

Certificates and Carbon Credits with M&V; Series \[Part 3: ERF\]

Canonical: <https://northmoregordon.com/videos/certificates-and-carbon-credits-with-mv-series-part-3-erf/>

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Video archive

This page preserves the subject and supporting material for a dated Northmore Gordon video.

Publication date: April 14, 2021.

Status note: Scheme names, methods and examples reflect the recording period. Current rules and terminology may differ, and the latest official guidance should be checked.

What this article reported

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How to use this information now

Use the video as background, then confirm the current scheme, method, eligibility, evidence and audit requirements for the proposed project.

Separate source-reported facts from forecasts, targets and commentary. For a current project, retain the official source, version, effective date, assumptions and decision record in the evidence file.

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What is the Emissions Reduction Fund (ERF) and how does it relate to carbon credits?

The Emissions Reduction Fund, referred to as ERF in the video title, is an Australian carbon credit scheme. It operates under the Australian Carbon Credit Unit (ACCU) framework, where an ACCU represents one tonne of carbon dioxide equivalent stored or avoided by an eligible scheme project. The

ERF provides a mechanism for organizations to register projects that reduce emissions, monitor and report the reductions, and receive issued ACCUs that can be traded or retired. Understanding the ERF's eligibility requirements, method-specific rules, and registration process is essential before treating projected credits as confirmed revenue in an investment case.

How do measurement and verification (M&V;) practices support carbon credit projects under schemes like the ERF?

Measurement and verification determines the effect of an energy improvement using an agreed boundary, data, and analysis. For carbon credit projects, M&V; establishes what emissions would have occurred without the intervention under comparable conditions, with the reduction calculated as the difference between that baseline and actual post-project performance. Proper M&V; planning must begin early, before implementation, to ensure the baseline can be measured and relevant operating variables documented. We provide M&V; services including project-boundary selection, baseline modelling, savings calculation, and reporting to support both scheme eligibility and credible credit quantification.

What is the difference between carbon credits, energy-efficiency certificates, and renewable-energy certificates?

These are distinct instrument families with different eligibility foundations. Carbon credits, such as ACCUs under the ERF, are established through approved methods and evidence demonstrating eligible abatement—emissions reduction or removal. Energy-efficiency certificates, including ESCs and VEECs, are created from verified energy-saving activities meeting particular scheme and method requirements. Renewable-energy certificates, including STCs, LGCs, and REGOs, represent renewable electricity attributes and require documentation of ownership and intended retirement treatment. Each serves different accounting purposes and should not be compared as identical units of financial value or environmental benefit. We assess eligibility and commercial terms for all three instrument families separately.

Why is project timing critical for carbon credit eligibility, and what does 'newness' mean?

The timing of project stages—feasibility approval, investment commitment, installation, and commissioning—determines eligibility under many schemes. For ACCU projects, the Clean Energy Regulator's newness guidance distinguishes preparatory work from actions indicating commencement, including significant final investment or asset commitments. Projects generally must be registered before activities start unless the method provides otherwise. If equipment is already installed or commitments made before registration, the project pathway may be unavailable or significantly constrained. Capturing real project chronology and confirming eligibility before irreversible decisions is essential to avoid losing funding options.

How should carbon credit potential be assessed separately from a project's operating merits?

A project's financial viability depends on multiple independent factors: energy or emissions reductions from the physical intervention, eligibility under a chosen certificate scheme, projected credit quantity and issuance timing, and market price assumptions. These should be modelled separately, not combined into a single 'best case' figure. An auditable commercial model for carbon credits should show projected abatement by period, the route from that estimate to a possible credit claim, monitoring and reporting effort, audit assumptions, and price scenarios. Treating forecast quantity and market price as different uncertainties reveals which variables most affect the business case and prevents optimistic pricing from masking eligibility uncertainty.

What evidence and preparation are needed before submitting a carbon credit project for registration?

Before relying on ACCU revenue, establish the proposed method, project proponent, real commitment history, required rights and consents, and monitoring plan. Verify the method's current availability for the proposed project type and timeline. For measurement-based claims, prepare a detailed M&V; plan covering the boundary, baseline procedures, measurement instruments, data validation, and comparison period. Document all assumptions about operating conditions, activity levels, and baseline adjustments. Submit a project brief identifying the location, equipment, technology, capacity, output profile, commissioning date, and existing or expanded system details. We provide assistance with project registration, evidence gathering, and assessment of commercial and technical feasibility before formal scheme submission.

How do certificate quantity, price, and eligibility interact in an investment case for a carbon credit project?

Certificate revenue depends on three separable variables: the eligible activity established under the scheme's method, the measured or modelled abatement quantity, and the market price per certificate at the time of sale. A preliminary certificate estimate should label each variable clearly and distinguish it from energy savings or other benefits. Quantity uncertainty arises from monitoring and calculation; price uncertainty reflects market conditions and timing. An investment case should present scenarios showing how changes in each variable affect project returns, and should compare the project's merit with and without uncertain certificate proceeds. This prevents an early, favourable certificate quotation from becoming an unsupported promise if scheme eligibility is later questioned or market prices decline.

What is the relationship between carbon inventory boundaries and carbon credit project design?

A company's emissions inventory measures the greenhouse gases a business produces across its operations, but the ACCU Scheme does not issue credits for every reduction shown in an emissions inventory. A carbon credit project must be designed within an eligible method, with specific activities, monitoring requirements, and proof of additionality. The project boundary may be narrower than an organizational inventory—for example, focusing on a specific process, facility, or equipment improvement. Establishing clear project boundaries, distinguishing project-level reductions from company-wide inventory changes, and verifying that the proposed method covers the intended activity are essential before assuming credit issuance. We support both emissions inventory development and carbon credit project assessment as separate work streams.

How does Northmore Gordon support the full lifecycle of carbon credit projects from assessment through retirement?

We describe support spanning project registration, certificate creation and trading, alongside engineering and commercial assessment. Our six-stage delivery approach—Assess, Build the Case, Capture Value, Deliver, Procure, and Perform—connects technical opportunity identification with measurement planning, funding pathway assessment, implementation support, and ongoing performance tracking. In the Capture Value stage, environmental certificates are identified as a source of project funding. Measurement and verification services establish baselines and verify actual outcomes. Carbon advisory services help organizations understand emissions inventories, transition pathways, and carbon credit opportunities. This integrated approach ensures projects are technically sound, commercially viable, and properly documented for scheme compliance.