

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment portfolio

Question No: 67

Hearing: Supplementary Budget Estimates

Outcome: Outcome 7

Programme: Land Division

Topic: International – Crediting Activities

Hansard Page: N/A

Question Date: 27 November 2013

Question Type: Written

Senator Urquhart asked:

Have international schemes avoided crediting activities, which would have gone ahead without credits? What assumptions need to be made about projects which are contracted to go ahead but fail to be delivered? (e.g. sign up, but can't get financial close or planning permission)

Answer:

The Clean Development Mechanism does not credit emissions reductions that are required by law or that would occur under a business-as-usual scenario. The Government has set out in the Green Paper that it is considering a range of policy options to ensure that funding is provided to projects that generate emissions reductions that would otherwise not occur.

Commercial contracts typically include a range of measures to ensure commitments are kept, such as 'make good' provisions. The Green Paper discusses a number of approaches, for example, credits from other projects could be used to 'make good'. If a project cannot proceed, funds could also be reallocated to other projects.