

Please direct all responses/queries to:
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Confidential

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Department of Climate Change, Energy, the Environment and Water (DCCEEW)

Att: ACCU Review implementation plan

By email: ACCUscheme@dcceew.gov.au

Dear ACCU Review Team,

Woodside Energy Group Ltd (Woodside) welcomes the opportunity to comment on the Implementation Plan for the ACCU Review.

Policy stability in this area is going to be key in maintaining Australia's reputation as a safe, secure and reliable exporter of natural resources and energy, while underpinning a strong and sustainable carbon market.

Therefore key points in our submission, detailed in the Attachment are:

- Woodside supports increased project level transparency through the publication of project documentation in order to align with international best practice;
- Woodside expects the publication of ACCU holdings would expose the market to significant commercial, competition and sustainability risk and thus does not recommend this approach; and
- Woodside believes the current structured exit arrangements for fixed delivery contracts should be made permanent to ensure certainty in the market.

Woodside aims to thrive through the energy transition by building a low cost, lower carbon, profitable, resilient and diversified portfolio¹. Our climate strategy is an integral part of our company strategy and has two key elements: reducing our net equity Scope 1 and 2 greenhouse gas emissions and investing in the products and services that our customers need as they secure their energy needs and reduce their emissions.

You may also be aware that Woodside has a target of US\$5 billion of investment² in new energy products and lower carbon services by 2030. Our progress includes establishing a business unit to develop an offsets portfolio as a key element in support of our climate goals.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Smg 77".

Shaun Gregory

Executive Vice President New Energy

Attached: Feedback Table

¹ For Woodside, a lower carbon portfolio is one from which the net equity scope 1 and 2 greenhouse gas emissions, which includes the use of offsets, are being reduced towards targets, and into which new energy products and lower carbon services are planned to be introduced as a complement to existing and new investments in oil and gas. Our Climate Policy sets out the principles that we believe will assist us achieve this aim.

² Individual investment decisions are subject to Woodside's investment targets. Not guidance. Potentially includes both organic and inorganic investment.

Attachment 1: ACCU Review

Section	Question	Woodside response
Section 1: Improving Governance and Transparency		
ACCU Scheme Principles	Are the proposed principles fit for purpose and how should they be applied to improve ACCU Scheme governance and integrity?	• Comment: Woodside agrees the proposed Principles are fit for purpose, and notes inclusion of the principles alongside the existing offsets integrity standards (OIS) has led to a suite of standards that largely align with international best practice e.g. The Integrity Council for The Voluntary Carbon Market (ICVCM)'s core carbon principles. In particular, the inclusion of a Principle focused on transparency is a welcome addition to the standards that govern the Scheme. • Recommendation: Woodside encourages development of further detailed definitions for both the OIS and Scheme Principles and considers this is necessary for full adoption of Chubb review recommendation 6. • Recommendation: Woodside recommends consideration be given to ACCUs eligibility for the CCP label under the Assessment Framework of the ICVCM's Core Carbon Principles (CCPs). A potential benefit of receiving a CCP label is the independent recognition of minimum integrity standards. This would further demonstrate alignment of the ACCU Scheme with international best practice and contribute towards readiness for ACCUs eligibility under Article 6 of the Paris Agreement.
Maximising ACCU Scheme Transparency	Is there other information that could be published or collected to improve the transparency of the ACCU Scheme?	Recommendation: Woodside recommends publication of project documentation align with international best practice. While Woodside believes documentation should be released as a default, commercially sensitive information should be redacted as necessary. International standards bodies tend to release all project documents, for example Verra's Verified Carbon Standard Program releases all project documentation as a rule, including reports from external auditors (see Section 3.5 Project Documentation in Verra's VCS Standard v4.4). Releasing documents such as consents, independent audits etc could have the advantage of highlighting when best practice assurance has been undertaken. Woodside recommends increased project level transparency for the following reasons: • Broader oversight of project level compliance enabling greater industry self-regulation – with an overall benefit of increased ACCU scheme integrity; • Woodside's experience is that access to project-level information for the purpose of assessing integrity at the project-level attracts a price premium from sellers, which in effect penalises or disincentivises 'good operators' on the buy side; and • In the absence of legislated, common disclosure obligations, 'poor operators' on the sell side are protected due to a lack of differentiation between projects of the same method. Increasing the ACCU Scheme integrity could give confidence to Australia's trading partners regarding the use of offset units by Australian exporters. At present the surrendering entity must disclose the methods under which the surrendered ACCUs were generated. Restricting mandated transparency to a method level, potentially disadvantages projects that have gone beyond minimum requirements, by not differentiating between projects of the same method type. Positive and negative assumptions at a method level may not reflect the quality of project level implementation of a method.
	What information should be published about ACCU holdings that delivers greater transparency in the market?	Comment: See response above.
	What are the risks to the market from publishing information about ACCU holdings?	Recommendation: Woodside does not support the publication of disaggregated ACCU holdings which it expects would expose the market to significant commercial, competition and sustainability risk, with no material benefit expected to result from this measure (beyond that which can be achieved through aggregated account holder information). Publishing specific ANREU account holdings could mislead the market and drive flawed policy making where inaccurate assumptions are made as to an account holders' role in the market, or as to the beneficial ownership of the account holdings. For example: account holders may hold units on trust for other market participants via non-disclosed commercial arrangements; corporates may be participant in the market in both a trading-for-profit and end-use capacity; and corporates may participate in the market through multiple subsidiaries. Woodside expects that aggregated forecasts of compliance-based demand could provide adequate demand signals, without exposing any individual buyer and seller positions.

	Are there other grounds or circumstances where information should be withheld, for example, an exemption for existing projects?	Recommendation: Increased supply-side project-level disclosure requirements should be applied consistently to all projects from which proponents continue to seek ACCU issuances. In other words, meeting new transparency requirements should be a condition of issuance against offset report. Where proponents are not seeking further ACCU issuances, an exemption could be granted. The key reasons for Woodside's position are: • In the absence of legislated, common disclosure obligations, projects that meet minimum compliance standards are not distinguished from those projects that go beyond minimum compliance standards; • The 2022 ACCU Review found that “current restrictions on data sharing and disclosure” are “undermining transparency, trust and confidence in the scheme”. Woodside's view is that, in order to increase trust and confidence in the ACCU Scheme, data sharing and disclosure requirements should be introduced across the board; and • Access to project-level information (not available via the ACCU Scheme Project Register) for the purpose of assessing integrity increases scheme integrity through secondary oversight. Applying the same standard across all ACCU Scheme projects enables that increase in perceived integrity across the entire Scheme.
Australian Government purchasing credits	Should the pilot exit arrangements for fixed delivery contracts be made permanent? Would requiring a minimum percentage be delivered to government in each window help strengthen market confidence and reduce risk?	Recommendation: Woodside recommends that the pilot exit arrangement should be made permanent. The reasons for Woodside's recommendation are: • Policy stability is a key driver for a well-functioning market. Ongoing uncertainty as to government policy regarding the carbon abatement contract (CAC) exit arrangements is likely to have a negative impact on market functionality; • The government remains a substantial market participant (under both the CAC (supply) and the cost containment measure (CCM) (demand) side), and based on the impact to the market when the voluntary CAC exit initiative was introduced in 2022, any policy adjustments regarding CACs are likely to have impacts on market volatility; and • It is difficult for government departments and agencies to ensure balanced access to information - as to likely policy change - across market participants. An imbalance in access to market sensitive information undermines confidence in the market.
Section 2: Proponent-led Method Development Framework and Integrity committee functions		
Review and maintenance of methods	Does the proposed approach for reviewing and maintaining methods properly balance the need for integrity with the industry need for certainty	Recommendation: Woodside agrees that there are benefits to implementing a more flexible approach to method review, inclusive of periodic review and crediting period extension however consideration needs to be given around risk to market certainty. With this in mind, the reviews should be transparent with consultation and feedback factored into the timelines. Review deliberations undertaken by the Integrity Committee, and the outcome, should all be made publicly available.
Transition to new or varied methods	What are the risks and benefits of providing for legislative rules to compel existing projects to be carried out in accordance with varied or new method requirements?	Recommendation: Woodside supports the government's view that potential gains in ACCU Scheme integrity must be balanced against risks to investment certainty, and this balance should be considered with respect to compelling existing projects to adopt varied or new methods. Changes in method have the potential to affect outcomes in ACCU yield, impacting supply which may already be contracted. Therefore, existing projects should only be required to transition when there is compelling evidence that their project will lack integrity under existing methods. This requirement should only ever be enacted under the specific advice of the Integrity Committee, and should always consider whether existing baselines meet expectations for integrity and ACCU quality.
	Should the Integrity Committee explicitly consider transitional arrangements as part of making new methods or method variations	Recommendation: Woodside supports the introduction of transitional arrangements when making any method or method variation that is a revision of an existing method. The assessment should be undertaken by the Integrity Committee, take into account the balance between ACCU Scheme integrity and investment certainty, and a key output would be to determine the appropriate length of time for transition between existing and proposed method.
Functions and responsibilities under the proponent led method development process	Does the proposed scope of the Integrity Committee's role compromise its primary role as an independent ACCU Scheme assurer	Comment: Should the roles been assigned as indicated in the Discussion Paper, there will be visible independence, with the Integrity Committee acting as Scheme assurer, and the CER acting as Scheme regulator. It is Woodside's view that maintaining oversight over method development would facilitate, not hinder, the Integrity Committee's primary role as Scheme assurer. This will be due to the ability of the Integrity Committee to reflect lessons learned in assurance of the Scheme in new and revised methods.
Section 3: Native Title Consent		
Eligible Interest Holder Consents	How should eligible interest in land be defined for the purposes of the ACCU Scheme that ensures First Nations interests are appropriately respected? Are there	Recommendation: Noting that the Independent Review Panel advocated for Native Title claimants to be recognised as eligible interest holders (EIH), Woodside recommends that the definition of EIH (stated on page 38 of the discussion paper) should be expanded to include claimants.

	other ways of recognising interests that fall short of a Native Title determination through benefit sharing arrangements, and how might this work.	Woodside recognises that Carbon projects can have positive impacts on social, cultural, economic and environmental outcomes in a community. With this in mind, recognising Indigenous interests and promoting First Nations participation in projects should be a focus of project development where possible, as recognised in the new ACCU Scheme Principles.
	What support and resources do First Nations eligible interest holders, project proponents and communities need when considering or providing consent?	Comment: Broader stakeholder engagement which includes First Nations people would be beneficial to ACCU Schemes awareness. Information outreach could potentially facilitate better understanding and involvement from the whole of community.
Appendix A		
	Amend definition to clarify that a project to avoid emissions by the storage of captured greenhouse gases can be an emissions avoidance project.	Comment: Adopt the term “emissions abatement project” or “carbon abatement project” to include all types of offsetting projects, inclusive of avoidance, reduction, and removal.
	Enable flexibility to change the start time of a project more than once.	Recommendation: Woodside supports the ability to change the start time of a project. Allowing flexibility in project commencement, where project abatement does not occur prior to project start, is in line ‘newness’ as stated by the Independent Review Panel.
	Change to newness test timeframe.	Comment: Woodside supports the ‘newness test’ to be determined at the point of application and the Project Proponent should be officially notified. It is noted that the full list of checks on a project registration will still need to be completed before a Section 27 declaration can be provided but that detaching the point at which newness is assessed from other administrative checks would allow priority project activities to commence. This is particularly important for seasonally dependant projects (e.g. Environmental Planting projects).
	Replace requirement that ACCU Scheme participants must state whether area-based projects are consistent with Natural Resource Management (NRM) plans with a requirement that participants consult with Natural Resource Management bodies.	Comment: Woodside supports the change to notify of NRMs in relation to new projects located in their locations. Recommendation: Recommend that this change be clarified to state that the project proponent must not seek any form of consent from the NRM assuming the project proponent has reviewed the consistency of their project with the NRM plans for the area
	Extend crediting periods for emissions avoidance projects.	Recommendation: To align with international best practice, (eg. ICVCM Section 4: Assessment Framework, Criterion 5.2), extension of crediting period should result in reassessment of additionality and baseline scenario, and the total duration of all crediting periods should be short enough to allow for a progressive increase in ambition over time.