

Our Ref: 100-GH-0009

Your Ref:

Energy Policy and Partnerships Section
Clean Energy Regulator

SUBMITTED BY EMAIL: CER-CERT@CER.GOV.AU

20 September 2022

Consultation for the Corporate Emissions Reduction Transparency report: Public Consultation 3

Fortescue Metals Group Ltd (**Fortescue**) welcomes this opportunity to provide feedback on the Clean Energy Regulator's 2023 Corporate Emissions Reduction Transparency (**CERT**) report Consultation paper (V1 1/09/2022) and the CERT Report Pilot Guidelines (FY20-21 and CAL21) (November 2021).

Established in 2003, Fortescue is a proud West Australian company, recognised for our culture, values, innovation and industry leading development of infrastructure and mining assets. Through our green energy and technology subsidiary Fortescue Future Industries (**FFI**), we are rapidly diversifying our business to become an integrated, global green energy and resources company.

Our industry leading targets to achieve carbon neutrality for Scope 1 and 2 emissions by 2030, and net zero Scope 3 emissions by 2040 are key to this transition. For a company of our size and scale, there is no other mining company in the world that is taking the actions that we are to eliminate emissions.

Feedback on the Updated Design for the 2023 CERT Report

Fortescue supports the principles of the CERT scheme and pilot, and we provide the following feedback for some of the key design changes proposed for the 2023 CERT report.

1. Independent assurance of commitments and supporting information

We support the 2023 CERT report recognising independent assurance of company assured commitments and/or progress statements. This is particularly of value for transparency regarding international emissions and Scope 3 company commitments. Fortescue supports limited assurance as the minimum standard for consideration in the CERT report. We do not believe a separate assurance requirement for the CERT report itself is necessary.

2. *Jurisdictional surrenders of large-scale generation certificates (LGCs)*

We have no comments on this topic. Refer to point 3 below for comments relating to calculation of Residual Mix Factors.

3. *Updating the Residual Mix Factor used to calculate Scope 2 emissions*

Fortescue do not consider the current market-based approach as an appropriate method to estimate our Scope 2 emissions. Most of our purchased power is from small, isolated grids in Western Australia with different characteristics to the national Australian electricity market. Therefore, the national Residual Mix Factor is not reflective in this case and does not provide an accurate measure. We request for such considerations to be reflected within the guidance on this issue.

4. *Additional comments - treatment of self-generated electricity*

Fortescue is structured as several different legal entities. As per the *National Greenhouse and Energy Reporting Act 2007*, (**NGER Act**), Fortescue report the Scope 1 and Scope 2 emissions of each facility separately within our mandatory reporting requirements.

Our targets are set at our parent company level and communicated within our voluntary reporting. We report as a single entity where we have operational control, including for joint ventures.

As an organisation, we both produce, and consume energy. Situations may therefore arise where one Fortescue legal entity generates electricity which is supplied to another Fortescue entity under a contract. This may result in Scope 1 emissions recognised for the first facility, with the same emissions recognised again as Scope 2 emissions for the second facility within our reporting under the NGER Act.

If CERT reports are to be based on the cumulative total of Emissions and Energy Reporting System (**EERS**) submissions for each facility (under the NGER Act), both Scope 1 and Scope 2 emissions reported for separate facilities will be included within the gross emissions calculated for the single reporting entity of Fortescue. This will result in the double counting of self-generated electricity and will greatly overstate our Scope 2 emissions.

Should this be applicable to 2023 CERT reporting, the outcome will misrepresent Fortescue's true emissions position, and will not reflect our industry-leading targets to reduce emissions. In such a case, the discrepancy between published net emissions in our CERT report and those in our annual voluntary Climate Change Report may be confusing for stakeholders and could trigger our withdrawal from the CERT program.

Fortescue strongly recommends including a provision in the CERT report framework to allow companies to highlight where incidences of double counting may occur. We also recommend this provision is recognised when calculating gross and net emissions, and establishing progress toward

emission reduction commitments by ensuring both company reporting and CERT reporting boundaries are aligned.

Should you have any questions in relation to this submission, please contact Angela Foulsham at angela.foulsham@fmgl.com.au or 08 6218 8888

Yours sincerely

FORTESCUE METALS GROUP



WARREN FISH

Director Communities, Environment and Government