



# Overview of CFI Methodologies

The Carbon Farming Initiative (CFI) allows farmers and other land managers to earn carbon credits by storing carbon or reducing greenhouse gas emissions on the land. Participants can earn carbon credits by setting up a project under an approved CFI methodology, which sets out the rules for undertaking and estimating abatement from the project.

## What is a CFI methodology?

CFI methodologies set out the rules for undertaking a specific activity under the CFI to earn carbon credits. They explain how to carry out an abatement project and measure the resulting reductions in greenhouse gas emissions. Every type of activity will need a separate methodology that contains:

- a description of the activity
- rules for carrying out the activity, for example rules that specify how vegetation is to be established and managed, or what equipment must be used to capture gases
- instructions for determining project baselines – abatement must be measured relative to a baseline that reflects what would occur in the absence of the CFI project
- procedures for estimating abatement as a result of the project
- data collection, monitoring, reporting and record-keeping requirements.

CFI methodologies must be based on credible science and ensure that credits are only issued for genuine and additional reductions in greenhouse gases.

Methodologies must relate to activities that are eligible under the CFI – these activities are on the “positive list”. The CFI covers activities that will deliver additional reductions in emissions from agriculture or landfill waste generated before 1 July 2012, or additional increases in carbon stored in plants or soil.

## How are CFI methodologies made?

The Government has established an independent Domestic Offsets Integrity Committee to assess methodologies and make sure they meet the requirements of the CFI. The Committee will seek feedback from the public and advice from other technical experts.

Public consultation on methodologies also helps the Government identify whether there could be any negative social or environmental consequences as a result of crediting the activity under the CFI. These types of activities will be included on a “negative list” and will not be eligible for CFI credits.

Before a methodology can be used under the CFI it must be endorsed by the Committee and approved by the Minister for Climate Change and Energy Efficiency.

Approved methodologies then become part of the CFI legislation, which is enforceable by the Clean Energy Regulator.

## Developing new CFI methodologies

Methodology developers, scientists, industry bodies and other government agencies are working with the Department of Climate Change and Energy Efficiency to develop new CFI methodologies for use by land managers. The Government has published *Guidelines for Submitting Methodologies*, which are available on the department's website: [www.climatechange.gov.au/cfi](http://www.climatechange.gov.au/cfi).

The Government is supporting the development of methodologies through the \$429 million Carbon Farming Futures program. This includes

- \$201 million for the *Filling the Research Gap* program fund research into new technologies and practices for land managers to reduce emissions and store soil carbon
- \$99 million for *Action on the Ground* which provides grants for landholders to apply and test these new practices in real farming situations
- \$12 million for the *Methodology Development Program* and the *Indigenous Carbon Farming Fund* (Research and Development stream), which provide direct funding to organisations to assist in developing CFI methodologies, including low-cost methodologies likely to have high Indigenous participation.

Reference and technical working groups, comprising technical experts and industry representatives, have been established for soil carbon, forestry, livestock and fertiliser. The role of these groups is to:

- provide advice on current scientific knowledge
- determine any requirements for additional research
- suggest areas for methodology development.

## Further Information

For more information about methodologies, and to subscribe to receive regular updates about the latest developments in the CFI, visit [www.climatechange.gov.au/cfi](http://www.climatechange.gov.au/cfi).

For more information about programs that support methodology development visit [www.cleanenergyfuture.gov.au](http://www.cleanenergyfuture.gov.au).

Project applications to implement a particular methodology may be made to the Clean Energy Regulator at [www.cleanenergyregulator.gov.au](http://www.cleanenergyregulator.gov.au).

**Note:** While the Commonwealth has made reasonable efforts to ensure the accuracy, correctness or completeness of the material, the Commonwealth does not guarantee, and accepts no liability whatsoever arising from or connected to, the accuracy, reliability, currency or completeness of this material. Any references to the potential costs or benefits of undertaking an activity in accordance with a methodology are estimates only. This material is not a substitute for independent professional advice and entities should obtain professional advice suitable to their particular circumstances.