



press clip

Farmers need to be carbon aware

By JEAN EKEROTH

THE Carbon Farming Initiative (CFI) will provide more opportunities for farmers if it is linked to an emissions trading scheme (ETS).

Carbon Conscious business development director Daniel Stevens said carbon prices were dependent on demand which was higher in a compliant market than a voluntary one.

"If they are not Kyoto-compliant, they are likely to be in a voluntary market and prices in a voluntary market are variable and likely to be less," he said.

Mr Stevens said prices for voluntary carbon credits were in the low single digits as compared to the \$20 to \$30 a tonne the government was talking about for its capped ETS.

He said Certified Emissions Reductions (CER) were currently trading at 13 to 14 Euros, European Union Allowances at 17 Euros, Voluntary Carbon Standard units at US\$5 to \$20 and New Zealand Units at NZ\$20.

"The key driver for all this is compliance and the higher price that can be achieved through Kyoto compliant credits," Mr Stevens said.

He said if Australia allowed projects that were not accredited at the national level, it may not be able to meet targets submitted to the United Nations Framework Convention on Climate Change (UNFCCC).

"The carbon price will most probably link to the CFI for the Kyoto track and companies will be able to buy offset credits and use those credits for their obligation under the carbon pricing legislation," Mr Stevens said.

He said this would generate a lot of demand for carbon credits.

Mr Stevens said if new projects met methodology requirements under the Domestic Offset Integrity Committee even though they were in a voluntary market, their credits could be marketed to achieve a price.

"However it's questionable

whether they will attract the price of the mandatory market," Mr Stevens said.

He said the voluntary market in Australia was very small with about two million tonnes of voluntary carbon credits a year, where Australia had more than 600m tonnes of total emissions.

Mr Stevens said under the CFI, you could export credits if you had a Kyoto-compliant credit like forestry.

"You can apply to the government to have an Assigned Amount Unit (AAU) created which can be exported and sold internationally," he said.

Mr Stevens said AAU trade was usually at a government level but some governments like Japan and some European governments could be in the market for these credits.

"But the problem is the market price for AAUs is about \$10 to \$11/t, which isn't sufficient to drive investment in these projects," Mr Stevens said.

"The key to the CFI is it

sets up supply solutions and a mechanism to accredit projects.

"It doesn't drive demand for the credits.

"If farmers focus on Kyoto-compliant projects, in future, they can create credits that can go into an ETS and can make money out of it.

"Once there's an ETS, there's potential for farmers and companies active in the space to create credits that flow to the ETS and are used to offset their emissions."

Mr Stevens said this could also offset some of the price rises from their inputs.

"If they want to make good money on their carbon farming credits, they will want an ETS in Australia," he said.

Mr Stevens said if an ETS did not drive prices for demand from companies looking to hedge their carbon price, companies like theirs would be focusing more on countries like New Zealand which had an ETS.



Carbon Conscious business development director Daniel Stevens (left) and CEO Peter Balsarini inspecting a mallee tree that was dug up and measured as part of an accreditation process.