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**BUREAU OF STEEL MANUFACTURERS OF AUSTRALIA
(BOSMA)**

March 2021

Submission in response to

**Consultation Paper – Corporate Emissions Reduction
Transparency report- February 2021**

Introduction

BOSMA appreciates the opportunity to comment on the Clean Energy Regulator's (CER) Corporate Emissions Reduction Transparency report (CERT) Consultation Paper.

The Bureau of Steel Manufacturers of Australia (**BOSMA**) has prepared this submission in response to the Clean Energy Regulator (CER) consultation paper "Corporate Emissions Reduction Transparency report- February 2021" ("the Paper"). This submission is prepared on behalf of BlueScope Steel Limited (**BlueScope**), GFG Alliance Australia (**GFG**) and Molycop Australia (**Molycop**).

BOSMA companies support both the Paris Agreement and Australia meeting its Nationally Determined Contribution of a 26% - 28% reduction in emissions based on 2005 levels by 2030. In order to maintain temperatures at reasonable levels it will be necessary to achieve zero net emissions in the later part of this century. We recognise that achieving these targets will be difficult, particularly in the harder to abate sectors like iron and steel manufacturing.

BlueScope, Molycop and GFG are companies with Australian and international operations.. In Australia their steel businesses operate across several hundred sites, servicing customers in the building & construction, manufacturing, mining consumables, infrastructure and agriculture sectors. The companies are major regional employers including in the Illawarra, Newcastle and Whyalla regions.

Steel is a fundamental building block of any modern society and a domestic steel manufacturing capability is a critical and strategically valuable asset for Australia's future economic security and prosperity.

For further information or clarification in relation to this submission, please contact Phil Ridgeway Corporate Manager Environmental Sustainability (**GFG Alliance**) on tel: 02 49 354436, or Andrew McClure, Government and Regulatory Projects Manager (**BlueScope**) on tel: 02 4240 1822.

Submission

BOSMA provides feedback on both the Consultation Paper and associated Guidelines document.

General Comments

BOSMA supports the aims of the CERT:

1. Increase transparency of annual progress towards corporate voluntary emissions and energy targets; and
2. detail the proportion of a corporation's carbon emissions and purchased electricity that is covered by the voluntary surrender of eligible units to give a net emissions figure and renewable electricity percentage,

subject to participants having opted-in and consented to this disclosure.

BOSMA has considered and responded to the consultation questions raised below and believes the final CERT process would benefit from a CER/industry workshop process to further develop the proposal, particularly with respect to voluntary targets. We believe it is important that there is public and industry confidence in the integrity and consistency of data published by CERT. A workshop would help to iron out any potential areas of inconsistency or double counting, and any unintended consequences of such reporting, some of which are outlined in this submission.

1. Is the proposed reporting structure suitable for demonstrating how a corporation is offsetting or reducing its scope 1 emissions and scope 2 electricity consumption?

The proposed reporting structure is useful in reporting the eligible units that have been surrendered by the reporting corporation, the net Scope 1 emissions and the Renewable Power Percentage.

It is understandable, but disappointing, that the proposed report is unable to provide a net Scope 2 emissions number and thus a totalised net Scope 1 and net Scope 2 emissions number. BOSMA would like this issue to be further investigated, with consideration given to how the state grid emission factors and NGER Scope 2 reporting could be improved to better reflect a facility's use of renewable power. For example, would it be possible to work out an emissions factor for non-renewable grid generation to apply to the remaining electricity, once the renewable portion is subtracted, so that the remaining MWh could be converted into tCO₂e?

The proposed reporting structure does not demonstrate how a corporation is reducing emissions as it provides a snapshot for that particular year only. This is covered in more detail under Question 6.

2. Should corporations opt-in each year or should their participation be assumed to continue until they opt-out?

BOSMA supports a formal opt-in approach, with participation to continue until the CER receives a formal opt-out notification. If the CERT meets its aims, then there generally should not be a need to opt-out.

3. Does CERT appropriately manage double counting?

The proposals appear adequate to prevent double counting. Also refer to the response to Question 4.

4. Should surrenders of ACCUs from NGER facilities delivered under Emissions Reduction Fund contracts be included in the net emissions calculation?

Through the Emissions Reduction Fund, the Government purchase lowest cost abatement (in the form of Australian carbon credit units) from a wide range of sources, providing an incentive to businesses, households and landowners to proactively reduce their emissions.

These ACCUs are provided against emissions reductions that have been implemented to reduce a facility's emissions, so in effect including them would be double counting. The Safeguard Mechanism reduces baselines to the value of claimed reduced emissions.

However, excluding ACCUs delivered under the Emissions Reduction Fund by NGER facilities (whether through contract or otherwise) has the potential to de-value these certificates and further reduce industry participation in the scheme.

BOSMA would like to discuss this issue further with the CER, to ensure any ACCUs are not de-valued.

5. Should the RPP be included in CERT using the proposed methodology?

BOSMA supports inclusion of the "Renewable Energy as a Percentage of Total Electricity Consumed" in the CERT, as the ongoing decarbonisation of the electricity grid is an important contributor to carbon emissions reduction. However, the use of the RPP in the calculation is not supported. BOSMA recommends that the "Renewable Energy as a Percentage of Total Electricity Consumed" should be based on LCGs surrendered on a voluntary basis, which provides information on those going above and beyond mandatory policy requirements.

6. How could NGER reporters' voluntary targets and progress against these targets best be reflected in CERT to align with the NGER framework?

BOSMA supports the inclusion of voluntary targets and progress against these targets as part of the CERT. This inclusion could provide readers with quick access to numerous NGER reporters' target information.

The consultation paper states, "*Eligible corporations under the National Greenhouse and Energy Reporting scheme will be able to reference CERT as a trusted source to support their claims of action to reduce their emissions or source renewable electricity.*" The CERT must be designed to ensure it is a "trusted source" of information.

The reporting of voluntary targets and performance against these targets is complex and there are several important factors to consider, as set out below. To get this aspect of the reporting right, many things will need to be considered with respect to how they impact the quality of the disclosure. Readers of the report will want it to be easy to interpret. BOSMA suggests this area of the CERT process would benefit from a CER/industry workshop process to further develop the proposal and associated guidelines.

Target Complexity

Each corporate defines targets in a different way, including:

- reporting structure: multinationals, controlling corporations, joint ventures;
- level within the reporting structure at which the target is applied;
- defined target boundary;
- type of target: absolute, percentage or intensity;
- scope coverage;
- time frame; and
- base year and level of emissions.

Important factors to consider

It will be important to consider the following:

- Flexible reporting process to enable all types of targets to be reported;
- the reader needs to be able to establish ongoing performance against the set target(s);
- targets and performance measures need to be consistent year on year;
- performance against targets will need a defined verification process, particularly for data outside of the NGER process;
- corporates will need to provide commentary against performance;
- linkage to corporate websites where results are fully explained would be useful; and
- corporate NGER data may not reflect in any way the corporation's performance against targets.

7. Are there any other enhancements to CERT that could help build participation?

BOSMA supports the inclusion of Climate Active in the CERT.

The proposed report indicates whether the reporting organisation is a Climate Active participant; however, there are different levels of participation in Climate Active, with certification for products, services, events and business operations.

BOSMA would welcome a change in the CERT report that allows companies to disclose whether they have products certified under the Climate Active scheme and to include a link to the product's Climate Active public disclosure statement.

BOSMA proposes the development of a mechanism that allows reporting companies to disclose the Scope 1 and 2 emissions corresponding to Climate Active certified products that have been offset with eligible units (i.e. ACCUs, VCUs and VERs). We appreciate this may pose challenges in relation to the accounting of GHG emissions but would like to see the efforts to supply carbon neutral products to the market being recognised, even if the emissions (and corresponding eligible units surrendered) are reported separately from organisations' Net Scope 1 and Scope 2 emissions.

8. Are there other elements that should be considered in future phases of CERT?

BOSMA believes it is too early to respond to this question, before the first phase of CERT has been implemented and an operating system put in place.