

## **UPDATE 57**

**8 July 2016**

### **3.8.20 August 2010 Australian Carbon Benchmark Addendum**

#### **[U57.01] Updated commentary on Carbon Benchmark Addendum**

AFMA's Electricity Committee has been discussing issues with respect to the current AFMA Australian Carbon Benchmark Addendum, within the context of the retrospective carbon tax repeal in 2014. The intent of these discussions has been to make improvements to the current Addendum by agreeing on a new methodology for determining the Carbon Reference Price (CRP).

On 3 June 2016, the Committee set out its methodology for determining CRP in a document called the CRP Determination Rules, which was developed by the Committee in conjunction with King & Wood Mallesons.

Under the CRP Determination Rules, the Committee sets out:

- the value of CRP on the date of the adoption of the CRP Determination Rules;
- how the Committee may resolve a different value for CRP to apply if a Carbon Scheme or Carbon Tax is introduced or proposed to be introduced;
- the process which the Committee members would need to follow in order to resolve a CRP, including some principles to be considered, the requirement that there be a "Supermajority Resolution" and that voting on a Circulating Resolution may occur by email, post or fax; and
- the process for what happens next in the circumstance in which a resolution is not passed by the requisite vote. This process may involve consulting an external review panel.

The CRP Determination Rules incorporate the fallbacks for determining CRP that are contained in the Addendum. Accordingly, the expected practical effect of this is that the fallbacks in the Addendum will not be used.

The commentary in section 3.8.20 has been updated to reflect the above with a link to the CRP Determination Rules