

1 November 2021

RET and Energy Section  
Clean Energy Regulator  
GPO Box 621  
CANBERRA ACT 2601(via email to: [CER-RETandEnergySection@cleanenergyregulator.gov.au](mailto:CER-RETandEnergySection@cleanenergyregulator.gov.au))**RE: CORPORATE EMISSIONS REDUCTION TRANSPARENCY REPORT CONSULTATION  
PAPER: APPEA COMMENTS**

The Australian Petroleum Production & Exploration Association (APPEA) is the peak national body representing Australia's upstream oil and gas exploration and production industry. It has about 60 full member companies. These are oil and gas explorers and producers active in Australia. These members account for an estimated 95 per cent of the nation's petroleum production. APPEA also represents about 140 associate member companies that provide a wide range of goods and services to the upstream oil and gas industry.

APPEA welcomes the opportunity to provide comment on the *Corporate Emissions Reduction Transparency Report Consultation Paper* (the CERT consultation paper) and the *Corporate Emissions Reduction Transparency report draft guidelines* (the CERT draft guidelines). Several APPEA members have been involved in the CERT co-design process and I have welcomed the opportunity to play a role through the CERT Reference Group.

APPEA's submission addresses specific aspects of the CERT consultation paper the CERT draft guidelines, focussing on those areas that are particularly important for the upstream oil and gas industry.

**GENERAL COMMENTS**

APPEA has welcomed the Regulator's efforts to consider some of the issues and to work constructively with stakeholders through the co-design process and the CERT Reference Group.

This process has seen numerous improvements to the original CERT proposal to allow it to reach a position where a pilot phase can be conducted<sup>1</sup>.

There remain, however, some challenges that the approach proposed in the most recent CERT consultation paper and the CERT draft guidelines would need to consider during the pilot phase. These include:

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<sup>1</sup> Amongst these is a rigorous pilot phase to test the functionality of the CERT design and administrative arrangements, providing within the reports themselves provision for reporting of multiple targets, reporting equity share emissions on a calendar year basis and, very importantly, an ability for a range of "context statements", allowing opportunities for reporters to provide details on their commitments and achievements towards those commitments.

- Where targets can be included in the 'Commitments (progress verified)' section of the CERT 'Company View' display, the progress field displays a straightforward but relatively simple bar showing "progress" towards targets. However, context will be important to a full understanding of the significance of the targets and the progress that is being made towards them. Exploring ways to represent progress against longer-term targets (particularly those involving long-term, capital-intensive projects<sup>2</sup>) is an area that can be usefully explored during the pilot phase.
- Many APPEA members have operations in Australia and in other jurisdictions. Many of these members have company-wide emission targets that cover their global operations, of which Australia forms a part (in some cases, a very significant part and in other cases a relatively smaller part). In each case, the proposed design of the CERT 'Company View' means that the reporter would not be able to appropriately include company-wide targets and progress towards these targets in the 'Commitments (progress verified)' section. Ways to more comprehensively represent company-wide targets is another area that can be usefully explored during the pilot phase.
- For companies where Scope 2 emissions are a relatively small proportion of their overall emissions, which is the case for some oil and gas companies, the existing National Greenhouse and Energy Reporting System (NGERs) Scope 2 reporting methodology<sup>3</sup> should be considered sufficient for CERT reporting purposes (rather than requiring both 'location-based' and 'market-based' accounting).

If you have any queries, please feel free to contact me at [ddwyer@appea.com.au](mailto:ddwyer@appea.com.au) or on 0422 800 201. We will look forward to further consultation with the Clean Energy Regulator as the pilot phase commences and as the CERT reporting framework moves towards implementation.

Yours sincerely



**DAMIAN DWYER**  
Deputy Chief Executive

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<sup>2</sup> For those Australian oil and gas companies looking to make (or making) significant investments in major emissions reduction projects, such as carbon capture and storage or hydrogen, they will be making those capital investments over many years, and it may be years before those projects are in operation and contributing to emissions reduction commitments. The CERT framework does not appear to adequately recognise the investment in those projects or progress towards their implementation.

<sup>3</sup> While adequate for CERT purposes, some amendments to the NGERs treatment of scope 2 emissions (for example, better use of direct measurement (a method 1-4 approach)) could improve reporting arrangements by including a new higher order method. Recognising it is a 'policy' matter, this is an issue APPEA will discuss with the Department.