

Assessment of available offsets - July 2022

Introduction

The Climate Hub aims to foster climate change mitigation in the Whitsundays. The Hub has formed the Whitsunday Healthy Heart Reef Partnership (WHHP) which includes over thirty tourism businesses who are collaborating with the Hub and Council to lower their emissions in a mighty effort to address climate change.

Businesses and households in our region are considering their carbon footprint and setting targets for emissions reduction. Some emissions are currently unavoidable and will remain unavoidable while technology is developed and becomes affordable. Carbon credits can be utilised to offset unavoidable emissions and help businesses, and households, to achieve net carbon emissions goals.

The Climate Hub has completed a desktop assessment of available carbon credits. The purpose of this assessment is to provide local industry and community information on offsetting and help demystify the offset landscape.

The local tourism sector has expressed a desire to invest in carbon projects as close as possible to the Whitsundays. It is also a preference for projects to have co-benefits including reef water quality improvements.

Achieving Net-Zero

Reduction of carbon emission to zero is the goal for all businesses looking to decarbonise and reach carbon neutrality. Achievement of a “net” zero carbon footprint, or an interim target level of emissions, such as 50% by 2030, can however be achieved by offsetting unavoidable emissions while solutions are being implemented.

How does offsetting work?

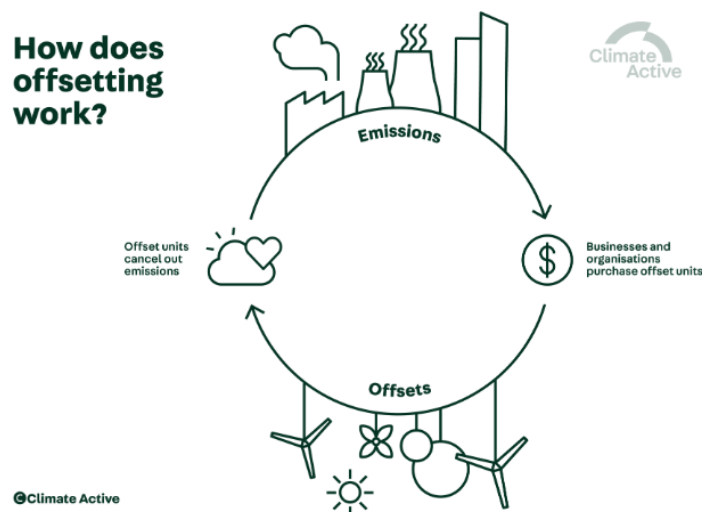


Figure 1: How offsetting works. Source: Climate Active

Once a business, or household has measured their carbon footprint they will know their annual Carbon Dioxide Equivalent Emissions or CO₂-e. This figure tells us the carbon dioxide equivalent of greenhouse gases that is being emitted. For example, methane is a much stronger greenhouse gas so when it is converted into a carbon dioxide equivalent every 1kg of methane is expressed as 25kg of CO₂-e.

Did you know that methane is the primary component of natural gas? Methane has five times the heating potential of Carbon Dioxide. This is motivation to turn your BBQ off as soon as you're done!

Carbon credit units are generated by projects that reduce, remove, or capture emissions from the atmosphere such as reforestation, renewable energy, or energy efficiency. One carbon credit unit is issued for each tonne of emissions avoided, removed, or captured from the atmosphere.

Emissions can be offset through cancelling (also known as retiring) an equivalent number of eligible credit units. This can be done in advance or arrears:

1. **Forward offsetting:** this involves estimating emissions for the coming reporting year and cancelling that number of eligible carbon credit units at the start of the year.
2. **Offsetting in arrears:** this involves cancelling carbon credit units for the claim period after it has finished.

The Detail: Offset Markets and Standards

Not all carbon credits are created equally. Many different methodologies for creating carbon credits have been developed to measure and verify offsetting. For example, some carbon projects reduce the amount of carbon being emitted (e.g., renewable energy projects). To tackle climate change, we also need to draw down on the carbon that has already been released into the atmosphere. Carbon sequestration is key to this as it actively captures carbon emissions from the atmosphere to undo the damage that has led to the current climate crisis (e.g., environmental plantings).

Before choosing to use any units for offsetting purposes, it is important to consider the projects underpinning methodologies. There is a great opportunity to include sustainability, emissions reductions and the meeting of net emissions reduction targets in a business's marketing material. However, as there are lots of variations in carbon credits, it is important to ensure that the source of credits is clearly defined in your organisations marketing material including the methods that the project utilises.

Compliance or Voluntary Markets

If a company is required to report its carbon emissions or wants to achieve a certification under [Climate Active](#) (an Australian Government backed certification) they need to follow mandatory (compliance) schemes. To understand more about the thresholds for mandatory reporting of emissions see the [Clean Energy Regulator webpage](#). The Climate Active program follows the [Climate Active Carbon Neutral Standard](#) for organisations.

Voluntary markets function outside of compliance markets and enable companies and individuals to purchase carbon credits on a voluntary basis with no intended use for compliance purposes. Most businesses in our region fall into this category.

Carbon Credits

ACCU's are the most recognised carbon credit units developed in Australia. ACCU's can be created from a variety of methods including Environmental plantings and the new blue carbon method - tidal restoration of blue carbon ecosystems.

The Climate Active website (www.climateactive.org.au) lists offsets eligible under the Climate Active Carbon Neutral Standard (ACCU's, CERs, RMUs, VERs and VCU's).

Projects are controlled with detailed legislation and are audited to ensure that they are delivering carbon benefits as expected and demonstrate additionality (they need to be projects that would not have happened anyway).

Co-benefits

Offset projects can create more than just carbon. Examples of [co-benefits](#) include:

- increasing biodiversity from the protection and regeneration of native vegetation
- use of traditional fire management practices providing new income streams for Indigenous communities, and
- improved soil health and resilience in the land sector.

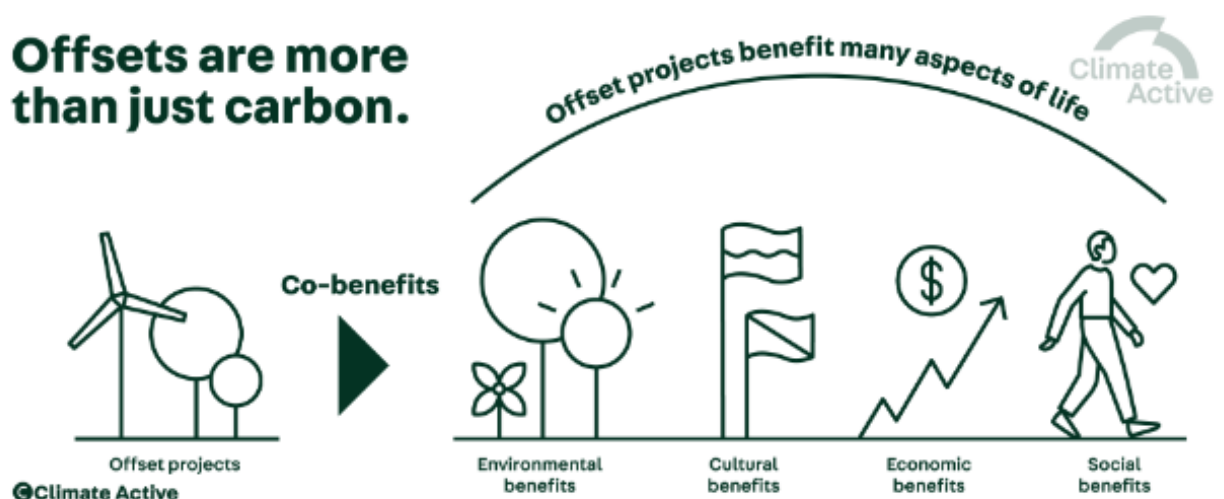


Figure 2: Co-benefits of Carbon Offset Projects. Source: Climate Active

Purchasing offsets

There are several organisations to purchase available offsets from (public carbon offset retailers). A complete list of online retailers can be found in the [Carbon Market Directory](#).

Some organisations have retail licenses and can sell offsets direct through their websites. Other organisations hold wholesale licenses and therefore can only trade with businesses. These organisations may require an additional form to be completed to verify your business as a wholesale investor. They will require you to reach out to them to discuss your requirements. For a wholesale agreement the process for purchase of offset units is generally:

- Agree a price per tonne
- Enter into a spot contract
- Funds are transferred
- The ACCU's are surrendered on the purchaser's behalf
- Purchaser will receive a letter from the Clean Energy Regulator noting that the surrender has happened for the ACCU's

Carbon Credits available NOW

The [Carbon Market Institutes](#) Project Registry provides information on carbon offset projects in Australia. The credits from most of these projects have already been committed to purchasers however there is a limited supply that available to smaller spot buyers.

The Climate Hub has contacted carbon project developers and brokers and requested information on any projects in Queensland with available credits. There is a selection of projects with available offsets for purchase to assist organisations and households to offset their emissions. It is important for purchasers to consider their requirements and the outcomes of the projects in which they are investing in.

The attached "Available Carbon Credits" document provides a summary of the information gathered. More supporting documents including specific project detail and spot contract templates are available. Please contact the Hub if you would like access.

While this assessment aims to provide information on a variety of offset projects available it is important to note that other options may be available on the market. This assessment does not aim to compare offsets or provide advice. It is important that individual businesses, and households, make their own decisions based on their requirements.

The Future of Carbon Credits

Carbon markets are rapidly developing as organisations are developing a clearer understanding of their requirement for carbon credits.

- The Climate Hub is investigating the feasibility of developing a Whitsundays local carbon offset project that may be able to provide a supply of offset units for local industry and community.
- An organisation planning for their future offset needs may like to enter into an agreement with a carbon project developer to secure offsets and invest in a project tailored to their needs. This may reduce the cost of future credits and will enable carbon projects to grow with confidence.
- The Clean Energy Regulator is looking at setting up a [Australian Carbon Exchange](#). The Australian Carbon Exchange will operate in a similar way to online stock exchanges, but in the purchase, clearing and settlement of Australian carbon credit units (ACCUs) and potentially other types of carbon units and certificates.

AVAILABLE CARBON CREDITS

Aboriginal Carbon Foundation: The [Aboriginal Carbon Foundation](#) (AbCF) uses Savannah burning methodologies to create ACCU's. They have credits available from their [Karlantijpa North Savanna Burning Project](#) in the Northern Territory. The AbCF would like to develop projects with partners for future offset needs. Further information on projects is available on request.

Method: Savannah Burning

Co-benefits:

- Community & cultural
- Biodiversity

Pricing: Community Credits are \$59 per tonne. Can only sell to businesses (wholesale license)

To Purchase: contact Rowan Foley, CEO on 0427013318 or rowan@abcfoundation.org.au

Climate Friendly: Climate Friendly has a few projects in QLD with available offsets. The projects create ACCU's and follow Human-Induced regeneration methods. The [Bareeda Regeneration Project](#), near Winton, and the [Moombidary Project](#), SE QLD look to establish permanent native forests through assisted regeneration from in-situ seed sources (including rootstock and lignotubers) on land that was cleared of vegetation and where regrowth was suppressed for at least 10 years prior to the project having commenced. The [Steve Irwin Wildlife Reserve Savanna Burning Project](#) involves strategic and planned burning of savanna areas in the high rainfall zone during the early dry season to reduce the risk of late dry season wild fires. Further information on projects is available on request.

Method: [Human-Induced Regeneration of a Permanent Even-Aged Native Forest](#) or Savannah Burning

Co-benefits (project dependent):

- Native Title (Moombidary Regeneration Project)
- High conservation focus and high biodiversity (Steve Irwin Wildlife Reserve Savannah Burning Project)

Pricing: Note they can only sell to businesses (wholesale licensee)

- Bareeda Regeneration Project \$39 a tonne
- Moombidary Regeneration Project \$40 a tonne
- Steve Irwin Wildlife Reserve Savannah Burning Project \$50 a tonne

To purchase: <https://www.climatefriendly.com/carbon-purchasers-and-investors/>

Ecologi: Ecologi are an international company that invest in a range of projects, predominantly in Africa, which keeps the price of offsets down. Their projects follow [Gold Standard](#) or [Verified Carbon Standards](#). They are a retail provider so offsets can be purchased direct from their website. Certificates will be provided after purchase to verify the purchase and retirement of the carbon credits the same as with the purchase of ACCU's. Their [project list](#) provides more information on carbon projects. While the offset projects are not Australian based it is possible to staple on trees to be planted at in Australia including; Region 3: Gondwana Rainforest World Heritage area in New South Wales and Queensland.

Method: Vary from renewable energy projects to reforestation.

Co-benefits:

- Community
- Biodiversity

Pricing: Carbon credits are sold via a monthly subscription service.

Business subscriptions are sold per employee. Converting the price to tonnes, offsets are approximately \$2 a tonne.

Additional trees in an Australian forest are \$1.75 each and can be added onto the subscription service.

To purchase: See their [Business Plans](#)

AVAILABLE CARBON CREDITS

Green Collar: GreenCollar projects produce verified ACCUs. GreenCollar have provided details of three specific projects with available offsets that are in Queensland:

1. Great Barrier Reef Initiative Site 17 in Bushley which is following an avoided clearing methodology
2. Goondicum Station, Catchment Conservation Alliance GBR initiative site 7 & 8 which follow human-induced regeneration and avoided clearing methodologies.
3. Strathmore, Catchment Conservation Alliance GBR initiative Site 15 which follows the avoided clearing methodology

GreenCollar can offer further water quality outcomes by stapling reef credits on to carbon credits. They recommend a 1:10 ration (reef credit for each carbon credit). Further information on projects available on request

<p>Method: Human Induced Regeneration / Avoided Clearing</p>	<p>Pricing: \$40 per ACCU (negotiable on size of transaction). Note they an only sell to businesses (wholesale licensee)</p>
<p>Co-benefits:</p> <ul style="list-style-type: none"> • Community • Water quality 	<p>Reef Credit: \$120 = 1kg of dissolved inorganic nitrogen (DIN) or 538kg of fine sediment that is prevented from entering the reef.</p>
	<p>To purchase: Contact Lily Gu Ph: 0403 897 658 / lily.gu@greencollar.com.au</p>

Greenfleet: Greenfleet projects generate Greenfleet native reforestation offsets that are created following FullCAM methods. Projects use environmental planting methods. Greenfleet has projects with available offsets in Queensland including their Noosa Restoration & Reconciliation Project which is restoring koala habitat with traditional owners, Dangerbridge Project, north of Noosa and Cherry Gully QLD & Cherry Avon Projects, SE of Brisbane.

For companies wishing to achieve compliance for carbon neutrality, Greenfleet native reforestation offsets can be bundled with the Climate Active Standard approved renewable energy credits (VCU's). Greenfleet partners with Pangolin & Associates who buy and sell credits VCU's. Standard priced Overseas Verified Credit Unit offering would be a renewable energy credit typically from India and Wind or run of river hydro. See Pangolin & Associates offsetting projects. Market prices vary however could be expected to be less than \$10 a tonne. Further information available on request.

<p>Method: Environmental Planting</p>	<p>Pricing: Corporate offsets start at \$18 per tonne and can be purchased directly online. Greenfleet Noosa offsets are \$20 per tonne. These can be bundled with the Standard approved credits' (VCU's) if required. Pricing to be provided on request.</p>
<p>Co-benefits (project dependent):</p> <ul style="list-style-type: none"> • Soil condition • Water quality • Traditional owner • Koala habitat restoration (Noosa) • Turtle conservation (Mon Repos) 	<p>Or offset an average persons footprint (20.3t) for \$365 per year. Can be purchased directly online.</p>
	<p>To purchase:</p> <ul style="list-style-type: none"> • <u>Corporate</u> • <u>Personal</u> • Make direct contact direct to purchase offsets specifically from Queensland or to staple VCU's – Ph: (03) 9642 0570.