National Farmers Federation

Review of the Animal Effluent Management ACCU Method

April 2025

The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade, and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

NFF Member Organisations

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Emissions Reduction Assurance Committee
Department of Climate Change, Energy, the Environment, and Water
GPO Box 2013
Canberra ACT 2601
Australia

Via Email: ACCUSecretariat@dcceew.gov.au

RE: Review of the Animal Effluent Management ACCU Method

Dear ACCU Secretariat,

Introduction

The National Farmers' Federation (NFF) appreciates the opportunity to provide feedback to the Emissions Reduction and Assurance Committee (ERAC) regarding the compliance of the *Animal Effluent Management Methodology Determination 2019* against the legislated Offset Integrity Standards (OIS) and other associated matters. The NFF is committed to ensuring that emissions reduction methodologies under the Australian Carbon Credit Unit (ACCU) Scheme are practical, accessible, and beneficial to primary producers.

The AEM methodology provides an important pathway for reducing CH4 emissions from animal effluent. For the method to remain effective, it must be financially viable, administratively practical, and aligned with evolving industry needs. Although this method provides much opportunity for industry, current levels of project uptake remain considerably low. The Department has advised that 27 projects are currently registered, and eight projects have finished their crediting period. These numbers contradict those on the *ACCU Project and Contract Register* which displays 20 registered ACCU Scheme projects[1] at the time of this writing; this is a separate issue that needs to be resolved. This submission addresses key opportunities for improvement, focusing on crediting periods, additionality requirements, barriers to uptake, and a potential integration of the sunsetting *Domestic, Commercial, and Industrial Wastewater Methodology Determination 2015.*

Extended Crediting Periods

The NFF supports ERAC's proposal to extend the crediting period for flaring projects by three-years and electricity generation projects by eight-years, each to a total of 15-years. **However, we believe the crediting period should be perpetual, aligning with the principle that ongoing environmental benefits are recognised and rewarded.** CH4 capture and destruction deliver continuous emission reductions, its economic viability should not be constrained by fixed timeframes. A perpetual crediting period should be adopted as it would enhance investment certainty and support wider adoption within the sector.

[1] Australian Government, Clean Energy Regulator, March 2025: ACCU Project and Contract Register

Primary producers, particularly those in the dairy and pork industries, continue to show strong interest in reducing emissions from effluent management. However, high infrastructure costs remain a significant barrier. Achieving cost-effective scale is challenging under current ACCU pricing and crediting arrangements. Avoidance projects, such as trafficable traps, weeping walls, solids de-watering pads, and managed storage areas require investments well beyond standard industry practice. These costs are comparable to biomethane capture systems but without the benefit of revenue from energy co-generation. Feedback from producers indicate that at least a 15-year crediting period, aligned with the typical lifespan of these systems, is essential merely to break even.

Given the high upfront costs of biogas infrastructure development, increased crediting periods will provide greater certainty and improve project feasibility. The NFF recommend periodic reviews of crediting timeframes to ensure they remain aligned with industry conditions and technological advancements.

Assessment Against the Offsets Integrity Standards

Additionality Requirement

The OIS require projects to be *"unlikely to occur in the ordinary course of events"* without ACCU incentives. As specified in a March 2021 publication by ERAC, the Committee has stated its interpretation of this standard *"as requiring the substantial majority of the abatement likely to be credited under the method would not occur in the absence of the incentive provided by the Scheme"*[2].

The NFF contend that in the context of animal effluent management, the business-as-usual (BAU) scenario is no action, meaning CH4 continues to be emitted into the atmosphere without intervention. In recognition of this, it is our view that all CH4 abatement activities undertaken under the AEM methodology should be considered additional and therefore eligible for ongoing crediting.

We therefore recommend recognition that BAU in the absence of policy intervention is continued CH4 release, meaning all voluntary CH4 capture and destruction (emissions reduction) efforts should qualify as additional. This aligns with the fundamental goal of the ACCU Scheme which is to incentivise emissions reduction beyond the BAU state.

Restarting Expired Projects and Extending the Deferral Period

The NFF strongly supports allowing expired projects to restart, particularly for early adopters of the AEM method who now find themselves unable to access the extended crediting period. Restarting projects is critical for ensuring continued CH4 abatement and

[2] Clean Energy Regulator and Emissions Reduction Assurance Committee, March 2021: Information Paper: Committee Considerations for Interpreting the Emissions Reduction Fund's Offsets Integrity Standards

recognising the investment already made by participants. Additionally, the NFF supports extending the crediting period deferral from 18-months. Given the complexity of securing approvals, financing, and developing infrastructure, the existing timeframe does not adequately reflect real-world project development conditions. This approach aligns with current practices in other high-integrity ACCU methods and acknowledges real-world project planning complexities. Restarting projects must be exempt from further additionality assessment, if a project met initial additionality, then that should persist at restarting.

These measures will help ensure long-term investment confidence and remove unnecessary barriers to continued emissions reduction efforts.

Opportunity to Integrate the Wastewater Methodology Determination 2015

The *Domestic, Commercial, and Industrial Wastewater Methodology Determination 2015* is due to expire and sunset on 1 April 2025. The wastewater methodology shares similar CH4 capture objectives, and both have low total project uptake numbers[3]. As the Department has indicated, integrating these methodologies could:

- Create a broader liquid waste framework that supports a wider range of agricultural and industrial emissions reduction projects;
- Improve consistency in crediting mechanisms and reduce administrative duplication; and
- Expand eligible waste sources, making it easier for mixed-farming operations to participate.

While the NFF acknowledges the potential benefits of such integration, we remain cautious about combining the two methodologies at this stage. We recommend that further consultation and analysis is undertaken to fully understand the implications for existing and prospective project proponents before any integration proceeds.

Uptake of AEM projects has been limited across the agriculture sector, often due to practical on-farm constraints. Broadening the scope of eligible materials to explicitly include solid organic waste (such as poultry manure or Food Organics and Garden Organics could support greater solids diversion, boost biogas production, and improve the feasibility of infrastructure investments, particularly in sectors such as dairy and pork. While both existing abatement measurement approaches (Chemical Oxygen Demand sampling and CH4 measurement) have merit, CH4 measurement may offer a more practical solution when waste streams are mixed.

It is also critical that biosecurity risks are carefully assessed and managed before progressing mixed waste processes. While this may be less of a concern for some sectors,

[3] Australian Government, Department of Climate Change, Energy, the Environment, and Water, 2025: Sunsetting Methods for the Australian Carbon Credit Units Scheme

biosecurity risks are significant in industries such as pork. These risks must be clearly addressed and kept front-of-mind in Departmental considerations.

Encouraging Biomethane and Digestate Management

Biomethane production has been identified as an opportunity for sustainable energy generation. There is strong interest in the sector for biomethane projects, however, current financial and regulatory challenges limit uptake. This is clear as there has been limited uptake under the AEM methodology (only one project that has generated no ACCUs). To enhance participation, the NFF recommends:

- Exploring alternative and improved financial incentives to complement ACCU revenue streams;
- Clarify and improve the role and integration of the *Guarantee of Origin Scheme* in supporting biomethane initiatives and projects; and
- Developing guidance on digestate management and treatment to encourage emissions management after biogas extraction that is ongoingly additional irrespective of any economic overlay.

By refining these aspects, the AEM method can better support waste management solutions within the agriculture sector.

The NFF strongly supports better recognition and management of digestate (sludge) produced by effluent systems. Digestate application to pastures recycles essential nutrients and reduces reliance on synthetic fertilisers. Immediate pasture application typically results in minimal CH4 emissions. Additionally, advanced treatments like pyrolysis to create biochar should be encouraged, as these provide stable carbon storage and further emissions reductions by replacing fossil fuels.

Conclusion

The NFF strongly supports the continuation of the AEM methodology, with refinements to ensure it remains practical and attractive for primary producers. We welcome further engagement with ERAC and Department to ensure the continued effectiveness of the methodology. Please do not hesitate to contact Warwick Ragg, General Manager, Natural Resource Management, via e-mail: WRagg@nff.org.au at the first instance to progress this discussion.

Yours sincerely,

TROY WILLIAMS
Chief Executive Officer

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Leading Australian Agriculture

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