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8th April 2011

Committee Secretary
Senate Standing Committee on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

By email: ec.sen@aph.gov.au

Attention: Senators Cameron, Fisher, Ludlam, McEwen, Troeth and Wortley

Dear Sirs/Madams

Senate Inquiry into Carbon Farming Initiative

LMS Generation Pty Ltd (LMS) appreciates the opportunity to provide a submission to the Senate inquiry into the Carbon Farming Initiative and associated bills.

LMS is an Australian owned and operated company, the principals have over twenty five years' experience in successful landfill gas to energy projects. LMS is part of the Landfill Gas Power Generation industry, the industry has over 50 grid connected base load renewable energy power stations distributed over every state and territory in Australia. The industry currently employs over 300 people directly and hundreds more indirectly. The industry abated more than 4,000,000 tonnes of CO_{2-e}, of which LMS alone abated more than 1,000,000 tonnes of CO_{2-e} in 2010.

With the benefit of past experience, LMS welcomes the recent announcement by the Federal Government that it will introduce the Carbon Farming Initiative (CFI) and fully supports the introduction of this scheme. We also share the Government's view that the successful introduction will drive further emission abatement in Australia.

This type of offset scheme has proven to be successful for landfill gas abatement in the past and the Government's optimism is justified. Previous schemes such as Greenhouse Friendly (GHF) and the NSW Greenhouse Gas Abatement Scheme (GGAS) have driven down emissions in the Waste sector and are the predominant reasons why the Waste sector is the only sector in Australia to reduce emissions below 1990 levels.

LMS is working closely with the Department of Climate Change and Energy Efficiency (DCCEE) on the methodology for landfill gas destruction for inclusion in the CFI. The process has addressed many of the issues within the CFI and is expected to produce a succinct workable methodology.

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The only potential remaining issue is that, depending on the vagaries of additionality rulings, projects accredited under these current and previous schemes may not be eligible under the CFI, therefore creating uncertainty for the future abatement from these projects and their employees. To ensure these projects, the jobs they create and the abatement they achieve continues **all currently accredited GGAS and GHF landfill gas projects should be transitioned directly into the Initiative without additionality constraints.**

The CFI also provides the perfect platform to allow emissions from all waste in landfills, not just legacy waste, to be captured through a commercial incentive driven by the ability to create offsets. The CFI could not only provide an immediate abatement benefit, but also the ability to solve the complicated issue of how to cover new waste under a future National Carbon Price.

It is therefore vital that the Carbon Farming Bill is passed, with the above amendment, as soon as possible. The termination of the GHF scheme and oversupply of credits in the GGAS market has meant there is little economic incentive for new landfill gas abatement projects to be developed. The CFI has the ability to provide the economic incentive to unlock a substantial quantity of future abatement, from landfills, coupled with significant skilled job creation.

The CFI, if implemented immediately, has the potential to capture at least a further 3,000,000 tonnes of CO_{2-e} per annum¹ from Australian landfills. As these credits can be sold internationally, the abatement will come at very little/no cost to the taxpayer. If the CFI is not passed or is significantly delayed these emissions will continue to vent unabated into the atmosphere.

It is for these reasons that LMS supports the CFI and asks the Senate committee to not hesitate in recommending the immediate passage of the three associated bills, with the previously suggested amendment, through Parliament.

LMS would be more than happy to present evidence before the Senate Committee should they so wish to hear from one of the first companies to abate CO_{2-e} emissions in Australia and successfully trade the resultant carbon credits.

Yours sincerely,

Chief Executive Officer
John Falzon

¹ Australian Landfill Owners Association Press Release 25 March 2011