The Hon Josh Frydenberg MP  
Minister for the Environment and Energy  
Parliament House  
CANBERRA ACT 2600

Dear Minister,

On behalf of the Emissions Reduction Assurance Committee (ERAC), I am pleased to inform you that it has considered the draft Carbon Credits (Carbon Farming Initiative – Beef Cattle Herd Management) Methodology Determination Variation 2017 (our reference 013AG2016V1) and advises it is suitable to be made into a final Variation.

The proposed Variation clarifies and simplifies operational requirements for project participants in relation to the transfer of cattle between herds. It caters for the entry of additional herds into a project, including in circumstances where less than the normally required three-years of historical data are available. The Variation also ensures all herds in the project are eligible for seven full years of abatement in circumstances where different herds are mustered at different times of year and provides greater flexibility in weighing cattle around the annual muster. The proposed changes should support increased project uptake and greater overall emissions reductions.

The draft Variation was developed by the Department of the Environment and Energy in collaboration with experts from the beef cattle industry and the Clean Energy Regulator. The Committee invited public submissions and commissioned a technical assessment.

Having considered the information from these processes, advice from the Clean Energy Regulator, the draft Explanatory Statement and the text of the draft Variation and existing method, the ERAC concluded the Carbon Credits (Carbon Farming Initiative – Beef Cattle Herd Management Gas) Methodology Determination 2015, as proposed to be varied by the draft Variation, complies with the offsets integrity standards in section 133 of the Carbon Credits (Carbon Farming Initiative) Act 2011. On this basis, the ERAC agreed the draft Variation is suitable to be made into a final Variation.

While the ERAC endorses the draft Variation, the Committee is cognisant of the method’s complexity and need to monitor its operation closely to manage any emerging risks. Due to this, the ERAC has agreed to consider whether the method should be subject to an early review in 12 months.
Further details of the reasons for the ERAC’s advice are provided in the attached notice.

Yours sincerely

Andrew Macintosh
Chair
Emissions Reduction Assurance Committee

30 March 2017
EMISSIONS REDUCTION ASSURANCE COMMITTEE

Notice of advice to the Minister for the Environment and Energy under subsection 123A(2) of the Carbon Credits (Carbon Farming Initiative) Act 2011 (the Act)

Draft Carbon Credits (Carbon Farming Initiative—Beef Cattle Herd Management) Methodology Determination Variation 2017 (draft Variation)

On 23 March 2017, the Emissions Reduction Assurance Committee (ERAC) agreed the draft Variation is suitable to be made into a Variation.

In forming this view, the ERAC considered:

1. the Offsets Integrity Standards specified in section 133 of the Act;
2. the public submissions received during the public consultation period; and
3. advice from the Clean Energy Regulator.

The ERAC was not directed to have regard to any additional issues under section 123B of the Act in providing its advice on the draft Variation.

The ERAC took into account and supports the proposed changes to the draft Variation made after the draft was released for consultation.
### 1. Assessment against the Offsets Integrity Standards

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<th>Section*</th>
<th>Requirement</th>
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| 133(1)(a) | The draft Determination’s requirements and method should result in carbon abatement that is unlikely to occur in the ordinary course of events (disregarding the effect of the Act). | The draft Variation specifies appropriate requirements to ensure projects are delivering additional abatement. Key requirements for ensuring projects deliver additional abatement under the *Carbon Credits (Carbon Farming Initiative – Beef Cattle Herd Management) Methodology Determination 2015* will be retained in the Variation, including requirements to:  
(a) nominate and provide evidence of a new or enhanced agricultural practice that can reasonably be expected to reduce emissions;  
(b) not list a new agricultural practice as consisting of feeding non-protein nitrogen to a herd (a practice covered by a separate Emissions Reduction Method) or simply grazing the herd on a different area of land;  
(c) meet eligibility requirements for one or more of improved ratio of liveweight to age, reduced age of herd, reduced numbers of unproductive animals and a change in the structure of the herd; and  
(d) calculate the baseline annual emissions intensity for each herd on the basis of 3 full years of data that are not more than 7 years before their first assessment year, except for limited data herds, where the baseline intensity must be calculated using at least 2 full years of data.  
Accordingly, the ERAC considers the draft Variation complies with this Offsets Integrity Standard. |
| 133(1)(b) | Estimates of removals, reductions and emissions are measurable and capable of being verified. | Appropriate equations are specified for the calculation of emissions reduction and project emissions. These are consistent with those used in Australia’s National Inventory Report. Appropriate methods to enable verification of these estimations are specified for data collection, monitoring and reporting. |
Methods for data collection are specified in Schedule 1 of the Variation and data are applied in an improved, compulsory calculator. Accordingly, the ERAC considers the draft Variation complies with this Offsets Integrity Standard.

| 133(1)(c) | Carbon abatement used in ascertaining the carbon dioxide net abatement amount for a project must be eligible carbon abatement from the project. | The carbon abatement used in ascertaining the abatement amount is eligible carbon abatement from the project. A standard calculator, based on National Inventory Report methods, must be used for calculation of abatement by all proponents. Accordingly, the ERAC considers the draft Variation complies with this Offsets Integrity Standard. |
| 133(1)(d) | The draft Determination is supported by clear and convincing evidence. | The draft Variation is supported by clear and convincing evidence. The method was developed in consultation with Meat and Livestock Australia, the pastoral industry and industry consultants and researchers. Published evidence for the impact of potential project actions on reducing the emissions intensity of liveweight production is available from case study herds. Accordingly, the ERAC considers the draft Variation complies with this Offsets Integrity Standard. |
| 133(1)(e) | Material amounts, in carbon dioxide equivalent, of greenhouse gases that are emitted as a direct consequence of carrying out the project are deducted. | Net abatement is calculated after deducting material emissions generated as a direct result of carrying out the project. The requirement to deduct amounts of methane and nitrous oxide emissions resulting from carrying out a project in the *Carbon Credits (Carbon Farming Initiative- Herd Management) Methodology Determination 2015* is retained. Published evidence demonstrates that such emissions comprise more than 95% of the emissions boundary for pasture grazed cattle in Australia. Accordingly, the ERAC considers the draft Variation complies with this Offsets Integrity Standard. |
| 133(1)(g) | Estimates, projections or assumptions included in the methodology are conservative. | The assumptions and estimates included in the draft Variation are conservative. The net abatement estimate is conservative. |
The draft Variation applies an upper limit to the baseline of new herds entering the project without full baseline data. The provision is conservative for herds from high emissions intensity production systems entering a project with an existing lower baseline.

The draft Variation applies a mechanism to correct weights obtained outside a specified window period for the annual muster for the critical first and last assessment days of a project.

By specifying a “baseline reference date”, the Variation sets a limit to the total size of new herds entering the project with two years rather than three years of baseline data. At the baseline reference date, the total size of such herds cannot be greater than that of the combined reference herds with three years of baseline data. The emissions intensity calculations are therefore not biased by the relative sizes of the two types of herds.

Accordingly, the ERAC considers the draft Variation complies with this Offsets Integrity Standard.

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<tr>
<th>Section of the Act</th>
<th>Such other standards that are set out in the legislative rules.</th>
<th>Not applicable.</th>
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<td>133(1)(h)</td>
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2. **Submissions received during public consultation period**

The ERAC received two public submissions regarding the draft Variation published on the Department’s website between 2-16 August 2016, consistent with the requirements of section 123D of the Act. Both submissions have been published on the Department’s website.

3. **Relevant advice from the Clean Energy Regulator**

The Clean Energy Regulator advised the ERAC that it supports the draft Variation.

**Conclusion**

On the basis that all the Offsets Integrity Standards are met, the ERAC agreed that the draft Variation is suitable to be made into a Determination.