

ICER - Northmore Gordon

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ICER

ICER stands for the Industrial Commercial Emissions Reduction method. It provides a framework for evaluating and crediting carbon abatement projects, ensuring they are additional, measurable, and verifiable. ICER operates as part of the structured assessment approach to carbon reduction initiatives, requiring projects to demonstrate that emissions reductions would not have occurred under business-as-usual conditions. The method establishes consistent criteria so project outcomes can be reliably quantified and compared. Understanding ICER is essential for organisations seeking to assess carbon reduction opportunities or prepare commercial cases for industrial decarbonisation investments.

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What is ICER and what framework does it provide?

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What three criteria must carbon abatement projects meet under the ICER method?

Under the ICER method, carbon abatement projects must be additional, measurable, and verifiable. Additionalité requires projects to demonstrate that emissions reductions would not occur without the intervention. Measurability means the project's effect can be quantified using defined boundaries, data collection and calculation methodologies. Verifiability establishes that the claimed reductions can be independently assessed and confirmed through evidence and transparent reporting. These three criteria work together to ensure that carbon credits issued represent genuine emissions reductions rather than changes that would have happened regardless of the project.

How does ICER relate to other carbon credit instruments and certificates?

ICER is one assessment methodology among several certificate and credit schemes available in Australia and internationally. Other instruments include Australian Carbon Credit Units (ACCUs), which

operate under the ACCU Scheme through the Clean Energy Regulator; Large-scale Generation Certificates (LGCs) for renewable electricity; Small-scale Technology Certificates (STCs); and International Renewable Energy Certificates (I-RECs). Each instrument belongs to its own programme with distinct eligibility, evidence and calculation requirements. The choice between schemes depends on the project type, location, technology and intended environmental claim. ICER provides one structured pathway for industrial and commercial emissions reduction assessment.

What is the difference between carbon abatement and other emissions reduction approaches?

Carbon abatement specifically focuses on reducing or avoiding greenhouse gas emissions through operational changes, technology upgrades or process improvements. This is distinct from carbon removal, which involves physically storing carbon, or purchasing renewable electricity attributes, which offset Scope 2 emissions but do not change Scope 1 emissions from direct sources. Under frameworks like ICER, abatement must be additional and measurable—the project must demonstrate that the specific reduction would not have occurred otherwise. This distinction is important when preparing investment cases, as physical reductions, renewable certificates and purchased offsets serve different accounting and reporting purposes and should be tracked separately in carbon management plans.

What role does Northmore Gordon play in assessing projects under carbon reduction frameworks?

We provide carbon advisory services that encompass opportunity assessment, feasibility evaluation and transition pathway development. Our services include diagnostic workshops to clarify current carbon management positions, emissions inventory development to establish baselines, and support for assessing carbon reduction opportunities across industrial operations. We can assist with evaluating whether proposed projects meet framework criteria such as additionalité, measurability and verifiability. The organisation also connects emissions assessments with engineering and investment decisions, helping clients develop credible transition plans. For projects seeking certification or credits, we provide guidance on evidence collection and commercial case development.

How should an organisation prepare for carbon abatement project assessment?

Begin by establishing a clear baseline of current emissions using a documented inventory that specifies boundaries, activity data, calculation methods and reporting period. Identify the business problem the project addresses and the operational requirements it must maintain. Gather available energy, production and emissions records to support the assessment. For each proposed intervention, document the technology, expected implementation timeline, capital requirements and operating assumptions. Engage data owners and assign responsibilities for evidence collection. We recommend preparing a project brief that states the decision required, available evidence, data gaps and reporting deadline. This preparation ensures that subsequent assessment activities can evaluate both technical merit and framework compliance efficiently.

What evidence must be retained to support a carbon abatement claim?

Retain documentation establishing the project boundary, baseline conditions before intervention, implementation dates and post-project operating data. Maintain records of energy consumption, production volumes, operating hours and any equipment or process changes that affect the comparison. Keep baseline calculations, adjustment factors and assumptions used to quantify the reduction. Document the methodology applied, such as engineering estimates versus measured comparison or engineering models versus normalised data. Preserve commissioning records, test results and maintenance logs. Maintain clear versioning of calculations, approvals and any revisions. This evidence file supports both internal performance tracking and external assessment by advisors or scheme administrators. Without contemporaneous records, a project's creditworthiness and commercial value are difficult to defend.

How does ICER differ from renewable energy certificate schemes like LGCs and STCs?

ICER focuses on direct emissions reductions from industrial and commercial operations—such as energy efficiency upgrades, process improvements or fuel switching—and assesses them for additionalité, measurability and verifiability. In contrast, LGCs (Large-scale Generation Certificates) represent renewable electricity generation at utility scale, and STCs (Small-scale Technology Certificates) support small-scale renewable systems and energy efficiency under Australia's Renewable Energy Target. These renewable schemes operate independently of carbon abatement pathways and address different emission sources. A renewable certificate does not eliminate Scope 1 (direct) emissions; it addresses Scope 2 (purchased electricity) or avoids grid emissions. ICER-assessed projects typically generate carbon credits rather than renewable electricity certificates, and the two should not be combined as though they serve identical purposes.

What should organisations understand about additional as a criterion for carbon projects?

Additionalité is a foundational requirement under ICER and similar frameworks: a project must demonstrate that the emissions reduction would not have occurred under business-as-usual conditions. This is sometimes called regulatory additionality. Without additionalité, the project represents a change that would happen anyway, and therefore does not represent a genuine new emissions reduction. Establishing additionalité requires evidence such as technology cost comparisons, regulatory requirements at the time of project approval, financial analysis showing the project would not be profitable without carbon credit revenue, or documentation that the technology was not standard practice. Investment timing is critical: a project approved and committed before additionalité is claimed may not meet this requirement. We advise establishing additionalité early in project planning and retaining documentation of the decision context.