

EVIDENCE PLATFORM TO MONITOR AUSTRALIA'S PROGRESS TO NET ZERO | *ISSUES PAPER*

Australian Energy Producers | 8 May 2026

Australian Energy Producers (AEP) welcomes the opportunity to provide input to the Climate Change Authority's Evidence Platform to monitor Australia's progress towards net zero.

The Australian oil and gas industry is committed to net zero across the economy by 2050 | Natural gas is critical to reaching net zero in Australia. The *Future Gas Strategy* (FGS) is clear that “*Under all credible net zero scenarios, natural gas is needed through to 2050 and beyond.*” Natural gas supports the transition away from coal, provides the firm dispatchable energy required to unlock large-scale renewable energy deployment, and fuels Australian industries across the economy.

Achieving net zero will also be virtually impossible without CCUS | CCUS plays a unique role among a portfolio of emissions reduction technologies as it can address emissions from existing facilities, mitigate emissions from hard-to-abate industry and underpin large-scale carbon removal. CCUS is delivering real emissions reductions in Australia today.

The Evidence Platform must consider emissions reductions from natural gas and CCUS | For the platform to effectively track emissions reductions across the economy, it must include reductions achieved through the production and use of natural gas and the deployment of CCUS. It must also apply a clear and consistent methodology across all sectors, actions and technologies.

Recommendations:

- **Include metrics capturing the emissions reduction role of natural gas** | Proposed indicators should include petroleum acreage releases, exploration expenditure, natural gas project final investment decisions, approval timeframes, gas-fired generation deployment, and coal-to-gas fuel switching.
- **Include additional metrics relating to CCUS deployment** | In addition to tonnes of CO₂ stored, indicators should include greenhouse gas acreage releases, CCUS final investment decisions, approval timeframes, supporting policy mechanisms, and bilateral instruments in place with partner countries.
- **Clarify the Platform's scope and apply consistent definitions across technologies** | The Platform should clearly define whether it tracks emissions reductions only or a broader range of objectives. Consistent definitions should be applied across sectors and technologies.

Australian Energy Producers looks forward to providing further input into the development of the Evidence Platform. Further comments and recommendations are provided below.

COMMENTS AND RECOMMENDATIONS

Additional indicators are required to effectively capture the role of natural gas in reducing emissions across the economy. Natural gas is critical to reaching net zero in Australia, backing up renewable energy, supporting the transition away from coal, and powering industries central to reducing emissions such as critical minerals. The Future Gas Strategy is clear “*under all credible net*

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zero scenarios, natural gas is needed through to 2050 and beyond”.¹ Overlooking the importance of natural gas in emissions reductions in Australia will make reaching net zero harder and more expensive, and risk compromising the delivery of reliable, secure and affordable energy throughout the energy transformation.²

Proposed indicators include:

- **Petroleum acreage releases (leading indicator)** | The number and scale of Commonwealth and state petroleum acreage releases are leading indicators of future exploration opportunities and long-term natural gas supply availability.
- **Exploration expenditure (leading indicator)** | The level of upstream exploration expenditure is a leading indicator of future domestic gas supply and resource development.
- **Final investment decision (leading indicator)** | The number of natural gas projects reaching final investment decision, and the associated production capacity, are leading indicators of natural gas project development and capital expenditure.
- **Approval timeframes (leading indicator)** | The time taken for natural gas projects to progress from exploration to first production is a leading indicator of Australia’s ability to develop new gas supply and associated infrastructure in a timely manner.
- **Coal-to-gas fuel switching (lagging indicator)** | The displacement of coal use by natural gas, including in industrial applications, is a lagging indicator of emissions reductions achieved through fuel switching to natural gas. For example, the Australian Steel Institute’s submission to the Future Gas Strategy consultation highlights “A 60% reduction in greenhouse gas emissions can be achieved by switching from [coal-based] blast furnace ironmaking to direct reduction using reformed natural gas.”
- **Natural gas power generation capacity (lagging indicator)** | The installed capacity and generation from natural gas fired power plants is a lagging indicator of the emissions reduction’s role of natural gas. AEMO’s 2026 Draft Integrated System Plan outlines that 14 GW of flexible gas generation capacity is required in 2050 to meet its least-cost, whole of system investment pathway for the NEM. To reach this figure, around 9 GW of replacement capacity would need to be built, in addition to 3 GW of new capacity.

Additional indicators are required to effectively capture the role of CCUS in reducing emissions across the economy. While the inclusion of a lagging indicator for CCUS is welcome, additional leading and lagging indicators will be necessary to comprehensively track Australia’s progress in developing, deploying and scaling CCUS projects.

Proposed indicators include:

- **Greenhouse gas acreage releases (leading indicator)** | The number and scale of Commonwealth and state greenhouse gas acreage releases are leading indicators of future CCUS exploration opportunities and long-term CCUS deployment.

¹ Australian Government, [Future Gas Strategy](#), May 2024, p. 4.

² In addition to the critical role of gas outlined in the Future Gas Strategy, AEMO’s draft 2026 Integrated System Plan notes the role of natural gas in its least-cost, whole of system investment pathway required to meet net zero in 2050

- **Final investment decision (leading indicator)** | The number of CCUS projects reaching final investment decision, and the associated CO₂ storage capacity, are leading indicators for CCUS development and capital expenditure.
- **Approval timeframes (leading indicator)** | The time taken for CCUS projects to progress from Declaration of an Identified Greenhouse Gas Storage Formation to first injection is a leading indicator of the rate at which CCUS projects can be developed.
- **CCUS policy support (leading indicator)** | The number and value of Federal and state policy initiatives and strategies that incentivise investment in CCUS (e.g. the National CCS Strategy; policy support for common user CCUS infrastructure, etc.) or remove barriers to CCUS (e.g. CEFC investment rules) are leading indicators of CCUS deployment across Australia.
- **Bilateral instruments (leading indicator)** | The number of bilateral (or multilateral) instruments for cross-border CO₂ transport and storage under the London Protocol is a leading indicator of the scale up of CCUS in Australia.

Further indicators are recommended to improve the efficacy of the Evidence Platform. Key additional metrics relate to the cost effectiveness of Australia's emissions reductions policies and progress in developing ACCU projects.

Proposed indicators include:

- **Cost effectiveness of emissions reduction policies (leading indicator)** | The estimated cost per tonne of CO₂-e abated under Australia's emissions reduction policies is a leading indicator of the efficiency of government action to support emissions reductions. This indicator could draw on government modelling, regulatory impact analysis and available data on delivered abatement to support greater transparency around policy costs and outcomes. Tracking this information through the Platform would help assess how abatement costs evolve over time, improve understanding of differences between projected and realised outcomes, and identify opportunities to achieve least cost emissions reductions.
- **New ACCU methodologies released (leading indicator)** | The number of new ACCU methodologies approved and released annually by the Emissions Reduction Assurance Committee (ERAC) is a leading indicator of the expansion and diversification of Australia's carbon market and future abatement opportunities.
- **ACCU generation by methodology (lagging indicator)** | The volume of ACCUs issued by methodology each year is a lagging indicator of the scale and realised contribution of different abatement activities across the economy.

CLARITY OF SCOPE AND PURPOSE

The Evidence Platform's purpose and indicators should be aligned to its intended policy objectives. The stated purpose of the Platform to "monitor Australia's progress towards a prosperous, resilient, net zero future" invites analysis beyond metrics directly related to emissions reductions. This is reflected in the "domains" outlined in the Issues Paper, which incorporate broader social, economic and policy considerations.

This necessarily involves balancing competing objectives, priorities and trade-offs associated with the energy transition. If this is the intended direction of the Platform, its scope should be expanded to more comprehensively address broader elements of an orderly energy transition, including indicators relating to national and regional energy security, energy system resilience, system security and

affordability. The Platform would also benefit from indicators assessing impacts on Australia's productivity and the international competitiveness of emissions-intensive trade-exposed industries. Together, these indicators would provide a more holistic view of Australia's "prosperous, resilient, net zero future".

Alternatively, if the primary purpose of the Platform is to track indicators directly related to Australia's emissions reductions trajectory, a narrower and more targeted approach to data collection may be more appropriate.

The Climate Change Authority's Annual Progress Report should remain the primary vehicle for policy analysis and advice, with the Platform serving as a policy-neutral evidence base.

Figure 1 on page 3 of the Issues Paper suggests a dual role for the Platform, indicating it will both "highlight where government needs direct and timely policy attention" and serve as a "key input into the Annual Progress Advice recommendations." The Platform should inform – rather than pre-empt or substitute for – the Climate Change Authority's broader interpretation, assessment and recommendations. To support this outcome, further clarification is required on how data will be presented and contextualised to ensure it is not interpreted in isolation or taken out of context.

Further clarity is required on the benchmarking qualitative metrics and assessing "long-term drivers of progress in qualitative ways". The Issues Paper provides limited detail on where and how qualitative assessments would be applied, and how they would be integrated with the headline metrics that form the basis of the Annual Progress Advice. If qualitative assessments are applied selectively, or without sufficient supporting metrics and contextual information, there is a risk that final advice may not be fully informed. It also increases the risk that Platform outputs could be interpreted out of context by third parties.

CONSISTENCY AND CLEAR DEFINITIONS

The Evidence Platform should fully explain potentially misleading indicators. The Platform should include additional explanation of highly specific constituent and subset emissions metrics. Without additional explanation, they risk overemphasising particular emissions sources that may have a relatively limited impact on Australia's overall progress towards its NDCs, potentially skewing attention away from lower-cost or more practical abatement opportunities.

For example, ER6: *Resources sector emissions fall in line with Australia's NDC* includes a specific constituent emission (methane) and a subset of emissions sources (coal and gas fugitives). While reducing methane emissions is important, and a priority for the oil and gas sector, without additional context a narrow focus on selected emissions sources may create an implicit assumption that these emissions are large emissions sources or the most cost-effective or practical abatement opportunities. In practice, Methane emissions from oil and gas production represent 5 per cent of Australia's total methane emissions, and 1.4 per cent of total greenhouse gas emissions. Further, the International Energy Agency estimate that the methane emissions intensity of Australian natural gas production is the second lowest of any country globally, behind only Norway.

Coal and gas indicators should also be considered separately, as emissions profiles, facility characteristics and available abatement pathways differ substantially between the sectors. It is also recommended that sectoral emissions intensity per barrel of oil or PJ equivalent is a more meaningful indicator of overall sector progress.

Sectoral metrics should be carefully framed. Care should be taken in how sectoral metrics and outcomes are described to avoid creating misleading impressions about sector performance. For example, ER2 proposes an outcome where “*each sector’s emissions fall in line with Australia’s NDC*”, while the benchmark is based on “*emissions reductions in illustrative sectoral pathways to 2035*”. The benchmark implicitly recognises that emissions reduction trajectories will differ across sectors. However, the proposed outcome wording may imply that all sectors are expected to reduce emissions at the same rate as the national target. Without appropriate contextualisation, this risks metrics being interpreted as evidence that a sector is underperforming against emissions reduction objectives, even where it remains broadly consistent with economy-wide least-cost pathways or illustrative sectoral trajectories.

Metrics should be applied consistently across all sectors wherever possible. For example, if a direct emissions metric is proposed for one sector, it should be applied for all sectors, recognising and acknowledging the differing degree of measurement and policy maturity. It is important that metrics intended to interpret the abatement progress of any sector are complemented by high quality data on abatement costs. Care is needed when using the proposed sector benchmarks to interpret results, as under-delivery against benchmarks may be due to structural constraints at facilities rather than lack of effort.

Benchmarks should be consistent with Government policy, best practice, and technology readiness. Some benchmarks in the Issues Paper may be inconsistent with existing benchmarks of other government agencies. For example, ER6 proposes a 6 Mt CO₂-e reduction in gas fugitive emissions by 2035 relative to 2024 levels, compared with [DCCEEW projections](#) indicating around a 3 Mt reduction in total LNG fugitive emissions between 2025 and 2035.

The emissions reduction domain should specify whether emissions metrics will be measured on a gross or net basis. Further clarity is required to ensure metrics are designed and interpreted consistently with Australia’s NDC framework and to avoid potential disconnects between emissions measured at the facility or source level and Australia’s overall emissions reduction objectives.