeting the short term 2020 emissions reductions targets of 5 percent below 2000 level emissions by 2020.

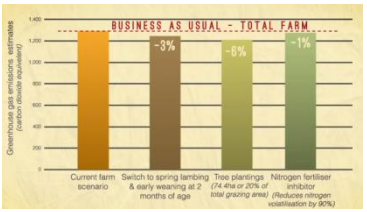
What does this mean for conducting a CFI project? The bulk of potential payments for carbon abatement are not aligned with the workload and costs of setting up and maintaining a sequestration project long term. You need to be prepared to maintain improved carbon stocks under sequestration projects for long periods without being paid to do so for long periods.

Carbon farming for productivity is being backed up by modelling results

New farm modelling indicates that the Carbon Farming Initiative will likely only provide modest returns for farmers (under the past and expected future policy incentives and payments for certain activities) but many carbon farming practices can increase farm profits through productivity improvements. See the latest work from the Primary Industries Climate Challenges Centre (PICCC) www.piccc.org.au/news/carbon-farm-productivity-not-offsets

What are other grain and sheep farmers thinking about carbon farming?

The Australian Farm Institute has recently released a series of Case Study videos of farmers and industry experts talking carbon. The case study video of a NSW mixed crop-livestock farmer gives an insight into a farmer's opportunities to include carbon farming practices in his farm management. A number of different carbon farming options are modelled to determine their greenhouse gas abatement potential and how they could fit into current farm practice.
If you are interested in seeing what these options are and the potential abatement that can be achieved you can access the video at the below link (select the 'Farm Case Study: Case study with a grain and sheep farmer' option)
www.farminstitute.org.au/calculators/case-study-videos#CaseStudy2



Some key terminology

Some of the terms we use when talking about carbon farming and the Carbon Farming Initiative have very specific meanings and it is important to understand and not misinterpret them. Below are some definitions for key terms used in this newsletter. Definitions are from the CFI Legal and Contracts Guide publication compiled by Norton Rose and Fulbright.

Abatement
The reduction or avoidance of GHG emissions or the removal (i.e.sequestration) of GHGs from the atmosphere.
ACCU (carbon credit)
Australian Carbon Credit Unit. An electronic unit issued under the CFI by the Regulator in accordance with a certificate of entitlement and which represents the abatement of one tonne of carbon dioxide equivalent emissions.
Baseline (to be sampled)
The GHG emissions (or removal of GHG emissions which were likely to have occurred in the absence of the project (CFI Act s 107).
CFI
The Carbon Farming Initiative. A government backed voluntary carbon offset scheme which provides opportunities for farmers, forest growers, landfill operators, landholders and managers (including indigenous groups) to create ACCUs and earn revenue from projects which reduce GHG emissions or increase carbon stored in vegetation or soils.
Crediting period
Period of time set out in a project declaration which determines how many years ACCUs (credits) can be issued by the Regulator for the project.
Permanence
The concept that for carbon sequestration projects, where carbon is taken out of the atmosphere and stored, it must not be re-released back into the atmosphere. Carbon stores are generally considered permanent if they are maintained on a net basis for at least 100 years.
Sequestration
Removal of carbon dioxide from the atmosphere by storing carbon in a relevant carbon pool.
Soil carbon
Soil carbon is essentially the carbon stored within the soil. There are multiple forms of soil carbon, each contributing to different attributes of the soil.

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Contact us:
nikki.dumbrell@wantfa.com.au
(08) 938337630
0459029242

WANTFA
Private Bag 5
Wembley WA 6913

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