Emissions Reduction Fund method: Industrial electricity and fuel efficiency

The Emissions Reduction Fund creates a positive incentive for Australian businesses to adopt smarter practices to cut the amount of greenhouse gases they create. Participants can earn carbon credits by setting up a project under an approved Emissions Reduction Fund method, which sets out the rules for the activity.

This fact sheet outlines the method for reducing emissions associated with electricity and fuel use in industrial settings.

Who could benefit?

This method could benefit owners or operators of (usually large-scale) energy intensive equipment. Projects may involve a broad range of activities that reduce direct fuel combustion emissions and emissions from electricity use. These include upgrades to boilers, compressed air systems and heating, ventilation and cooling systems, or the installation of variable speed drives.

How does it work?

An industrial electricity and fuel efficiency project involves undertaking activities to reduce emissions from equipment that consumes electricity or fuel.

The method is based on comparing emission levels before and after project activities have been implemented. Before implementing project activities participants must develop a baseline emissions model using statistical regression analysis. This model estimates what emissions levels would have been if the project had not gone ahead.

After implementing project activities participants have the option of directly measuring fuel and electricity consumption, or developing an operating emissions model using statistical regression analysis to estimate emissions from the project. The method outlines how to develop emissions models.

Participants can group together different activities into a single project, or establish activities as standalone projects.
Specific requirements

Eligibility
The following requirements need to be met to ensure a project is eligible under this method.

- Each industrial electricity and fuel efficiency project must consist of one or more eligible activities involving existing equipment for which baseline data can be obtained.
- Activities undertaken for the project must not have commenced before the project is registered.
- Participants have the choice of receiving funding or support for their activities either under the Emissions Reduction Fund or other government programmes.
- Activities undertaken for the project cannot be required by law.

Monitoring, reporting and auditing
It’s important to keep project records because you will need to submit regular reports on your project, including reporting on your emissions reductions. This includes keeping records of the emissions reduction calculations, when activities are completed and compliance with monitoring requirements.

Projects must be audited by a registered greenhouse and energy (NGER) auditor. A list of registered auditors is available on the Clean Energy Regulator website.

More information

Contact the Clean Energy Regulator at cleanenergyregulator.gov.au if you want to submit a project application.

Visit our website at environment.gov.au/emissions-reduction-fund for more information on the Emissions Reduction Fund or to subscribe to regular updates.

Note: While the Commonwealth has made reasonable efforts to ensure the accuracy, correctness or completeness of the material, the Commonwealth does not guarantee, and accepts no liability whatsoever arising from or connected to, the accuracy, reliability, currency or completeness of this material. Any references to the potential costs or benefits of undertaking an activity in accordance with a method are estimates only. This material is not a substitute for independent professional advice and entities should obtain professional advice suitable to their particular circumstances.


This fact sheet is licensed by Commonwealth of Australia under a Creative Commons Attribution 4.0 Australia licence.

The views and opinions expressed in this publication are those of the authors and do not necessarily reflect those of the Australian Government or the Minister for the Environment.