

14 June 2019

Emissions Reduction Assurance Committee Secretariat  
Department of the Environment and Energy  
GPO Box 787  
Canberra ACT 2601

**Attention: Review of the *Carbon Credits (Carbon Farming Initiative-Land and Sea Transport) Methodology Determination 2015***

## **ALC Position**

The Australian Logistics Council (ALC) is the peak national body representing the freight logistics industry, with a focus on national supply chain efficiency and safety.

ALC members are genuinely committed to the reduction of carbon emissions in the freight and logistics industry. This commitment is manifested through a range of activities, including the recent formation of an Electric Vehicles Working Group that brings together leading industry participants to promote the greater uptake of electric vehicles within Australia's supply chain.

ALC believes that there is capacity for governments at all levels to work more closely with the freight logistics industry to increase awareness of programs and incentives that can help industry participants deliver improved environmental results in their own operations.

The *Carbon Credits (Carbon Farming Initiative – Land and Sea Transport)* method does offer industry a means for achieving enhanced abatement outcomes. However, from ALC's conversations with industry participants, it appears awareness of the method and the manner of its operation remains low.

This submission identifies some of the reasons for this, and recommends ways the situation could be rectified.

## Mode Shift – Road to Rail

In 2016, the Department of the Environment and Energy, in consultation with a group of technical experts from industry, developed a proposal to add a mode shift activity to the existing Land and Sea Transport Method that would have credited abatement generated by shifting certain freight from road to rail.

The Emissions Reduction Assurance Committee (ERAC) reviewed the proposal, and recommended the Minister not make the method due to the risk that abatement would occur in the ordinary course of events.

However, ALC believes the addition of such a mode shift activity would help to support an increase in the movement of freight from road to rail at a rate higher than is currently being experienced. It would also likely result in higher levels of participation in the ERF Land and Sea Transport Method.

Moreover, the addition of a mode shift activity would also support efforts being made by other jurisdictions to address road congestion in port precincts by moving more freight via rail between ports and intermodal terminals.

**Recommendation: A mode shift activity be added to the existing method to credit abatement generated by shifting freight from road to rail.**

## Unrealistic Reporting Requirements

Unrealistic reporting requirements associated with the method remain a barrier to greater industry participation.

A clear example is the requirement to detail three years of historical data to verify abatement claims.

ALC is concerned that this requirement is a disincentive to the very projects that are most likely to deliver significant abatement outcomes.

Modernizing fleets and adopting alternative fuel vehicles (such as electric and hydrogen) is a significant and immediate means of reducing industry emissions. The application of the 'three-year rule' fails to recognise or reward these positive but capital-intensive industry abatement initiatives. The same holds true for modernizing shipping fleets.

ALC notes that other methods available under the ERF (for example in the Aviation Method) only require one year's or an 'appropriate period' of baseline data for a project to become eligible for registration.

The eighteen month delay period for the claim of Carbon Credits also gives limited flexibility to participants with registered projects requiring longer build times. Allowing registered projects to delay claiming credits during the build period would not only provide more incentive for industry to register more ambitious carbon abatement projects, but also assist in driving participation in the method.

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**Recommendation: The ERF modify the method to make projects without the three year historical data requirement eligible if the proponent cannot reasonably obtain this data.**

**Recommendation: The ERF modify the method to allow registered projects to delay claiming credits for the full build period of the respective project.**

### Different Fuel Sources

Another issue that has arisen in the method is the inability for operators to compare current fuel usage to historical usage as required.

In some cases, the fuel used in operations under a project is different, or changes continuously depending on the type of goods being carried. Therefore, accurately comparing previous fuel usage data to new data is difficult.

ALC favours easily measurable project instruments, such as 'engine hours'. This would significantly improve the ease of calculation, and would allow participants in the method to reduce the administrative burden of meeting their abatement requirements.

**Recommendation: The method's calculation requirements be broadened to incorporate measurements such as engine hours that can be used across all fuel sources.**

### Crediting for High Productivity Vehicles

Under the current method, car fleets can claim credits based on published emissions intensities from the Green Vehicle Guide. However, there is little support at this stage for purchases of new high productivity trailing gear, replacing lower rated trailers.

The method outlines that;

*Some proponents may not be able to monitor fuel use (for example, hire car and fleet car companies). In this instance, and for the vehicle category of light vehicles only, the baseline emissions intensity can be set using the Green Vehicle Guide.*

Heavy vehicles are not covered under the current form of the Green Vehicle Guide. ALC believes that this presents a challenge for heavy vehicle operators to accurately calculate carbon abatement from purchases of new high productivity trailing gear.

Another issue is that some proponents may not be able to monitor fuel use when trailing equipment is pulled via a subcontractor. In this instance, the ALC believes that similarly to requirements for hire car or fleet companies, baseline emissions intensity should be set by an expansion to the Green Vehicle Guide that covers heavy vehicles.

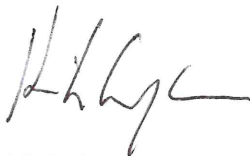
ALC has been consistent on this position, recommending to the Commonwealth Senate Select Committee on Electric Vehicles that the Commonwealth expand its Green Vehicle Guide to include heavy vehicles (as defined by the *Heavy Vehicle National Law*).

**Recommendation: The Commonwealth expand the Green Vehicle Guide to include Heavy Vehicles (as defined by the *Heavy Vehicle National Law*)**

Again, ALC is pleased to be given the opportunity to provide a submission to the Review of the *Carbon Credits (Carbon Farming Initiative-Land and Sea Transport) Methodology Determination 2015*.

Should you wish to discuss this submission further, I can be contacted at [Kirk.Coningham@austlogistics.com.au](mailto:Kirk.Coningham@austlogistics.com.au) or on 0417 142 467.

Yours sincerely,



**Kirk Coningham OAM**  
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