

ABN 70 250 995 390

180 Thomas Street, Sydney
PO Box A1000 Sydney South
NSW 1235 Australia
T (02) 9284 3000
F (02) 9284 3456

Friday, 20 October 2023

Megan Surawski
ACCU Engagement and Implementation Team
Department of Climate Change Environment Energy and Water

By email: ACCUScheme@dcceew.gov.au

Dear Megan,

Response to Australian Carbon Credit Unit review discussion paper

Transgrid welcomes the opportunity to provide a submission to the Commonwealth Government's discussion paper as part of its Australian Carbon Credit Unit (ACCU) Scheme review.

Transgrid operates and manages the high voltage electricity transmission network in NSW and the ACT, connecting generators, distributors and major end users. Our transmission network is at the heart of the National Electricity Market and is vital to achieving Government net-zero emissions targets, by connecting geographically and technologically diverse, low-cost renewable generation to customers.

We remain committed to playing our part in delivering the major transmission investments identified by the Australian Energy Market Operator's (AEMO) Integrated System Plan and any transmission investment required of us under the NSW Government's Electricity Infrastructure Roadmap. For electricity consumers, these infrastructure investments are vital in delivering safe and reliable energy services at the lowest total cost.

Transgrid understands the Australian Government is currently consulting on how to implement recommendations identified in the Independent Review of the Australian Carbon Credit Unit scheme report released on 9 January 2023. We understand the Independent Review found that the ACCU scheme is sound but made some recommended changes relating to transparency, including governance, and information sharing to support the integrity of the scheme.

Transgrid supports the Australian Government's commitment to ensuring the ACCU scheme remains fit for purpose, noting the important role the ACCU scheme has in achieving Australia's legislated emissions reduction targets.

To this end, while embarking on the delivery of transmission investment required for Australia's energy transition, Transgrid has identified that the governance arrangements in the scheme could be strengthened to support efficient operation of the scheme. Our understanding is that, because of the additional requirements under the ACCU scheme, landholders cannot currently receive carbon credits where it has already received biodiversity offsets under the NSW Biodiversity Offset Scheme for that parcel of land. That is, our experience is that participation in the NSW Biodiversity Offset Scheme precludes landholders from generating credits under the ACCU scheme.

Biodiversity offsets and carbon credits serve different sustainability purposes and may impose different costs on the landholder. It is our view that landholders should have access to both biodiversity offsets and carbon credits for the same parcel of land. Strengthening the governance arrangements of the ACCU scheme in this way would support efficient outcomes and potentially lead to more biodiversity offset sites and increased carbon abatement measures.

As emphasised in the recent independent review of the NSW Biodiversity Conservation Act 2016, there is currently a global imperative for ecosystem restoration required to reverse biodiversity decline. Our proposed approach would likely have the further benefit of driving restoration of degraded ecosystems within NSW. It would also not conflict with the NSW Biodiversity Offset Scheme.

At present, the NSW Biodiversity Offset Scheme does not support the delivery of revegetation works by landholders, particularly large-scale revegetation, on land types where generation of carbon credits under the ACCU scheme might typically occur such as cleared land or farmed areas with lower amounts of native vegetation. Therefore, unless changes are introduced, there will be weak incentives for landholders to actively restore land under the NSW Biodiversity Offset Scheme.

Allowing landholders to receive both carbon credits under the ACCU scheme and NSW Biodiversity Offset credits has the potential to correct this imbalance, maximise landholder opportunities to diversify potential income streams, and expand ecosystem restoration and conservation. This change would also be extremely timely given there are not enough biodiversity offset sites to support the significant number of investment activities requiring biodiversity offsets in NSW over the next decade.

Thank you for the opportunity to provide a submission to your discussion paper. If you require further information please contact me at suzanne.westgate@transgrid.com.au.

Yours faithfully



Suzanne Westgate
General Manager – Land Property and Approvals