



Australian Government

Office of the Renewable Energy Regulator

## GUIDE TO WOOD WASTE ELIGIBILITY ASSESSMENT SHEETS

The Renewable Energy (Electricity) Regulations 2001 establish a range of criteria for the eligibility of wood waste under the Renewable Energy (Electricity) Act 2000. These criteria are set out in regulation 8. The regulations establish six different criteria of eligible wood waste, covering:

1. wood waste from the eradication of non-native woody weeds;
2. a manufactured wood product or by-product from a manufacturing process;
3. waste products from the construction of buildings or furniture;
4. sawmill residue;
5. wastes from harvesting native forests; and
6. wastes from harvesting plantations.

The different categories have a range of different eligibility criteria. Generators wishing to claim renewable energy certificates for electricity generated from wood waste must establish sufficient audit trails to demonstrate the eligibility of the wood waste.

The Office of the Renewable Energy Regulator has developed a range of forms to assist generators in establishing adequate audit trails. The forms can be used as a basis for developing in-house recording keeping or can be used directly. The forms are highly recommended, but not mandatory. However, claims for renewable energy certificates that can be supported by the recommended records are more likely to be validated by the Office of the Renewable Energy Regulator.

Specific criteria and guidelines for each category of wood waste appear below.

### **Category 1: non-native environmental weeds**

Regulation 8 (3) (a) establishes the following eligibility criteria for this category of wood waste:

*(3) The biomass must be:*

*(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.*

The eligibility assessment sheet asks a number of questions to establish if the wood waste meets these criteria. For example, the form requires the name of the weed, asks if the weed is non-native and woody and if it is listed as a noxious weed in the

relevant jurisdiction. These questions relate to regulation 8 (3) (a) (i). Proponents are asked to attach copies of relevant harvesting/clearing approvals and to detail those actions required to ensure the weed is controlled or eradicated by the process, to demonstrate compliance with regulation 8 (3) (a) (ii). The form then seeks information relating to the location and amount of waste sourced from this operation, to complete the audit trail.

A suggested recording sheet to track wood waste from the site of harvest to the power station where it is used is also provided. This is important in demonstrating the continuity of the audit trail.

Separate recording forms should be used for each weed harvest approved under different approval processes or from separate/distinct harvest sites.

### **Category 2: manufactured wood product or by-product from a manufacturing process**

Regulation 8 (3) (b) establishes the following eligibility criteria for this category of wood waste:

*(3) The wood waste must be:*

*(b) a manufactured wood product or a by-product from a manufacturing process*

*Examples Packing cases, pallets, recycled timber.*

This form collects information about the source of the wood waste to determine if the wood waste is likely to be from a manufactured wood product or the manufacture of wood products. The audit trail will be particularly important where the generator does not receive the wood waste prior to it being processed, for example into woodchips, as a visual audit will not confirm that the wood waste falls under this particular eligible category.

A suggested tracking sheet is provided to develop an appropriate audit trail. Separate records should be kept where the wood waste is being sourced from different sites.

### **Category 3: waste products from the construction of buildings or furniture**

Regulation 8 (3) (c) establishes the following eligibility criteria for this category of wood waste:

*(3) The wood waste must be:*

*(c) waste products from the construction of buildings or furniture, including timber off-cuts and timber from demolished buildings.*

This form establishes the source of the wood waste, the main types of activities occurring at the site and a suggested audit trail for appropriate record keeping.

#### **Category 4: sawmill residue**

Regulation 8 (3) (d) states that *sawmill residue* is an eligible source of wood waste. Sawmill residue is defined as waste material resulting from the production of squared timber in sawmill operations or rejection by a veneer mill, sawmill or other processing plant (other than a wood chipping plant) of a log found to be defective for the purposes of producing a commercial timber product, where the defect could not have been found on any reasonable inspection of the log before its arrival at the plant for processing.

In order to demonstrate eligibility against this criterion, the form seeks to establish if the waste is sourced from a sawmill, and the waste is a residue from the sawmill.

In order to be classified as a sawmill, the ORER requires demonstration that the relevant jurisdiction has licensed/authorised the facility to operate as a sawmill. An operating licence number or equivalent proof of authorisation to operate as a sawmill is necessary. The ORER can audit the facility to determine if the sawmill is operating in accordance with all environmental and other controls established by the license or operating approval.

The form then seeks to collect information to validate a claim that the wood waste is a residue of the sawmill's operations. Generators will need to seek estimates of the outputs of the sawmill, in the broad categories of processed wood products (eg sawlogs) and wastes. This information can be used to cross check claims for tonnages of wood waste received from particular sawmills.

Generators wishing to use sawmill residues to generate eligible electricity will need to maintain appropriate audit trails to demonstrate the wood waste used at the power station was sourced from an authorised sawmill. A suggested tracking sheet is provided. Separate records should be kept for each separate sawmill.

#### **Category 5: wood waste sourced from a native forest**

The regulations contain a number of elements that are essential in demonstrating the eligibility of wood waste produced from a native forest.

8 (2) *If wood waste is from a native forest, biomass for energy production must not be the primary purpose of a harvesting operation;*

8 (3) *The wood waste must be:*

*(e) subject to subregulation (4), if wood waste is from a native forest:*

- (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 undertaken in accordance with ecologically sustainable forest management principles.*

8 (4) *Wood waste to which paragraph (3) (e) applies must be:*

*(a) both:*

- (i) from an area where a regional forest agreement is in force; and*

- (ii) *produced in accordance with ecologically sustainable forest management principles required by the agreement; or*
- (b) *if it is from an area where no regional forest agreement is in force, produced from harvesting that is undertaken in accordance with ecologically sustainable forest management principles that the Minister is satisfied are consistent with those required by a regional forest agreement.*
- 8 (5) *For subparagraph (3) (e) (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.*
- 8 (7) *In this regulation:*
- ecologically sustainable forest management principles** *include maintenance of water and soil quality, conservation of biodiversity and nutrient recycling.*
- high value process** *means the production of sawlogs, veneer, poles, piles, girders, wood for carpentry or craft uses or oil products.*

For the purposes of the regulations, only those products listed in the definition of ‘high value process’ can be counted towards the total value of high value products.

The explanatory statement to the regulations is available at <http://www.orer.gov.au/legislation.htm>. The explanatory statement provides an overview of the intended operation of the regulations. It is recommended that generators familiarise themselves with the regulations and the explanatory statement.

As can be seen above, the regulations establish broad categories of eligibility criteria. These are:

- compliance with approved environmental protection standards;
- compliance with all relevant harvesting approval processes and controls; and
- demonstrating the high-value purpose for the harvesting.

The native forest wood waste forms are divided into sections. Each section collects information that is important in addressing one or more of the regulations. Forms have been developed to reflect the different approval processes in place in each jurisdiction. If harvesting occurs in one jurisdiction, the approval processes for that jurisdiction must be met. Compliance with a different jurisdiction’s approval processes is not sufficient for eligibility.

The forms are broken into 4 sections:

- Box A covers issues relating to environmental protection standards and evidence that the wood waste is sourced from regions covered by Commonwealth approved ecologically sustainable forest management principles. This information must be collected;
- Box B collects information relating to compliance with all relevant approval processes. The form provides a number of options depending on the ownership of the native forest. Proponents should select the appropriate Box B option to reflect the source of the wood waste. In most jurisdictions, the approvals processes differ depending on the ownership of the forest;

- Box C collects information necessary to demonstrate that the financial value tests have been passed, necessary to demonstrate the high-value purpose for the harvesting;
- Box D provides a suggested tracking sheet to record the amount of wood waste received from each eligible harvesting operation.

Box B option 1 should only be completed where the harvesting operation meets the requirements of sub-regulation 3(e)(ii). The explanatory statement describes 8(3)(e)(ii) operations as:

*Sub-regulation 3 (e) (ii) states that biomass produced from harvesting operations in native forests which are necessary for the management of the forest in accordance with ESFM practices, such as coppicing and thinnings, can also be eligible. However, this provision would not apply to the more wide scale harvesting of the forest, which is covered under sub-regulation 8 (3) (e) (i).*

The forms have been developed to reflect individual jurisdiction's approval processes. Where a particular approval process does not apply to a harvest, the reasons why should be noted. Renewable energy certificates generated from wood waste sourced from harvests that do not comply with the listed requirements are only likely to be accepted where the approval can be demonstrated to have not applied in the particular case.

Separate forms should be completed where the wood waste is sourced from harvesting operations that have been separately approved. The demonstration of compliance with the financial test should be recorded for each coupe, with wood waste sourced from each coupe clearly identifiable. Separate Boxes C and D could be recorded for each coupe harvested to simplify the audit trail.

### **Category 6: wood waste from plantations**

The regulations contain a number of elements that are essential in demonstrating the eligibility of wood waste produced from a plantation.

*8 (6) Wood waste from a plantation must be:*

- (a) a product of a harvesting operation (including thinnings and coppicing):*
  - (i) approved under relevant Commonwealth, State or Territory planning and approval processes; and*
  - (ii) for which no product of a higher financial value than biomass for energy production could be produced at the time of harvesting; and*
- (b) biomass:*
  - (i) managed in accordance with a code of practice approved under regulation 4B of the Export Control (Unprocessed Wood) Regulations; and*
  - (ii) taken from land that was not cleared of native vegetation after 31 December 1989 for the purpose of establishing the plantation.*

The forms are generally broken into 4 sections. However, in some jurisdictions where the Code of Practice and the harvesting approval processes are separate, the forms are split in to 5 distinct areas. Generally, the sections are:

- Box A covers issues relating to the location of the plantation and the land history. This information must be collected;
- Box B collects information relating to compliance with all relevant approval processes and the code of practice. The form provides a number of options depending on the ownership of the native forest. Proponents should select the appropriate Box B option to reflect the source of the wood waste. In some jurisdictions, the approvals processes differ depending on the ownership of the plantation;
- Box C\* collects information necessary to demonstrate that the financial value tests have been passed and seeks information on the nature and financial value of the products derived from the harvest operations (including waste streams for bioenergy);
- Box D\* provides a suggested tracking sheet to record the amount of wood waste received from each eligible harvesting operation.

\*Please note, in some cases Box C and D will be Box D and E, depending on whether the Code of Practice approvals are separately reported due to differing compliance processes.

The forms have been developed to reflect individual jurisdiction's approval processes. Where a particular approval process does not apply to a harvest, the reasons why should be noted. Renewable energy certificates generated from wood waste sourced from harvests that do not comply with the listed requirements are only likely to accepted where the approval can be demonstrated to have not applied in the particular case.

Separate forms should be completed where the wood waste is sourced from harvesting operations that have been separately approved. The demonstration of compliance with the financial test should be recorded for each coupe, with wood waste sourced from each coupe clearly identifiable. Separate Boxes C and D could be recorded for each coupe harvested to simplify the audit trail.