

Submission - Emissions Reduction Transparency report consultation

Cooper Energy | Corporate | Submission

Summary

On 19 February 2021, the Clean Energy Regulator began inviting stakeholders to consult on documents drafted for the new Corporate Emissions Reduction Transparency (CERT) reporting stream.

The CERT report will be underpinned by the National Greenhouse and Energy Reporting (NGER) scheme and will be available for the 2020-21 NGER reporting cycle. This report will aim to help National Greenhouse and Energy Reporting (NGER) reporters to show how they are meeting their emission reduction goals.

Cooper Energy has reviewed the following documents as part of the CERT consultation process:

- Corporate Emissions Reduction Transparency report consultation paper (**Consultation Paper**)
- Corporate Emissions Reduction Transparency report draft guidelines, February 2021 (**Guidelines**)

1.0 Background

Cooper Energy is an ASX listed majority Australian owned, Australian operated petroleum exploration and production company with headquarters in Adelaide; a projects and drilling office in Perth; and gas production operations in the Otway Basin and Gippsland Basin, Victoria. Cooper Energy also has an equity share (non-operator) in assets onshore South Australia.

Since 2014, Cooper Energy has reported its greenhouse gas emissions under the NGER scheme, initially on a voluntary basis as the company was below mandatory reporting thresholds. The company voluntarily disclosed its emissions in line with the Task Force for Climate related Disclosures (TCFD) principles for the first time as part of its inaugural Sustainability Report in 2019.

In October 2020, Cooper Energy became Australia's first carbon-neutral upstream gas producer. One hundred per cent (100%) of the company's emissions were offset with purchases of Australian Carbon Credit Units (ACCUs). Cooper Energy has MOUs in place for the ACCUs linked to the Coorong revegetation project in South Australia.

The company is currently pursuing carbon neutral certification through Climate Active. We are doing this on an equity share basis, given we own both operated and non-operated assets. An equity share approach reflects the nature of our business and is consistent with how we account and report our financial performance and production.

2.0 Cooper Energy Facility and Operational areas



Figure 1 Cooper Energy Operations

3.0 Comments and Feedback

Comments to be considered by the Clean Energy Regulator:

- Publication thresholds
- Eligible certificates and units - Scope 1 and Scope 2
- Reporting - Annual reporting process and timeframes under CERT
- Operational control vs equity share
- Climate Active offset program

3.1 Publication thresholds

Future phases of the CERT are considered in the **Consultation paper**, in particular options for participants below the NGER publication threshold (of 50 kt / 200TJ) to be incorporated.

Cooper Energy has not met the publication threshold to date. Therefore, the updates proposed to the existing annual NGER scheme report as set out in Table 1: Corporate Emissions Reduction Transparency report of the **Guidelines**, would not include Cooper Energy.

For Cooper Energy, the opportunity to be included would enable CERT and demonstrate the Company's contribution and accomplishments to climate and emissions reduction schemes, subject to consideration of the comments below.

3.2 Eligible certificates and units - Scope 1 and Scope 2

Section 6.1 and Section 6.2 of the **Guidelines** outlines Scope 1 emissions being offset by carbon units (ACCUs etc.) and Scope 2 electricity, measured in both tCO₂-e and MWh, being offset by LGCs in MWh.

Cooper Energy, in 2020 offset 100% of its carbon emissions with purchases of ACCUs, this included the Company's Scope 2 (consumed electricity) emissions.

The CERT limits offset of Scope 2 emissions to Large-scale generation certificates (LGCs). This gives no recognition to companies who choose to offset their Scope 2 emissions using other units such as ACCUs, VCU, VERs etc

It would be beneficial to include 'Total ACCUs cancelled' after both the 'Total Scope 1 before surrenders' and 'Total Scope 2 before surrenders' columns, followed by a 'Net Scope 1 and Scope 2 emissions' column. Otherwise, there is no way of demonstrating a company is net-zero on Scope 2 emissions if LGCs are not used.

Additionally, future decisions to voluntarily opt-in to CERT at the NGER submission, would depend on specifically understanding how reporting would reflect these units, so as not to appear to be over offsetting Scope 1 and not offsetting Scope 2.

3.3 Reporting - Annual reporting process and timeframes under CERT

Cooper Energy has a reporting structure that aligns to the financial year reporting for its company reporting including carbon neutral and carbon offset statements.

For corporations who report carbon neutrality on a calendar year basis (the norm internationally), or in the case of half year reporting under NGER, some ability to add further detail in CERT reports would help those entities manage public understanding of why units offset for a calendar year might not match financial year NGER reported emissions, but still represent carbon neutral offsetting under these circumstances.

3.4 Operational control vs equity share

As detailed in the **Consultation paper**, two points that the published CERT aims to achieve are:

1. Increase transparency of annual progress towards corporate voluntary emissions and energy targets,
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.

Currently there is no recognition that companies may set emissions or energy targets on an equity share basis. As such, the opt-in scheme is unlikely to be appealing to these organisations.

Cooper Energy includes Scope 1, Scope 2 and Scope 3 (controllable emissions) on an equity share basis for its carbon neutrality reporting and purchase of ACCUs. The NGER reporting boundary is determined by operational control. On this basis, carbon neutral offset emissions may not equal the NGER reported Scope 1 and Scope 2 emissions.

Across the **Guidelines** and the **Consultation paper**, further detail is necessary to ensure parameters and complexity of reporting on NGERs in parallel with carbon emissions/offset reporting on an equity share basis is clear for the reporter.

4.0 Climate Active offset program

Cooper Energy is currently pursuing organisational carbon neutral certification through Climate Active.

We are supportive of the link to Climate Active participation, which is also independently verified. In order to remove additional reporting burden and the potential for inconsistencies, could the CERT automatically populate using Climate Active annual data for carbon neutral organisations?

5.0 Summary

Cooper Energy is committed to transparency with respect to emissions reporting and carbon offset initiatives. We currently do this via our annual Sustainability Report and pending Climate Active certification.

We welcome the Clean Energy Regulator's direction in developing the CERT report and push towards increasing transparency across the economy.

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Thank you for the opportunity to comment on the consultation paper and draft guidelines. We hope the comments made within this submission are useful in creating a CERT that is suitable for demonstrating how a corporation is offsetting or reducing its emissions and a tool that is widely adopted across industries.

6.0 References

Clean Energy Regulator. 2021. "Consultation Paper – Corporate Emissions Reduction Transparency Report" viewed 11 March 2021, <http://www.cleanenergyregulator.gov.au/DocumentAssets/Pages/Corporate-Emissions-Reduction-Transparency-Report-consultation-paper.aspx>

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