



AGL Energy Limited

T 02 9921 2999

F 02 9921 2552

agl.com.au

ABN: 74 115 061 375

Level 24, 200 George St

Sydney NSW 2000

Locked Bag 1837

St Leonards NSW 2065

Australian Government

Department of Climate Change, Energy, the Environment and Water

Submitted via online portal

6 March 2026

ACCU Scheme proposed new IFLM Method

AGL Energy (**AGL**) welcomes the opportunity to provide feedback to the Department of Climate Change, Energy, the Environment and Water (**DCCEEW**)'s Draft Integrated Farm and Land Management (**IFLM**) Method (**Draft Method**).

AGL recognises the important role of the Australian Carbon Credit Unit (**ACCU**) Scheme in supporting achievement of Australia's legislated emissions reduction targets – 43% below 2005 levels by 2030, 62-70% below 2005 levels by 2035, and net zero by 2050. Consistent with best-practice climate policy, direct emissions reductions should remain the primary focus and take precedence over offsetting. However, ACCUs, together with other units that represent genuine abatement or emissions reductions efforts¹, will be important to address residual emissions that cannot reasonably be avoided or reduced.

AGL has provided feedback to several ACCU Scheme consultations and consistently highlighted the importance of the scheme being of high integrity and instilling confidence in all market participants and the wider public. In our submission to the ACCU Review in 2023, we broadly supported the proposed ACCU Scheme Principles to guide and support the application of the existing Offsets Integrity Standards (OIS)². Additionality and newness remain critical to scheme credibility, and we continue to support reforms that enhance transparency and integrity.

We also support periodic review and development of ACCU methodologies in alignment with the latest science to improve emissions reporting accuracy and scheme integrity. AGL welcomes the development of the Draft Method as a means of enabling multiple activities to be undertaken on a single property, streamlining participation in the scheme and reducing costs for project proponents. The flexible, modular design of the method provides a strong framework for incorporating new activities over time, including soil carbon once further work is completed.

While we appreciate the intent of releasing an early draft to maximise stakeholder review time, key drafting elements remain incomplete - notably the 'Regeneration of native forest on suppressed land' activity and the 'FullCAM-Measure hybrid' calculation approach, both of which were released in plain-English and are yet to be legislatively drafted. As the plain-English versions contain some inconsistencies and ambiguities that may create unnecessary complexity for project proponents, we would welcome an additional consultation round once the legislative drafting is complete.

This submission outlines our key concerns with the Draft Method and recommendations to strengthen scientific robustness, operational clarity, and commercial viability for proponents.

¹ For example, small-scale technology certificates (STCs), large-scale generation certificates (LGCs), energy savings certificates (ESCs), Victorian energy efficiency certificates (VEECs)

² See: [AGL's submission](#) to the 2023 ACCU Review consultation



Discounting

AGL is concerned that the compounding discounts proposed in the Draft Method are disproportionate to the underlying risks and may undermine commercial feasibility for projects, particularly those eligible under the 'Regeneration of native forest on suppressed land' activity.

Under the proposed method, substantial uncertainty discounts are applied for extended periods, regardless of measurement frequency or sampling coverage. This does not appropriately recognise the value of regular follow-up measurements, statutory audits, gateway checks, and the growing availability of high-resolution remote sensing – each of which improve accuracy and confidence in results.

In addition, the attribution discount applied based on different rainfall areas disproportionately penalises low-rainfall areas despite other method settings, such as the 20-year baseline, already mitigating the risk that climate-drive vegetation increases may occur.

Recommendation: reduce uncertainty discounts and link them to the measurement frequency and coverage. Modelled abatement should be reconciled at every measurement cycle, rather than requiring a long mandatory discounting period. Reassess the necessity and scale of attribution discounts for low-rainfall areas, ensuring they do not duplicate existing safeguards or impose arbitrary barriers to participation.

Canopy cover and rainfall as proxies

As outlined in the Draft Method, the attribution discount relies on a static 500mm average annual rainfall threshold and a canopy cover percentage. In AGL's view, neither indicator effectively isolates the extent to which vegetation growth is driven by landholder action versus climatic variability.

A static average annual rainfall (AAR) oversimplifies climatic conditions, fails to account for rainfall variability, and risks arbitrary outcomes. For example, projects at 495mm face a heavy penalty while otherwise identical ecosystems at 500mm do not.

Similarly, canopy cover fluctuations often reflect climatic conditions, not landholder management actions. Reliance on canopy cover as a proxy therefore risks misattributing natural variability as project-driven change.

Recommendation: Adopt more scientifically robust attribution measures, such as:

- Coefficient of Variation (CV) to measure rainfall reliability
- Dynamic indexing that adjusts discounts according to observed rainfall (higher discounts in wetter years, lower for drier years)

These alternatives would more accurately reflect the influence of climate variability on vegetation change and support consistent, evidence-based application across project types and regions.

Summary

The Draft Method represents a major step forward in integrating multiple carbon opportunities into a unified framework. However, several key elements - particularly ambiguity in drafting, overly conservative and inflexible discount design, and attribution logic - require refinement to promote commerciality and ensure scientific robustness and operational clarity for proponents.

AGL strongly encourages DCCEEW to revise the method to address these issues. Doing so would enhance practicality while preserving integrity, supporting greater uptake while promoting reliable abatement outcomes.

We welcome continued engagement with DCCEEW as the method progresses.



Should you have any questions in relation to this submission, please contact Casey Barkla-Jones at cbarkla@agl.com.au.

Yours sincerely,

AGL Energy

About AGL

At AGL, we believe energy makes life better and are passionate about powering Australian life. Proudly Australian since 1837, AGL delivers around 4.6 million³ gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia. AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind and hydro, and batteries and other firming and storage technology. We are building on our history as one of Australia's leading private investors in renewable energy to be a leader in the transition to a lower emissions and smart energy future in line with the goals of our Climate Transition Action Plan. We'll continue to innovate in energy and other services to enhance the way Australians live, move and work.

³ Refer to AGL's [ESG Data Centre FY25](#)