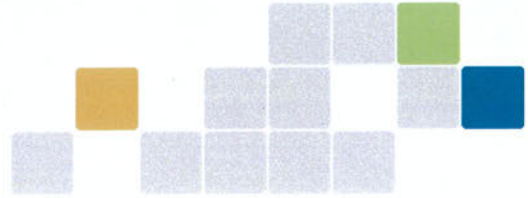




Australian Government
Clean Energy Regulator



The Honourable Jim Chalmers MP
Treasurer
MG.47, Parliament House
Canberra, ACT 2600

Senator the Honourable Katy Gallagher
Minister for Finance
Unit 3, 40 Corinna St
Phillip, ACT 2061

Dear Ministers,

Regulatory reform opportunities to bolster productivity growth

Thank you for your letter of 4 July 2025 requesting information about substantial, material and measurable actions to be undertaken by the Clean Energy Regulator (CER) to contribute to productivity growth.

The CER is responsible for the regulation of Australia's carbon markets. This market is created by administration of the statutory frameworks that establish market-based measures designed to promote abatement of carbon emissions, promote renewable electricity and facilitate the transition to net zero. Market-based arrangements help to promote productivity by fostering innovation, encouraging participation and reducing administrative costs.

The schemes we administer include the Australian Carbon Credit Unit (ACCU) Scheme, National Greenhouse and Energy Reporting Scheme (including the reformed Safeguard Mechanism), the Renewable Energy Target (including the Cheaper Home Batteries Program), Guarantee of Origin (which supports integrity in the Future Made in Australia policy) and the Nature Repair Market.

The CER has a strong historical record of pursuing external and internal productivity measures. In 2019, we received a commendation in the Prime Minister's Award for Excellence in Public Sectoral Management for the Solar Panel Validation project that materially reduces compliance costs and time for rooftop solar installations. Internally, our growing workload is tied to the transition to a low carbon economy, so we have deliberately pursued automation and productivity measures to keep pace within a constrained budget.

Following are three substantial actions the CER is currently implementing which I believe will both support productivity and assist Australia to meet its legislated greenhouse gas emissions reduction targets:

1. Removal of unnecessary red tape through the implementation of a 'tell-us-once' approach for identity verification in all schemes administered by the CER. This will ensure that participants who have previously verified their identity as part of one scheme will no longer be required to provide identity documents again for another scheme.
 - a. The necessary amendments to subordinate legislation have been drafted and the proposal received broad stakeholder support. Minister Bowen supports the proposed Regulations





being made and we will then amend our online application processes accordingly. This should be implemented before the end of this calendar year.

2. Utilise Artificial Intelligence (AI) to aim to halve the average processing time (from 60 to 30 days), and further enhance integrity, of assessing applications in the ACCU scheme. It is proposed AI would assimilate the various information and data source inputs that are relevant to assess tree growth, including multiple geospatial views, LiDAR, drone footage, ground level photographs, other information/data and audits on each ACCU claim. This will better support efficient and effective decision making by our people.
 - a. We have recently appointed a Chief Artificial Intelligence Officer and established a small team within our current budget to leverage AI to improve application processing efficiency and effectiveness across all the schemes we administer.
 - b. We believe we can substantially deliver the proposed improvements within three years if we focus our modest investment on the ACCU scheme. We could accelerate these proposed improvements should new funding become available to accelerate the deployment of AI.
 - c. This initiative will improve cash-flow to those who benefit from circa \$800 million value of ACCUs currently issued each year. This includes land managers, First Nations people and regional communities.
3. Promote a deep, liquid, efficient, well informed and transparent carbon market. This will evolve through allowing market interoperability with our new blockchain Unit Registry. This Registry currently holds Safeguard Mechanism Credits (SMCs) and we expect to have ACCUs migrated to it by November 2025. Interoperability would allow external trading platforms and compatible co-benefit information registries to connect with the CER Unit Registry.
 - a. We consulted earlier this year on the potential for interoperability with our new carbon Registry and received significant support from businesses seeking interoperability with our Registry, including new innovative businesses models as well as existing products that can operate more efficiently.
 - b. We have established an implementation project which will report on feasibility by the end of the 2025 calendar year. At this stage we are aiming for initial interoperability to commence through the first half of 2026. Some interoperability models are likely to require amendments to the Clean Energy Regulator Regulations 2018. Minister Bowen is supportive of considering amendments to these regulations if required following completion of the current feasibility stage.
 - c. There will be costs to allow and monitor the systems that can securely communicate with our Registry; and we will start to incur these costs later in this financial year. While there is the potential for cost recovery from business seeking to use our market services, this would need primary legislative amendment.

These actions are consistent with Minister Bowen's Statement of Expectations (SOE) (Attachment A) which highlights that the CER has a critical role to play in helping Australia transition to a net zero economy and achieve Australia's greenhouse gas emissions reduction targets under the Climate Change Act 2022. Further, that we should do this both through Climate-related regulatory schemes we administer and acting as a steward of the carbon market to promote a deep, liquid and fully informed domestic market where prices are transparent. The SOE further emphasises the importance of us ensuring the integrity of ACCUs.



We believe the combination of these actions will encourage new investment in ACCU projects and hence additional supply of quality ACCUs and emissions reduction for Australia. The implementation of these actions should also lower the future compliance costs of Safeguard entities. More broadly, enabling innovation in market design and transparency should reduce the cost of doing business, stimulate investment and bolster productivity.

I should also note that the CER has for several years deliberately pursued a regulatory culture to be “practical, grounded, quick and commercially savvy”. This is specifically directed at doing what we can to ensure that regulatory burden is minimised and to focus on outcomes rather than process (within the limits of legislative requirements). The cultural statement has been a powerful tool to align the approach taken by officials throughout the agency.

Culture is important for outcomes, and I would encourage you to consider how the promulgation of such a suitably pro-active culture across regulators, and the public service more broadly, could assist achieving the Government’s productivity objectives.

Yours sincerely



Mr David Parker AM
Chair and CEO
Clean Energy Regulator
1 August 2025

CC: The Honourable Chris Bowen MP, Minister for Climate Change and Energy



Attachment A- Minister Bowen's Statement of Expectations (SOE)

Ministerial Statement of Expectations to the Clean Energy Regulator

Issued by The Hon Chris Bowen MP on 16 October 2024

Ministerial Statement of Expectations

This Statement of Expectations outlines my expectations, as the Minister for Climate Change and Energy, for how the Clean Energy Regulator (CER) will achieve its regulatory objectives, carry out its regulatory functions and exercise its powers.

Overview

This Statement of Expectations forms part of the Government's commitment to good corporate governance and to our regulatory reform agenda that aims to boost Australia's productivity and lower the cost of living by ensuring a fit-for-purpose regulatory environment. The Australian Government's commitment to effective governance and performance of regulatory functions is guided by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). This is complemented by the APS Reform Agenda's four priorities that the APS: embodies integrity, puts people and business at the centre, operates as a model employer, and has the capability to do its job well.

The Clean Energy Regulator has a critical role to play in helping Australia transition to a net zero economy, achieve Australia's greenhouse gas emissions reduction targets under the *Climate Change Act 2022*, deliver 82% renewable energy in our electricity grids by 2030 and support a Future Made in Australia. I expect the CER to adopt a holistic approach across the regulatory lifecycle. This recognises the important role that implementing agencies can play in supporting regulatory policy, reviews and reform to meet regulatory objectives.

Administration of regulatory functions

This Statement covers the following regulatory functions undertaken by the CER:

- *Australian National Registry of Emissions Units Act 2011*
- *Clean Energy Regulator Act 2011*
- *Carbon Credits (Carbon Farming Initiative) Act 2011*
- Future Made in Australia (Guarantee of Origin) Bill 2024 (once enacted)
- *National Greenhouse and Energy Reporting Act 2007*
- *Nature Repair Act 2023*
- *Renewable Energy (Electricity) Act 2000*

It also recognises the growing role of CER in providing carbon market services to other Government departments through the Guarantee of Origin scheme and enduring regulatory infrastructure such as the unit and certificate register.

While recognising the independence of the Chair as the Accountable Authority of the CER's regulatory functions, I expect the CER to apply the Regulator Performance Resource Management Guide (RMG 128). This includes embedding the following best practice principles into regulatory functions and incorporating



regulatory performance reporting into the agency's corporate plan and annual report as required under the PGPA Act and PGPA Rule.

- Continuous improvement and building trust: regulators adopt a whole-of-system perspective, continuously improving their performance, capability and culture to build trust and confidence in Australia's regulatory settings.
- Risk based and data driven: regulators manage risks proportionately and maintain essential safeguards while minimising regulatory burden, and leveraging data and digital technology to support those they regulate to comply and grow.
- Collaboration and engagement: regulators are transparent and responsive communicators, implementing regulations in a modern and collaborative way.

Whole-of-system regulatory stewardship

Australia is well positioned to take advantage of the opportunities that a net zero economy presents. Climate-related regulatory schemes and market mechanisms play an important role in achieving this goal. The verification of energy and emissions data by the CER is central to these schemes and is enhanced by robust audit and compliance functions of the CER. Additional assurance over regeneration projects and fugitive methane emissions remains a priority for the Government, particularly in relation to open cut coal mines.

I expect the CER to act as stewards of the carbon market by using your regulatory powers to promote the benefits of a deep, liquid and fully informed domestic carbon market where prices are transparent. I also expect you to continue to build trust with and between the Government and the Australian community to ensure the integrity of credits issued by the CER, your infrastructure and the information and data you manage. The implementation of the Independent Review of Australian Carbon Credit Units and our response to reviews by the Climate Change Authority remains a priority.

I also expect the CER to provide leadership in implementing its schemes to deliver on your purpose of accelerating carbon abatement for Australia. By collaborating with other Government Departments and regulators to support cross-cutting Commonwealth policies and priority reforms and sharing, as appropriate, CER's rich energy and emissions data and knowledge of reporting, voluntary carbon markets and carbon accounting frameworks, CER can assist the evolution of the climate-related disclosure regime and advance Australia's transition to net zero.

Of particular importance is ensuring First Nations Australians have access to economic opportunities from the transition to net zero. I expect the CER to continue its delivery in this area in light of our First Nations Clean Energy Strategy.

Additionally, I expect the CER to progressively build a cost-recovery capability to support future shifts in demand for your services.

Relationship with Minister

The CER plays an essential role in ensuring that the Government and I are well placed to respond promptly to any broader challenges and opportunities arising from the administration of its regulatory functions. Accordingly, I expect the CER to provide accurate and timely information on significant issues relating to these regulatory functions to the Department of Climate Change, Energy, the Environment and Water.

Significant issues include matters for which the Government is likely to be accountable in Parliament, material operational or budgetary issues, such as the need for substantive legislative change or matters that represent high reputational risk to the CER.



As the responsible Minister, I will provide an enabling environment for the CER to consistently implement best regulatory practice by ensuring you are well informed of the Government's policy direction and priorities.

Transparency

I ask that this statement and your response be made available on the CER's website.