

8 October 2026

To: Committee Secretary, Senate Standing Committees on Environment and Communications, PO Box 6100, Parliament House, Canberra ACT 2600
Re: Inquiry into the Carbon Credits and Other Legislation Amendment (Integrity and Transparency) Bill 2026

Thank you for the opportunity for the Institute for Energy Economics and Financial Analysis (IEEFA) to provide input to the inquiry into the Carbon Credits and Other Legislation Amendment (Integrity and Transparency) Bill 2026.

IEEFA is an independent energy finance think tank that examines issues related to energy markets, trends and policies. The Institute's mission is to accelerate the transition to a diverse, sustainable and profitable energy economy. IEEFA supports the passage of the Bill and recommends:

Recommendation 1: Under section 122A, the CAIC should be given an explicit function to monitor and publicly report on the status of expired or lapsing methods, including the opportunity cost of expiring methods.

Recommendation 2: With the expiry of the CMWG method in March 2025, the minister should request, under section 123E, CAIC priority be given to methane abatement methods.

Recommendation 3: IEEFA welcomes the removal of the restriction that the new publication power under the new section 23A applies only to information relating to FY2025-26 and later financial years. IEEFA recommends the draft consultation on these regulations include:

- 3A) A minimum of three years of historical information be required, providing for historical context to allow for informed interpretation, without regulatory burden; and
- 3B) Section 23A should prescribe publication of the source-category split of each Safeguard facility's Scope 1 emissions (fugitive, fuel combustion and other).

Recommendation 4: The Bill should extend to ACCU-surrender method reporting. Existing disclosures should be increased such that the project identifier is published for each facility.

Recommendation 5: The statutory review cycle for the CFI Act be retained at three-yearly intervals at least until 2030, or be triggered when one sector's demand for ACCUs becomes a significant share of issuance, such as IEEFA projects will occur with coalmining by 2030.

Kind regards,

Andrew Gorringe, Energy Finance Analyst, Australian Coal

Submission

IEEFA makes a number of recommendations in relation to the Carbon Credits and Other Legislation Amendment (Integrity and Transparency) Bill 2026 amendment of: the Carbon Credits (Carbon Farming Initiative) Act 2011 (CFI Act); and the National Greenhouse and Energy Reporting (NGER) Act 2007. These build on IEEFA's May 2026 submission to the exposure draft and also on a recent IEEFA [briefing note](#) on coal sector use of carbon credits.

1. CFI Act

Coalmining accounts for 86% of the methane emissions covered by the Safeguard Mechanism, or about 19.5 million tonnes (Mt) of carbon dioxide-equivalent (CO₂e) in FY2024-25. This is important because of methane's high global warming potential, and because methane-based carbon credit schemes are limited.

On-site methane abatement has been introduced at some underground coalmines for many years. Historically, about 10-12 underground coalmines, or about half of the operating underground mines in Australia, have established power station projects using coalmine waste gas (CMWG). These earn Australian Carbon Credit Units (ACCUs) for methane destroyed and grid electricity displaced, under the now-expired CMWG method.

Despite significant volumes of on-site methane abatement being available at underground mines ([CSIRO](#) estimates around 6Mt of coalmine fugitive methane abatement available for less than \$11 per tonne of CO₂e), on-site abatement is not progressing at the scale available. IEEFA has [outlined](#) a number of barriers to more abatement not happening at either open-cut or underground mines. The CMWG method was removed due to the perceived value of these projects declining, but abatement is still not happening. For open-cut coalmines, extension of this method to cover them was one (if not the only) pathway available to the regulator to incentivise this otherwise impractical choice to pre-drain methane from open-cut coalmines.

Review and prioritisation of ACCU methods for coalmine methane are important. The new section 122A of the CFI Act would provide for the review of expiring ACCU methods by the Carbon Abatement Integrity Committee (CAIC), but only if requested by the minister. There is no standing published monitoring function in the Bill.

New section 123E (Schedule 1, item 40) lets the CAIC advise the minister on which new methods to prioritise – it must do so if the minister asks and the advice has to be published. Here there is an opportunity for the minister to request CAIC advice on coalmine methane under section 123E, such as via ventilation air methane, pre-drainage, and post-mining drainage capture.

Recommendations

IEEFA supported formalising the CAIC and the proposal to expand the consultation period from 28 to 45 days, allowing adequate consideration of submissions before the Committee reviews and makes recommendations on ACCU methods.

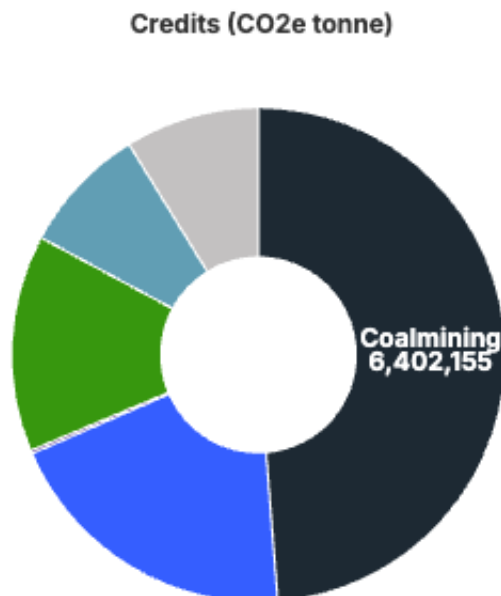
IEEFA made recommendations on the expanded role of the CAIC:

- **Recommendation 1:** Section 122A only lets the CAIC advise on expiring methods if requested. IEEFA recommends the CAIC be given an explicit function to monitor and publicly report on the status of expired or lapsing methods, including the opportunity cost of expiring methods.
- **Recommendation 2:** The expiry of the CMWG method in March 2025 marked the loss of the only methane mitigation crediting mechanism for the highly emissive coalmining sector. Therefore, the minister should request, under section 123E, CAIC priority be given to methane abatement methods.

2. NGER Act, prescribed publication of information

Coal's use of ACCUs and Safeguard Mechanism credit units (SMCs) surrendered represented 49% of total credits surrendered across all Safeguard facilities, making it the largest user at nearly 2.5 times the next highest sector, oil and gas (Figure 1).

Figure 1: 49% of the credits used in the Safeguard Mechanism are in coalmining

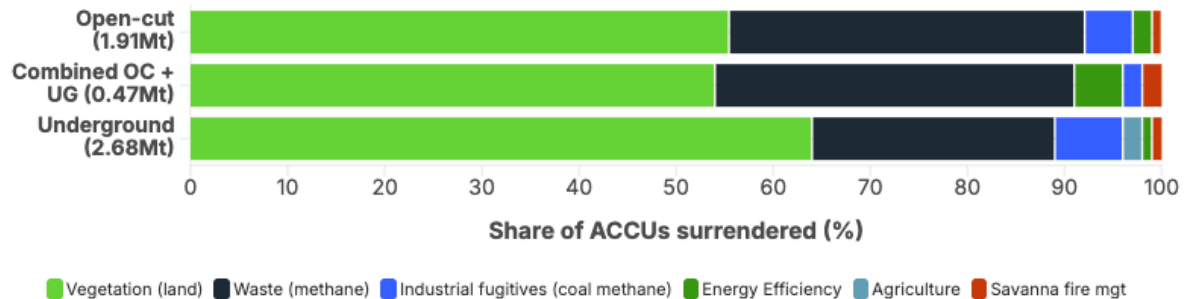


Source: [Clean Energy Regulator \(CER\)](#). IEEFA

Notes: Credits surrendered = ordinary ACCUs + SMCs surrendered.

The coal sector sourced its 5.1 million ACCUs surrendered mainly from land-based vegetation projects (60%). That 5.1 million was 47% of the 10.8 million ACCUs surrendered across all Safeguard facilities in FY2024-25, and coal's vegetation-method credits alone accounted for 50% of the national total vegetation-method credits. The only true coalmine methane category, industrial fugitives, was just 5.6% of ACCUs. The mismatch is worst where methane emissions are worst: in underground coalmining (Figure 2).

Figure 2: ACCU sourcing by coalmine type, FY2024-25



Source: CER. IEEFA.

Underground mines consume most of the vegetation credits, sourcing 64% of their ACCUs from vegetation projects – higher than open-cut mining’s 56% – despite underground being where both the most reported methane emissions and the cheapest abatement sit (10Mt of the 19Mt of reported coal fugitive methane).

IEEFA estimates that, in a business-as-usual scenario, coal’s net demand for carbon credits will reach between 10Mt and 15Mt by FY2029-30 (with a mid-case of about 12Mt), equivalent to about half of current national ACCU issuance.

Already the biggest user of Safeguard credits, coal’s growing dependence risks distorting the carbon market for other users, and endangering national and state emissions reduction targets. In addition, carbon credits do little to address one of coalmining’s key problems: its methane emissions. Fugitive methane is accounted for over a 100-year timeframe (GWP-100), while vegetation-method credits may carry a permanence period as short as 25 years. The Climate Change Authority’s 2026 review of the ACCU Scheme recommends examining whether ACCUs from projects with 25-year permanence periods remain appropriate for Safeguard Mechanism compliance

Improved transparency has to be one of the cheapest forms of action available. Without it, investors and regulators cannot see where the emissions come from, nor assess the integrity of the projects used to offset them. IEEFA welcomes the provisions under section 23A for increased publication of information, including of historical time series data. This ensures newly published data could be published with adequate historical context to allow for informed interpretation. IEEFA considers a number of relevant use cases to emissions management including:

- Monitoring diesel consumption in mining, given IEEFA has [reported](#) that the energy intensity of coalmines continues to grow.
- A change in the NGER reporting method can result in a step change in a facility’s reported emissions, such as the 76% reduction in reported emissions across New South Wales coalmines when they moved from Method 1 to Method 2. In Queensland, a recent [UNSW-led airborne study](#) of the Bowen Basin found open-cut mines were underestimated by a factor of

3.6 in aggregate. IEEFA acknowledges that there is an ongoing taskforce review of Method 2 issues, and notes that the remaining coalmines will transition to Method 2 in FY2026-27. Historical time-series data would assist in improving transparency around the impact of measurement error.

With the spotlight on meeting emissions targets, especially in light of the New South Wales Independent Planning Commission (IPC) [decision](#) to approve the Hunter Valley Operations (HVO) mine extension, there is impetus for the government to improve transparency on information it holds on what drives these emissions. Adding a source-category split for emissions — fugitive, fuel combustion, and other — to the published Safeguard facility data is needed. This information is already collected under the NGER Act but is not published, due to concerns over potential confidentiality issues. Some coalminers already publish it in their environmental, social and governance (ESG) reports, albeit not on a consistent or widespread basis.

Item 4 would insert a new section 23A which would require the regulator to publish specific kinds of information on greenhouse gas and energy as prescribed by the regulations, allowing greater transparency of information submitted by corporations. The government has said it will consult on the detail of any proposed regulations to be made under the new section 23A. IEEFA suggests that categories for disclosure and historical time series publication should be included in that first consultation.

Publishing the source-category split is low cost, because NGER already collects it and lets regulators and investors distinguish a 95%-fugitive mine from a majority-diesel one, which need different decarbonisation strategies.

Item 199 updates the timing requirements for statutory review of the CFI Act from a three-year review cycle to five-yearly rolling reviews beyond 2026. The reasons given are that the scheme is “well established” and reforms need time to work. But that would push the next review back to December 2031, instead of December 2029. Given the newly established CAIC, the changes to the CFI Act, and the growing importance of ACCUs to meet Safeguard compliance (particularly in the coal sector, which alone could consume half of national ACCU issuance by 2030), such a lengthened review cycle would create a significant blind spot and undermine regulators’ ability to respond for the post-2030 Safeguard period.

Recommendations:

- **Recommendation 3:** Prescribed publication of information under section 23A. IEEFA welcomes the removal from the Bill as introduced of the restriction of the new publication power under the new section 23A only to information relating to FY2025-26 and later financial years. The government has said it will determine the kinds of information required on greenhouse gas and energy via consultation. IEEFA recommends inclusion in the draft consultation of regulations governing publication of information :
 - 3A) IEEFA considers the publishing of a minimum of three years of historical information would ensure newly published data could contain adequate historical

context to allow for informed interpretation. This is less than the ideal amount of five years of historical context, but it balances a lower regulatory burden.

- 3B) Regulations under section 23A should prescribe publication of the source-category split of each Safeguard facility's Scope 1 emissions (fugitive, fuel combustion and other).
- **Recommendation 4:** The Bill should extend to ACCU-surrender method reporting. The CER's existing ACCU-surrender method disclosure should be increased such that the project identifier, vintage and applicable permanence period are published for each facility, so surrenders can be traced to a specific registered project and its permanence characteristics, not just a method type.
- **Recommendation 5:** IEEFA recommends retaining the three-year review cycle, at least until post-2030, or adding a trigger-based review where a single sector's surrenders exceed a defined share of annual ACCU issuance.

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