

11 June 2021

Safeguard and Industrial Policy Team
Climate Change Division
Department of Industry, Science, Energy and Resources
GPO Box 2013
CANBERRA ACT 2601

(via e-mail to: [REDACTED])

RE: SAFEGUARD RULE AMENDMENTS IN THE NATIONAL GREENHOUSE AND ENERGY REPORTING (SAFEGUARD MECHANISM) AMENDMENT (PRESCRIBED PRODUCTION VARIABLES UPDATE) RULE 2021: APPEA COMMENTS

Thank you for your e-mails of 6 May 2021, 26 May 2021 and 8 June 2021, providing a copy of the package of amendments to the safeguard mechanism (particularly the exposure draft of the *National Greenhouse and Energy Reporting (Safeguard Mechanism) Amendment (Prescribed Production Variables Update) Rule 2021*) and additional amendments (new Sections 85 and 86) for comment by 11 June 2021.

The Australian Petroleum Production & Exploration Association (APPEA) is the peak national body representing Australia's oil and gas exploration and production industry. APPEA has about 60 full member companies. These include oil and gas explorers and producers active in Australia. Our members account for about 95 per cent of Australia's petroleum production. We also represent about 140 associate member companies that provide a wide range of goods and services to the upstream oil and gas industry in Australia. APPEA aims to secure regulatory and commercial conditions that enable member companies to operate safely, sustainably, and profitably.

You can find about more about APPEA and the upstream oil and gas industry at www.appea.com.au.

GENERAL COMMENTS

APPEA welcomes the opportunity to provide comments on the Department's proposed amendments. APPEA has been involved in ongoing consultation with the Department around some aspects of these proposals and welcomes the inclusion of a number of APPEA's recommendations in elements of the proposed amendments.

In addition to this APPEA submission, a number of APPEA members have made individual submissions on the Discussion Paper. This response should be read in conjunction with submissions from individual APPEA members.

SPECIFIC COMMENTS ON THE SAFEGUARD RULE AMENDMENTS IN THE *NATIONAL GREENHOUSE AND ENERGY REPORTING (SAFEGUARD MECHANISM) AMENDMENT (PRESCRIBED PRODUCTION VARIABLES UPDATE) RULE 2021*

APPEA notes the proposed amendments in Part 19 (Division 4 and Division 8) contain proposed new prescribed production variables and default emissions intensity values for 'Stabilised crude oil and condensate (integrated extraction and stabilisation)' at 0.00380 gigajoules (GJ) of crude oil and for 'Liquefied natural gas (from processed natural gas)' at 0.00401 GJ of liquefied natural gas.

The prescribed production variables listed in Part 19 follow a consultation process with APPEA in 2019 and 2020 and are an agreed outcome of that consultation process. While APPEA does not necessarily agree with the methodology used or the specific observations that have been used to calculate the default emission intensities proposed at Division 4 and Division 8, we do acknowledge that they follow the consultation process conducted during 2019 and 2020 and so have no further comments on the intensities proposed.

APPEA encourages the Department to continue its consultation with the APPEA and its members to consider ways to more effectively and efficiently gather the data required to developed agreed default emissions intensities for the other oil and gas prescribed production variables listed in Part 19. APPEA stands ready to work constructively with the Department as part of this process.

SPECIFIC COMMENTS ON ADDITIONAL SAFEGUARD AMENDMENTS

APPEA offers the following comments on the additional safeguard amendments provided via email on 26 May 2021 and 8 May 2021 namely:

- New Section 85 which would allow the Regulator to amend an emissions-intensity value in a calculated baseline application to make it consistent with a published production variable definition.
- New Section 86 which would require the Regulator to update emissions intensity values in calculated baseline applications that are affected by proposed amendments to oil and gas methods in Division 3.3 of the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* (the Measurement Determination), including the new Section 86(3) which accommodates the decision to make Section 2.27 of the Measurement Determination optional, by explicitly confirming that safeguard baselines should be updated if Section 2.27 is being used on an ongoing basis.

APPEA strongly supports both Section 85 and Section 86 and recommends they both be included in the proposed package of amendments.

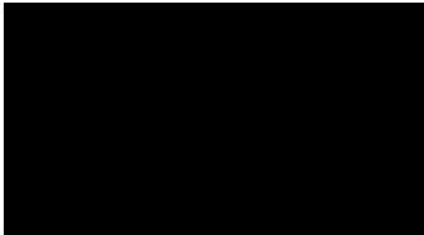
Section 85 will increase the flexibility of the rules for safeguard facilities without in any way changing compliance obligations. By allowing straightforward conversions to be made (tonnes to gigajoules or similar) will allow a facility to submit only one application and for the Regulator to make what should be a straightforward conversion. **APPEA welcomes and supports this proposal.**



Section 86 is critically important to ensuring the proposed amendments the Measurement Determination are appropriately and correctly reflected in the Safeguard Rule. The passage of both elements (the Division 3.3 amendments in the Measurement Determination and the Section 85 amendments in the Safeguard Rule) should be considered as integral elements of the same package. **APPEA welcomes and supports the inclusion of the new Section 86 in the package of amendments.**

APPEA would welcome the opportunity to meet with the Department to discuss these comments and associated issues. Please feel free to contact me on [REDACTED] or at [REDACTED] if you have any queries.

Yours sincerely



DAMIAN DWYER
Deputy Chief Executive