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20 November 2024

Clean Energy Regulator
GPO Box 621
Canberra ACT 2601

By email: carbonmarkets@cer.gov.au

Dear Clean Energy Regulator (CER),

**RE: CONSULTATION ON CARBON MARKET INFRASTRUCTURE FOR HOLDING AND TRADING
CERTIFICATES AND UNITS**

Woodside Energy Ltd (**Woodside**) welcomes the opportunity to respond to the CER's consultation about a Carbon Exchange Trading Model. As a significant participant in the ACCU market, we support the CER taking this initiative which has the potential to improve the functioning of the ACCU market. In particular, we see value in improved meta-data and filtering functionality within the Australian National Registry of Emissions Units (**ANREU**) and added integration capability with existing data from the ACCU project registry. Woodside's detailed feedback on 'the Consultation on carbon market infrastructure for holding and trading certificates and units' questionnaire is outlined in **Table 1** (attached).

Woodside holds various positions in the Australian Carbon Credit Unit (**ACCU**) market, including as an emitter, developer, market purchaser, service provider and holder of Australian Financial Services License (**AFSL**). Having both Safeguard Mechanism (**SGM**) liabilities and our net equity Scope 1 and 2 greenhouse gas (**GHG**) emissions targets, Woodside has been actively participating in the ACCU market from its infancy through market purchases consisting of bilateral and trader supported purchases, originating ACCUs via in-house projects, and providing a service to some of our joint venture participants. Woodside's forecast carbon demand, our corresponding agreements, and origination of our own projects (supply) out to 2030 represent a notable portion of the ACCU market. Woodside, though an active participant in the carbon market and supportive of the Model being developed, is unlikely to participate in the Carbon Exchange Trading Model itself at this time, as we require visibility of ACCU meta-data to meet internal and stakeholder expectations and note that ACCU differentiation is exhibited in the current over the counter market via price stratification.

We also take this opportunity to encourage continued prioritisation of further development of the SGM package by the CER. Woodside supported the SGM reforms that took effect on 1 July 2023 as an ambitious but achievable package of measures to regulate industrial emissions consistent with Australia's emissions reduction targets. A positive recent development has been the alignment of state-based regulation in Western Australia with the SGM, which we believe will provide greater clarity and simplicity in regulation. Some elements of the SGM reform agenda – such as the inclusion of international carbon credits – remain outstanding, and with progress upon Article 6 of the Paris Agreement having been made at COP-29 we encourage CER to now pursue this as a priority.

We value collaboration with the CER and appreciate the opportunity to provide our views. We are available to meet with CER to discuss our submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Jason Greenwald".

Jason Greenwald
Vice President Carbon Solutions

Attached: Table 1 Woodside Response to Consultation Questions

Table 1: Woodside Response to Consultation Questions

Consultation Questions	Woodside's Response
	<p style="text-align: right;"><i>Unit and Certificate Registry</i></p> <p>1. <i>What registry features and functionality will be the most important to address the current challenges faced by carbon markets?</i></p> <p>1. Meta-Data requirements: Full access to meta-data in 'account holdings' is required. Many of the columns have little to no data in them (e.g. the 'expiry' column). Furthermore, the ability to easily filter between meta-data for accounts with large portfolios would be valuable.</p> <p>The below meta-data would be beneficial when viewing account information:</p> <ul style="list-style-type: none"> • Vintage (incorporated) • Project name as annotated in the ACCU project and contract register (proposed) • Method (proposed) • Location (proposed) - state and postcode • Co-Benefits (proposed) – please see our response to question 3 below. • Developer (proposed) • Proponent (proposed) • Carbon Estimation Areas (CEAs) link (proposed) • Total issuance to date (proposed) • Latest issuance (proposed) • Latest issuance date (proposed) <p>Furthermore, it is requested that all ACCU project and contract register details be provided as standard, and not a reduced set of meta-data. Traders and end users such those who have a large carbon demand, need more data to be able to run analyses in their inventory, e.g. postcode. With regard to functionality, it is proposed that it should include the ability to extract information currently provided in the ANREU account plus additional information in the ACCU project and contract register.</p> <p>2. Aggregation of volumes: Woodside sees value in having the opportunity to aggregate smaller parcels or volumes (individual transfers) to fill a larger single parcel. This would allow the seller to select volumes across multiple projects and to transfer them all in one activity. The current process limits transfer activity to one project at a time, which is very time-consuming, particularly when it is necessary to repeat the process over multiple projects to fill the total transfer volume. Furthermore, for trading on an external platform, should a buyer put out a bid for a large parcel, the platform should allow (if the buyer chooses) that the parcel be filled with smaller parcels from different sellers.</p> <p>3. Improved functionality recommendations: Overall, the registry activities are manual-intensive. Examples of recommendations and current functionality include:</p> <ul style="list-style-type: none"> • Automation and or aggregation of tasks: current transfers are onerous and time intensive. • Filtering of meta-data: current filtering of units by meta-data is mostly limited and where possible, not user-friendly. Where the market is currently at in relation to the level of meta-data that forms part of trades and surrender considerations, and more so how the market is rapidly moving towards a likely higher level of meta-data consciousness in the future, efficient and detailed filtering functionality is a paramount consideration. • Data extraction: current data extraction is limited in detail. Extraction of account holdings does not provide the full list of meta-data for the projects as found in the ACCU project and contract register set of data, this results in additional manual importing of data from other sources. We recommend that all data be shown on the platform and in account holding extracts. • Certified data: currently any data extracted is not presented on a CER template (no headers, watermark, etc.), nor is it certified as CER verified data in any form. Certification is required to support governance.

Consultation Questions Woodside's Response

	<ul style="list-style-type: none"> • Receipt of completed activities: once an SGM liability has been completed through surrender, there is not a certified receipt that can be printed and/or downloaded. A certified receipt is required to provide evidence to stakeholders that the liability has been addressed. • History of notifications: currently once an SGM notification has been viewed, it disappears off the notification history and is not viewable again. It would be valuable to have all of the notifications remain viewable, including after they have been read.
2. <i>What registry features and functionality will be the most important to take advantage of the opportunities presented by the growth in carbon markets?</i>	<p>4. What is working well:</p> <ul style="list-style-type: none"> • CER's willingness to work collaboratively through providing and receiving feedback, as we work towards aligned goals, is valued. This was a key factor in Woodside, as the Responsible Emitter¹ and equity emitter, successfully meeting compliance for the previous SGM compliance period. This principle of collaboration should continue to help enable success as we work towards our aspiration of net zero by 2050 or sooner. . • The single log-in account for the various platforms and the ANREU accounts is working well and enables smooth transitions between these applications and accounts.
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	1. Meta-Data requirements – see above
	2. Aggregation of volumes – see above
	<p>3. Sandbox/ Beta version:</p> <ul style="list-style-type: none"> • It appears that CER is actively making improvements to further support the ACCU market and the underpinning platforms and applications. • There is value in collaborating with the end users (emitters) such as Woodside and others which have a large carbon demand as well as other stakeholders, to further test and improve the relevant platforms. • Options to open the sandbox / beta version of any upgrades to the system to key users for testing and feedback could further serve optimisation of the platforms and applications.
	<p>4. Communications:</p> <ul style="list-style-type: none"> • With reference to item 3 above, the CER appears to be actively making improvements to the relevant platforms and applications. • It could be useful for all stakeholders to receive notifications of upcoming works and improvements (including any key dates / proposed scheduling), as well as updates on progress made towards target dates for completion. • The relevant notifications could support users when planning for upcoming worksopes, such as SGM surrendering across multiple ANREU accounts to meet compliance.
3. <i>Should information about the co-benefits associated with units and certificates, (for example First Nation community outcomes and environmental benefits) be made available in the registry?</i>	Yes.
a. <i>If so, should this include third-party verified and unverified information.</i>	a. Although our answer is "yes", implementation would require significant pre-work to establish a standardised co-benefits framework. Further, any claim to co-benefits should be verified, quantified, and appropriately governed, i.e. what percentage of co-benefits are applicable, for example in the context of indigenous co-benefits, is it 2% / 20%/ 100%?
b. <i>What existing frameworks could be relied upon to verify co-benefits</i>	b. None.

¹ Responsible Emitter, as defined by the CER ([Register as an NGER reporter | Clean Energy Regulator](#)) - "The person with operational control of a safeguard facility is known as a 'responsible emitter'. A responsible emitter can be a controlling corporation or a group member."

Consultation Questions Woodside's Response

<p>4. <i>What types of digital platforms and marketplaces would be useful to have connected directly to the registry? What are the key benefits and risks of allowing this connectivity?</i></p> <p>5. <i>Are the criteria to allow external systems to connect directly to the registry (as listed in the table above) appropriate? Are there any other considerations that should be taken into account?</i></p> <p>6. <i>What registry data would external systems connecting directly to the registry need access to?</i></p> <p>7. <i>Are there any other areas, suggestions or concerns with the registry that should be noted?</i></p>	<p>ACCU Project and Contract Register:</p> <ol style="list-style-type: none"> 1. All ACCU Project and Contract Registry information to be accessible within the ANREU account as meta-data for each project units are held from as part of account holdings. 2. Enterprise resource planning software (i.e SAP) Ability of the ANREU accounts to connect with SAP or similar ERP software to support inventory management, reporting requirements, etc. <p>1. Receipts to evidence:</p> <ul style="list-style-type: none"> • Retirement/ surrender • Transfers • Compliance met/ completed status <p>2. Additional / more user-friendly filter options</p> <ul style="list-style-type: none"> • All meta-data • Account name • Account number • Woodside would support integration and connectivity of the Unit and Certificate Registry (ANREU) with international registries that will become operational under Paris Agreement Article 6 to further improve market liquidity and depth. <p>Area for concern: It is important that sufficient screening and access-related criteria be in place to prevent platforms from gaining access under false, misleading, or other pretenses, i.e. platforms that do not actively, and solely, trade units.</p>
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Exchange Trading Model

- Woodside is classed as an emitter and participates in the ACCU compliance market.
 - Woodside is unlikely to participate in the proposed platform.
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