



Australian
Industry
Greenhouse
Network

AIGN submission

Climate Change Authority 2026 ACCU Scheme Review: Consultation Paper

December 2025

1 Summary

AIGN supports Australia's obligations under the Paris Agreement to help limit global warming and raise climate ambition over time, so the world reaches net zero emissions by mid-century. Australia's path to net zero must strike a balance between ambition, investment, technology availability, and competitiveness, ensuring that all sectors contribute to these goals.

This will be the most significant and fastest economic transformation since the Industrial Revolution. This will create new jobs, and Australia is well positioned to capitalise on this, but it will require sustained innovation and investment across all sectors.

Role of ACCU Scheme in the climate policy suite

The ACCU Scheme is central to Australia's climate policy architecture and plays an important role under the Net Zero Plan and in sectoral decarbonisation strategies. AIGN supports a harmonised approach across government to ensure investment certainty and effective emissions reduction.

Achieving greater policy alignment and streamlining administrative processes will support market confidence and reduce participant burden. Continued emphasis on capacity building and communication would strengthen confidence and participation.

Governance priorities and scheme integrity

The Government's role in maintaining the integrity of the ACCU market is essential, as it will support the delivery of stable and credible abatement. This includes ensuring all participants have access to 'perfect information' to support competition.

Misconceptions regarding scheme integrity must be addressed promptly, as they can undermine market confidence and affect all market participants.

Facilitating innovation and participation

New methodologies should support innovation and unlock abatement in emerging areas such as industrial decarbonisation, carbon capture, utilisation and storage (CCUS), and advanced land sector practices. Government co-funding, partnerships, and clearer guidance will encourage wider participation and faster deployment of new, genuine approaches.

Developing methodologies

A strategic approach to methodology development will maximise the potential volume of abatement the ACCU Scheme can generate and maintain environmental integrity. Methods should be developed to clear timelines, with broad cross-sector consultation.

Method availability remains a key determinant of access to the ACCU Scheme, with many industrial and smaller-scale proponents facing barriers. Addressing these through method expansion, reducing transaction costs, and enabling technologies will improve equity and broaden participation.

Permanence and crediting periods

The rules for permanence and crediting periods must support the underlying integrity of ACCUs and Australia's emissions accounting framework. Crediting periods should reflect the lifespan of the project's abatement. Allowing conditional extensions for select industrial and energy-efficiency projects would encourage abatement through long-lived investments while maintaining environmental integrity.

Co-benefits

Environmental integrity is the primary criterion for ACCU purchases, particularly for compliance purposes, with co-benefits treated as complementary characteristics. Clear frameworks for verifying and prioritising co-benefits can support broader policy goals such as biodiversity and social equity.

Market dynamics and price signals

A stable, credible, and transparent carbon market is essential for incentivising high-quality abatement and providing clear price signals. Policy predictability and improved access to market data will help unlock investment and optimise compliance decisions.

2 Introduction

The Australian Industry Greenhouse Network (AIGN) is an association of industry and business organisations representing a broad cross-section of the Australian economy, including many of the nation's largest energy producers, users, importers and exporters.

Our members are committed to achieving net zero emissions in Australia, in line with the Government's policy and the objectives of the Paris Agreement, which aim for a coordinated global effort to urgently address climate change.

AIGN supports policy approaches that are effective, economically efficient, and equitable, facilitating a smooth transition for all sectors of the economy.

The Government must continue to develop a suitable policy architecture to support all sectors in transitioning at the lowest cost, in line with the Paris goals.

2.1 The ACCU Scheme in the context of the climate policy suite

The recent release of the Government's Net Zero Plan, the six sector plans and the supporting modelling from Treasury frames a roadmap to the future development of the Australian economy in line with reaching carbon neutrality by mid-century (a fundamental goal of the Paris Agreement and its signatories). This roadmap assumes a material increase in offsets. The main source of offsets in Australia is ACCUs.

Additionally, in the interim report from its inquiry into investment in clean energy and the transition to net zero, the Productivity Commission noted that widespread access to, and use of, offsets is critical to enable a least cost pathway to net zero. This review of the ACCU Scheme is a timely opportunity to confirm that scheme settings are maximising abatement and integrity.

We believe a harmonised approach across federal, state, and territory jurisdictions is essential to achieving our emissions reduction targets while maintaining investment stability and minimising sovereign risk. The transition to a net-zero economy is complex and ambitious, requiring collaborative management and open dialogue. AIGN corporate members are on the front lines of this transition; association members are valuable sources of expertise on the specific needs and challenges of their respective industry sectors as they move toward a net-zero future.

2.2 Upholding the integrity of the ACCU Scheme

AIGN supports measures to uphold the integrity of the ACCU scheme.

The findings of the 2022 Independent Review of the ACCU Scheme (the Chubb Review) determined that the fundamental framework of the scheme is sound and that the challenges to the integrity of the ACCU scheme that precipitated the review were not substantiated.

The ACCU Scheme therefore deserves to be highly regarded (and promoted by Governments and other stakeholders) as a strong and credible framework.

The regular legislated reviews of the ACCU Scheme – including this review – are an appropriate mechanism to allow the scheme to be reassessed in response to any new information, including observed outcomes. Amendments improving governance and transparency, as well as

responding to real world results, will help maintain credibility and stakeholder confidence in the scheme.

The Government must protect the integrity of the scheme and ensure that it is not weakened by unsubstantiated claims.

The Government and its expert advisers such as the Climate Change Authority (CCA) have an important role in advocating for the ACCU Scheme as an effective tool to help meet Australia's emissions reduction ambitions and fact checking any misconceptions about its integrity.

These misconceptions may have adverse, discernible, and immediate flow-on impacts on participants in the ACCU Scheme – including landholders, developers, contractors, and purchasers of ACCUs, as well as the credibility of Australia's emissions reductions internationally.

3 Focus area 1: methodologies – new and existing

3.1 Developing and approving high integrity, scalable methodologies

Accelerating the development and approval of high-integrity, scalable methodologies requires a predictable, transparent, and collaborative framework that enables innovation while maintaining environmental integrity.

Industry strongly supports the continued evolution of the ACCU Scheme to expand participation and deliver credible abatement at scale. Current processes for methodology development and approval can be lengthy and resource-intensive, slowing the deployment of new opportunities.

AIGN supports a strategic prioritised approach to methodology development, where the selection process weighs methods based on the breadth of support and potential volume of abatement they could generate.

The Government, through the Emissions Reduction Assurance Committee (ERAC) and the Department, should work closely with industry and technical experts to devise a work program that provides transparency on priorities, sequencing and resource allocation. This could include making greater use of modular, flexible methodologies that allow the reuse of proven components (e.g. monitoring frameworks, baseline approaches) across multiple project types and/or methodologies, increasing the number of methods under consultation to reduce the potential for bottlenecking, sufficient resourcing to support the process). Participants could then plan and invest accordingly and streamline methodology development and review processes.

In addition, we suggest the Government publishes clear target timelines and consultation phases for each method and regularly updating them, to promote accountability and orderly workflows (see section 3.2).

AIGN supports streamlined and transparent methodology development to expand the supply of high integrity ACCUs while maintaining the environmental credibility that underpins confidence in Australia's carbon markets.

3.2 Facilitating improved method development

Current barriers to method development under the ACCU Scheme primarily stem from complexity, capacity constraints, and uncertainty about priorities and timelines. Addressing these barriers will encourage innovation and bolster industry confidence to invest in new abatement opportunities.

Progressing a new or revised methodology has regularly taken two to three years, with limited visibility over where proposals sit in the pipeline and the basis for acceptance or deferral. Collectively, this can erode commercial viability and appetite to invest in the development of methodologies. A published methodology work program and consistent communication through the Department and/or ERAC would help address this.

Developing credible methods requires interdisciplinary expertise in areas such as science, engineering, economics and verification. This can be resource-intensive and lead to administrative and technical capacity constraints for both the government and the private sector. Expanding technical capability through targeted funding, partnerships with the private sector and research institutions, and clearer guidance for proponents could accelerate progress.

There are also opportunities to improve and speed up method design by allowing core elements to be standardised and reuse common modalities (e.g., for measurement, monitoring, data management).

3.3 Delivering methods faster

Delivering methods faster will require targeted increases in resourcing, capability, and coordination across both government and the market. Ensuring the Department and ERAC have stable, ongoing funding and access to specialist technical expertise is essential. Dedicated resourcing for project pipeline management, technical review, and stakeholder engagement would help shorten development timelines without compromising integrity.

The Government could also establish a method development support program, providing grants, co-funding, tax credits or low interest loans for industry, research organisations, or partnerships to prepare proposals. This would expand the pool of contributors and allow for early testing and peer review of emerging ideas before formal submission. Shared access to reference datasets, measurement protocols, and emissions factors may further enhance efficiency.

Transparency can be improved by publishing a real-time methodology work program that outlines which methods are under consideration, their development stage, and expected timelines for completion. Summaries of ERAC advice, including key considerations and decisions, should also be publicly available. Expanding the Regulator's project registry to include concise descriptions of activities, outcomes, and verification processes would enhance public understanding while protecting commercially sensitive information.

Improved transparency could also help identify the source of any delays, enabling targeted solutions.

Together, increased resourcing, structured collaboration, and clearer public reporting would improve confidence in the ACCU Scheme, accelerate method delivery, and deliver continued integrity and stakeholder trust.

3.4 Unlocking abatement through method design

Unlocking significant new abatement under the ACCU Scheme will require both targeted development of new methodologies and strategic refinement of existing ones to capture emerging technologies and underrepresented sectors. By focusing on scalable, modular, and technology-neutral approaches, the ACCU Scheme can expand abatement opportunities and support the growth of new industries while preserving integrity and administrative efficiency.

Industrial, land sector, and cross-sectoral integration methods are untapped opportunities that, subject to stakeholder interest, could be explored. This may include industrial process and energy efficiency projects (e.g., electrification of heat, waste heat recovery, carbon capture, utilisation and storage [CCUS]). The development of technology-neutral, outcome-based frameworks (e.g., generic industrial energy efficiency methods) could support scalable participation across multiple sectors.

Updates to soil carbon and vegetation management methods could improve usability, data reliability, and cost effectiveness, broadening participation by smaller landholders (e.g., using emerging digital monitoring and remote sensing tools to reduce transaction costs and improve transparency).

New work could include:

- Biochar and Saltbush Planting. Biochar has a strong appeal due to the range of input materials available and the certainty of its abatement potential. Whilst Saltbush Planting is at an earlier stage of development it could be applied to large areas in parts of Australia (see work by DPIRD in Western Australia).
- Adjustment to the existing Reforestation and Afforestation method to allow Perennial Oil Seed planting and Measured Plantation Forestry with Scenario Averaging. This would broaden the range of eligible activities, providing increased flexibility and more substantial economic incentives for proponents.
- Exploring allocation of ACCUs for CCS at Safeguard Mechanism facilities, to avoid a counterintuitive requirement for entities to purchase emissions reduction credits at the same time as investing in on-site abatement (within the Safeguard Mechanism, allocation of SMCs could also be explored).

3.5 Method integrity and project viability

The current rules for permanence and crediting periods reflect an appropriate commitment to integrity, which is critical for ensuring the environmental credibility of ACCUs and alignment with Australia's emissions accounting. Permanence obligations can be challenging to meet, limit land-use options, increase long-term liability, and add to monitoring and maintenance costs. This is an important consideration for landholders. Conversely, changing permanence provisions would be expected to impact the value and usability of the credits generated, market confidence, and, potentially, the availability of ACCUs for compliance use.

Crediting periods should reflect the actual abatement lifespan of a project and the evolving state of technology. For industrial and energy efficiency projects, the 7-10 year crediting period may not capture the full emissions benefits of longer-lived capital investments. Allowing extensions

(subject to predetermined decision-gates, updated baselines and verification, and/or individual project assessments by ERAC) would ensure continued integrity while recognising ongoing, genuine abatement. This is the case for the existing CCS method, which incorporates a 25-year crediting period (the method also allows up to 5 years between project registration and the crediting period), in recognition of the long-lived nature of CCS investments and their emissions reduction that extends for the life of the injection period.

3.6 Increased use of existing methods

In addition to developing new methods, AIGN strongly supports encouraging greater use of existing methods.

The CCA and the Government have an opportunity to increase awareness of and engagement with the ACCU Scheme. For example, the Agriculture and Land Sector Plan identified an opportunity to leverage carbon markets to deliver benefits to the sector, supported by improved measurement and reporting tools, and ACCU methods. Similarly, the Industry Plan notes that the ACCU Scheme can incentivise emissions reductions.

More work is needed to bring about such outcomes. The plans stop at noting that banks, supply chains, and others are expected to encourage participants to adopt improved measurement and reporting tools and take part in the ACCU Scheme, but fail to provide leadership and detailed planning to promote the many opportunities that exist in this space.

For example, to foster industrial emissions reductions via the ACCU Scheme, the Government could encourage the use of existing methods which reward upgrades, replacements and fuel switching for industrial and commercial processes. The CCA could consider how different industries may be encouraged to use existing methods to support the net zero transition.

4 Focus area 2 – ACCU market dynamics

4.1 Incentivising high-quality abatement

Establishing effective price signals to incentivise high-quality abatement requires a stable, well-functioning, transparent, and credible carbon market that reflects both environmental integrity and the real costs of emissions reductions. The ACCU price should signal long-term value to project developers while providing flexibility and cost containment for liable entities under compliance frameworks such as the Safeguard Mechanism.

A key foundation is policy stability. Clear, consistent climate and carbon market settings, including the Safeguard Mechanism, government purchasing programs, and complementary initiatives, give investors' confidence to commit capital to abatement projects with multi-decade horizons. Frequent or retrospective policy or market changes should be avoided as they are likely to freeze investment in these abatement opportunities until regulatory risk can be mitigated.

Market liquidity and transparency also shape price signals. Expanding participation through new project types and methodologies increases supply diversity, while publishing aggregated data on demand forecasts, transaction volumes, and prices (while protecting commercial sensitivity) helps participants make informed decisions and have confidence in the integrity of ACCUs.

4.2 Considerations for purchasing ACCUs

For AIGN members, decisions to purchase ACCUs are guided primarily by compliance obligations, cost-effectiveness, technology availability, and integrity assurance; they may also consider broader environmental, social, and reputational considerations. The relative weighting of these factors varies between purchasers, but all seek confidence that ACCUs represent real, additional, and durable abatement consistent with national and international best practice.

The cost per unit remains a key factor in purchasing decisions, especially for entities covered by the Safeguard Mechanism or other regulatory requirements. These organisations typically adopt portfolio-based approaches that optimise the balance between available and economic onsite abatement, internal credit creation, and external credit acquisition. Market stability and transparency are crucial to facilitate forward contracting and investment planning. Volatility or uncertainty in future supply and demand can discourage participation or drive short-term purchasing behaviour.

Beyond cost, purchasers may prioritise certain co-benefits (e.g., biodiversity outcomes, Indigenous engagement, regional economic development). A clear, credible framework for communicating and verifying co-benefits enables buyers to confidently differentiate between project types.

However, while co-benefits are desirable, the environmental integrity of the ACCU itself remains paramount. Integrity must be both tangible and perceived – the latter of which requires stronger government support and engagement than is currently offered. The lack of active government endorsement has had reputational impacts on schemes such as the ACCU Scheme and Climate Active, impairing their ability to encourage abatement and support net zero aligned decarbonisation.

4.3 Role of Government in ACCU purchasing

Direct government purchasing played a critical role during the early years of the Emissions Reduction Fund (ERF), helping establish market confidence and price discovery. However, as the ACCU market has matured, private-sector demand (e.g., through the Safeguard Mechanism and voluntary commitments) has become the primary driver of liquidity and price formation.

Going forward, the Government's role should centre on stabilising and underpinning market integrity, ensuring that credit supply, methodology development, and governance arrangements support a well-functioning, credible market.

The Government can support an orderly transition for businesses through market design and risk mitigation measures. These include developing a forward market framework or offtake mechanisms to support price stability, providing concessional finance for early abatement investments, and ensuring transparent registry and data systems to enable informed decision-making.

Government participation in the carbon market should now focus on ensuring market confidence, policy predictability, and investment certainty, primarily for the Safeguard Mechanism cost containment measure. Exit arrangements from existing contracts require clarity on how the Government will manage its existing positions so market participants can assess potential impacts.

This approach will enable private markets to lead Australia's carbon credit demand in a stable and credible way.

The Government also has a role to play in ensuring that all participants have 'perfect information' to support market competition.

For example, the Government needs to carefully consider how market-sensitive information is released publicly to prevent any business from gaining a competitive advantage or distorting market outcomes. Any announcements on ACCUs and other units (e.g., SMCs) must comply with financial market regulations and be subject to timed public release protocols that avoid distorting market outcomes.

4.4 Role of additional attributes in government purchasing

Consistent with the Commonwealth Productivity Agenda, the focus of government should be on effective regulation to support competition.

Where there is an evidenced need for market intervention, the strategy for future government purchasing of ACCUs should ensure private entities can meet their compliance obligations as a priority. The depth and liquidity of the market must support both private and government purchasing.

Any government purchasing strategy should prioritise high-integrity abatement as the fundamental criterion while recognising that additional attributes (biodiversity, durability, socioeconomic co-benefits) can deliver broader public value when transparently verified. Any prioritisation of co-benefits should be complementary to, not a substitute for, robust emissions reduction outcomes.

Government purchasing decisions should signal strong demand for units with high environmental integrity. Co-benefits can provide important secondary value, particularly when public investment is used to catalyse outcomes that markets may undervalue. For example, projects that enhance biodiversity, improve landscape resilience, or deliver socioeconomic benefits for regional and First Nations communities can support Australia's broader sustainability and reconciliation goals. Any prioritisation of such attributes should be based on clear, objective criteria and robust measurement and reporting frameworks. This would ensure transparency and avoid perceived politicisation or inconsistency in procurement decisions.

4.5 Fairness and accessibility of ACCU Scheme

The ACCU Scheme provides a well-established, credible framework for emissions reduction and removal projects.

While the Scheme has been successful in land-based and waste sectors, other areas, such as industrial processes, transport, and smaller-scale activities, face barriers to participation due to high transaction costs, technical complexity, and limited availability of suitable methodologies. We suggest that these sectors may be less aware of, and therefore less likely to engage with, the ACCU Scheme as it is outside their usual remit.

From an equity perspective, method availability and design remain the strongest determinants of access. Most methodologies are tailored to land and agricultural contexts, where abatement can

be distributed and incremental. In contrast, industrial projects often involve significant, discrete investments requiring bespoke approaches and extensive assurance. Expanding methodology coverage to include energy efficiency, electrification, renewable fuel substitution, process innovation, and carbon capture and utilisation could support abatement across sectors while maintaining integrity.

Transaction and compliance costs should be proportional and maintain integrity. High measurement, verification, and assurance costs can deter smaller proponents, including regional enterprises and Indigenous landholders. Streamlining administrative processes, enabling aggregation models, and adopting digital monitoring technologies could help lower these barriers.

5 Conclusion: Continuous improvement approach

The ACCU Scheme remains a cornerstone of Australia's climate policy architecture. Targeted reforms to coordination, efficiency, and transparency will ensure it continues to deliver credible, scalable abatement as part of an economy-wide net zero transition strategy.

Beyond specific reforms to methods, crediting rules, and governance, the ACCU Scheme can be strengthened through a broader focus on transparency, policy coherence, administrative efficiency, and market confidence.

Maintaining the Scheme's integrity while improving functionality will be critical as Australia's emissions reduction ambitions intensify and demand for high-quality credits grows under the Safeguard Mechanism and voluntary markets.

1. First, there is a need for greater policy alignment across government programs. The ACCU Scheme increasingly intersects with other frameworks, including the Safeguard Mechanism, the National Greenhouse and Energy Reporting Scheme (NGERS), the Guarantee of Origin scheme, and emerging state-level initiatives. Ensuring consistent rules, baselines, and verification standards across these systems can reduce duplication, simplify compliance, and support more efficient investment decisions.
2. Second, streamlining administrative and assurance processes could materially improve efficiency. The timeframes for project registration, method approval, and credit issuance remain lengthy and resource intensive. Investment in digital tools, automation, and better data integration with NGERS and CER systems would lower costs for proponents while enhancing transparency and auditability.
3. Third, continued emphasis on capacity building and communication would strengthen confidence and participation. Clear, accessible guidance for proponents, regular updates on method development, and proactive stakeholder engagement would help maintain trust and improve the quality of submissions.

To address these objectives, it may be appropriate to revisit the CCA's 2022 proposal for the Government to develop and publish a national carbon market strategy. In addition to improving alignment, coordination and capacity, this would enable the Government to elaborate on the references to the ACCU Scheme and other offset programs in the Net Zero Plan and supporting sector plans.

Thank you for the opportunity to provide input to the Climate Change Authority's 2026 review of the ACCU Scheme.

AIGN welcomes future opportunities to engage with the CCA and the Government on these matters.