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

Question No: 240

Hearing: Additional Estimates

Outcome: Agency

Programme: Clean Energy Regulator

Topic: RET - Native Forests burning

Hansard Page: N/A

Question Date: 8 February 2016

Question Type: Written

Senator Rice asked:

1. Has the government assessed the forestry operations in the southern forests in Tasmania against the so-called sustainability criteria in the RET legislation?
2. How many staff do you have assigned to monitor and enforce the sustainability criteria?
3. When could a facility feasibly obtain clearance under the RET legislation to start claiming certificates for burning native forests?

Answer:

Background - Native Forest Wood Waste and the Large-scale Renewable Energy Target

A number of Questions on Notice (numbers 241 and 242, Additional Estimates 2016) have been asked in addition to questions the Clean Energy Regulator took on notice at Senate Estimates on 8 February 2016 (numbers 219, 263 and 264, Additional Estimates 2016). These questions are generally similar to previous Questions on Notice 119 and 125 (Supplementary Budget Estimates 2015).

This background information is provided to both clarify the Clean Energy Regulator's role and whether or not we see any evidence of potential increased use of native forest wood waste since the legislative amendments were passed on 27 June 2015 to reintroduce native forest wood waste as an eligible fuel source.

The *Renewable Energy (Electricity) Regulations 2001* (the Regulations) were amended in June 2015 to insert in Regulation 8(1)(e) which states:

(1) For section 17 of the Act, ***wood waste*** means:
- (a) biomass:
  - (i) produced from non-native environmental weed species; and
  - (ii) harvested for the control or eradication of the species, from a harvesting operation that is approved under relevant Commonwealth, State or Territory planning and approval processes; and
- (b) a manufactured wood product or a by-product from a manufacturing process; and
- (c) waste products from the construction of buildings or furniture, including timber off-cuts and timber from demolished buildings; and
- (d) sawmill residue; and
- (e) biomass from a native forest that meets all of the requirements in subregulation (2).

Examples for paragraph (b):Packing case, pallet, recycled timber, engineered wood product (including one manufactured by binding wood strands, wood particles, wood fibres or wood veneers with adhesives to form a composite).

(2) Biomass from a native forest must be:

(a) harvested primarily for a purpose other than biomass for energy production; and

(b) either:

(i) a by-product or waste product of a harvesting operation, approved under relevant Commonwealth, State or Territory planning and approval processes, for which a high-value process is the primary purpose of the harvesting; or

(ii) a by-product (including thinnings and coppicing) of a harvesting operation that is carried out in accordance with ecologically sustainable forest management principles; and

(c) either:

(i) if it is from an area where a regional forest agreement is in force—produced in accordance with any ecologically sustainable forest management principles required by the agreement; or

(ii) if it is from an area where no regional forest agreement is in force—produced from harvesting that is carried out in accordance with ecologically sustainable forest management principles that the Minister is satisfied are consistent with those required by a regional forest agreement.

(3) For subparagraph (2)(b)(i), the primary purpose of a harvesting operation is taken to be a high-value process only if the total financial value of the products of the high-value process is higher than the financial value of other products of the harvesting operation.

(4) In this regulation:

ecologically sustainable forest management principles means the following principles that meet the requirements of ecologically sustainable development for forests:

(a) maintenance of the ecological processes within forests, including the formation of soil, energy flows, and the carbon, nutrient and water cycles;

(b) maintenance of the biological diversity of forests;

(c) optimisation of the benefits to the community from all uses of forests within ecological constraints.

high-value process means the production of sawlogs, veneer, poles, piles, girders, wood for carpentry or craft uses, or oil products.

The Clean Energy Regulator's role is to ensure any Large-scale Generation Certificates (LGCs) created by the operators of power stations are only registered if they are from an eligible fuel source that meets the tests in the Regulations. Those specific tests in relation to native forest would waste are from the Regulations, refer to 8(1)(e)above. The Regulator only has a role if wood waste use is for power generation and only **if** the power station is accredited under the RET and LGCs are created from same.

As at 1 March 2016, there has only ever been one LGC created (in 2007) where the source of the renewable energy was native forest wood waste. There has been no increase in the number of LGCs attributed to the wood waste category and wood waste LGCs continue to be a very small proportion of all LGCs. In the 2015 calendar year, 155,964 LGCs were validly

created from all sources of wood waste which is about one per cent of all LGCs validly created in the year. Most of the wood waste LGCs created in 2015 were from sugar and paper mills and approximately 18 percent were from other wood waste accredited power stations. The number of wood waste LGCs created in 2015 was less than the 191,619 LGCs validly created in 2014 from all sources of wood waste.

A Clean Energy Regulator survey conducted in September 2015 of existing accredited power stations that are permitted to use wood waste (including native forest wood waste), did not reveal any current use of native forest wood waste to create LGCs. These claims have been cross checked with other data sources and the Clean Energy Regulator has no current reason to believe there has been any use of native forest wood waste to create LGCs since the amendments passed.

The same survey revealed that five existing power stations accredited for the use of wood waste indicated they may, in the future, use wood waste that may contain biomass derived from native forest wood waste. Four of these are sugar mills in Queensland and one is a biomass generator in Victoria. However, one of the sugar mills plus the biomass generator in Victoria have never created LGCs from any form of wood waste. The main source of eligible fuel for sugar mills is bagasse which is a bi product from the sugar milling process which is essentially free delivered on site. Any use of other fuels is typically very small in comparison to bagasse and generally co firing with some coal. The volume of wood waste used to produce LGCs at sugar mills is very small (equivalent to 74,244 LGCs in 2015).

Responses to Senator Rice's questions:

1. No, it is not the role of the Clean Energy Regulator to assess native forest logging or forestry operations against the eligibility criteria in the Renewable Energy Target (RET) legislation.

   It is the Clean Energy Regulator's role to ensure any native forest wood waste used to create Large-scale Generation Certificates (LGCs) meets the criteria under Regulation 8(1)(e) of the *Renewable Energy (Electricity) Regulations 2001* (the Regulations) (www.legislation.gov.au/Details/F2016C00142).

   Since the amendments to the Regulations passed in June 2015 to reintroduce native forest wood waste as an eligible source, no LGCs have been created attributed to native forest wood waste under Regulation 8(e). The Clean Energy Regulator has undertaken a range of analysis to satisfy itself that LGCs have not been created from native forest wood waste since the amendments passed.

2. As no LGCs attributable to native forest wood waste have been created since the legislation was amended, the Clean Energy Regulator has not assigned any staff to monitor and enforce the eligibility criteria.

3. After receiving a properly made power station accreditation application, the Clean Energy Regulator has six weeks to decide on an application. Once accredited, those power stations that are permitted to use wood waste can create LGCs at any time for that fuel source. Once the LGCs have been created, the Clean Energy Regulator would then assess and decide whether or not to validate those LGCs. The Clean Energy Regulator would check that the wood waste is eligible, i.e. meets the tests in Regulation 8 of the *Renewable Energy (Electricity) Regulations 2001*.

The Clean Energy Regulator has not received any applications for accreditation of eligible power stations, listing wood waste as their eligible energy source since the RET legislation was amended on 27 June 2015.

Please refer to Question on Notice number 119 (Supplementary Budget Estimates 2015) for a list of wood waste accredited power stations that are permitted to use wood waste including native forest wood waste. These power stations can create LGCs from native forest wood waste subject to native forest wood waste eligibility criteria under Regulation 8(e).