

Fixed price option (FPO) guidance for post-1989 foresters¹

January 2022

This guidance is provided by way of information only and is not a substitute for professional advice. You should seek independent professional and legal advice specific to your circumstances regarding your obligations under the Climate Change Response Act 2002.

Important messages regarding availability of FPO

1. The FPO is not available for:
 - Emissions returns that are not netted (see Schedule 1AA, clause 13).
 - Liabilities where the deadline for surrender/repayment has passed (see s 178A(2)(a)(ii)).
 - Emissions returns submitted under section 191(1)(a)(i) (deregistration) and section 191(1)(a)(ii) (full carbon accounting area (CAA)² removal), except in the limited circumstances noted in section C below in relation to certain amendments or assessments.
 - Any emissions return with an emissions return period that commences on or after 1 January 2021.
2. The attribution test referred to in this document is explained as follows:

FPO Price for emissions	
Emissions attributed to 2019 & prior	\$25 FPO
Emissions attributed to 2020	\$35 FPO
Emissions attributed to 2021 onwards	No FPO availability; you must surrender units.

The emissions return period

The CAA in the emissions return with the longest emissions return period should be used as the emissions return period for the entire emissions return:

¹ Those persons who are participants in respect of forestry removal activities under section 54 and Part 1, Schedule 4 of the Climate Change Response Act 2002.

² See section 4 of the Climate Change Response Act 2002 for a definition of Carbon Accounting Area.

For example, if the emissions return was a voluntary emissions return submitted in 2022 for 2 CAA's, one CAA with a commencement date of 1 January 2019 and one CAA with a commencement date of 1 January 2021, the Emissions Return period for the whole return is based on a commencement date of 1 January 2019.

Attribution test where the emissions return period covers only whole calendar years (1 January to 31 December)

If the netted emissions return covers full years then attribution is made by dividing the full amount of the unit surrender obligation by the number of years covered by the emissions return, and attributing that number of units to each calendar year covered by the emissions return.

For example, for the Final Emissions Return³ filed in 2023 covering the full years 2018 – 2022:

- the \$25 FPO would be available for the full calendar years of 2018 and 2019 (2/5 of the unit obligation)
- the \$35 FPO would be available for the full calendar year of 2020 (1/5 of the unit obligation)
- the participant would need to surrender units for 2/5 of the unit obligation (as there is no FPO available for 2021 or 2022).

Attribution test where the emissions return includes part years

If the netted emissions return includes part years, for eg, October 2019 – 31 December 2022, then the FPO attribution is made by multiplying the full amount of the unit obligation by the % of days which the emissions return covers for each calendar year.

For example, for a final emissions return filed in 2023, covering the part years 1 October 2019 to 31 December 2022 (a total of 1188 days):

- the \$25 FPO would be available for the 92 days of the calendar year 2019 ((92 days / 1188 days) x the unit obligation)
- the \$35 FPO for the 366 days of the calendar year 2020 ((366 days / 1188 days) x the unit obligation)
- the participant would need to surrender units for the 730 days in the full calendar years 2021 and 2022 ((730 days / 1188 days) x the unit obligation).

The units in respect of the emissions or removals attributed to each calendar year must be rounded to the nearest whole number (where 0.5 is rounded up).

³ As a result of changes coming into force on 1 January 2023 the term 'Final Emissions Returns' replaces 'Mandatory Emissions Returns'.

A. FPO guidance for emissions returns submitted after 1 January 2021 but before 1 January 2023

The attribution test may be applied to the following returns to determine if the FPO is available:

- voluntary emissions return (under s 189(3))
- part CAA Removal (s 191(1)(a)(iii))
- transmission of interest (s 193)
- amendment or assessment for the above returns.

B. FPO guidance for emissions returns submitted after 1 January 2023

Only Final Emissions Returns for the 2018 to 2022 Mandatory Emissions Reporting Period (MERP) can access the FPO and apply the attribution test. As a result of changes coming into force on 1 January 2023 the term 'Final Emissions Returns' replaces 'Mandatory Emissions Returns'.

This also applies to amendments and assessments relating to the above emissions returns submitted or originally required to be submitted.

C. FPO guidance for amendments or assessments relating to emissions returns submitted or that were required to be submitted before 1 January 2021

The attribution test may be applied for assessments or amendments for the following emissions return types to determine if the FPO is available.

Emissions return type assessment or amendment is for:

- Voluntary emissions return (s 189(3))
- Part CAA Removal (s 191(1)(a)(iii))
- Transmission of interest (s 193)
- Mandatory emissions return (s 189(4))

Use the following table for determining FPO availability for assessments or amendments for deregistration or full CAA removal emissions returns.

Emissions return type	FPO price to use
Deregistration (s 191(1)(a)(i))	\$35 for returns submitted or required to be submitted in 2020. \$25 for returns submitted or required to be submitted in 2019 year or prior.
Full CAA Removal (s 191(1)(a)(ii))	\$35 for returns submitted or required to be submitted in 2020.

	\$25 for returns submitted or required to be submitted in 2019 year or prior.
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