



bp Australia Pty Ltd  
A.B.N. 53 004 085 616  
717 Bourke Street  
Docklands Victoria 3008  
Australia

21 September 2022

## **bp Australia response to the WA EPA draft environmental factor guideline on GHG emissions**

bp welcomes the opportunity to respond to the Western Australian EPA's draft environmental factor guideline on greenhouse gas emissions.

bp's purpose is to reimagine energy for people and our planet. Our ambition is to become a net-zero company by 2050 or sooner; and to help the world get there, too. bp aims to be net-zero across our operations (scope 1 & 2), production (scope 1,2 & 3) and in the energy products we sell (life-cycle emissions intensity). For each of these we have also set short-term (2025) and medium-term targets (2030). You can read more about our net-zero plans and progress in our [Net-Zero ambition report](#) released earlier this year.

bp has a long history of operating in Western Australia and has interests in several projects for which this guideline would be relevant. We believe that ambitious climate policies will be essential to enable the world to meet the Paris climate goals. We welcome well-designed, stable, and long-term policy frameworks to incentivize and support the necessary investments in low carbon solutions.

We provide the following feedback to the consultation questions.

### **1. Are there any additional measures which should be included to meet the EPA's objective?**

The draft guideline indicates that the EPA will have regard to relevant Commonwealth and State policies. It would be helpful if the guideline could be more explicit on how this will be achieved and importantly under what circumstances the EPA will override or ignore those policies. bp prefers a national approach to managing Australia's greenhouse gas emissions and notes the passage of the recent national Climate Change Act into law and other planned national reforms to policies such as the safeguard mechanism. Ideally the state level regulation will not duplicate or contradict with the national approach to regulating emissions reductions. We also note the Western Australian government is in the process of a number of relevant legislative and regulatory reforms. Understanding how the EPA intends to align (or not) with these would be helpful.

The draft guideline sets out a new approach to the thresholds that would apply, now including not just scope 1 emissions but also scope 2. It would be helpful if the guideline could explain why these thresholds have been determined as most relevant.



Regarding scope 2 emissions, it would be helpful if the guideline could specify the emissions reporting methodology that the WA EPA intends to apply. For example, will the WA EPA use an approach similar to that used under the National Greenhouse Energy Reporting System. Will you recognize power purchase agreements and/or large-scale renewable energy certificates, and how might proponents calculate expected future grid emissions factors etc. Similar, with reference to scope 3 emissions, some further guidance on the measurement methodology expected to be used would be helpful.

The guideline does not explain how safeguard mechanism credits will be considered – both those purchased for surrender (to meet safeguard baselines) but also those sold (credited for below baseline emissions but not held). It would be useful for the guideline to explain the EPAs intended approach to these new Australian credits.

## **2. Are there any measures which could constrain innovation or adoption of best practice emissions avoidance and reduction?**

The draft guideline indicates there should be “achievement of net zero emissions no later than 2050 through a straight-line trajectory (at a minimum) from 2030”. It would be helpful for the EPA to provide more rationale for this, noting the national emissions reductions targets and State based targets may not take a straight-line trajectory. These will likely consider the availability of emissions reduction technology and time it will take to deploy those technologies to chart the pathway to net-zero.

The guideline also indicates that each project will face a straight-line trajectory. Proponents are also required to demonstrate best practice design, technology and management for scope 1 emissions initially, so year on year improvements are likely to be difficult. It's more likely that proponents will need to wait until new technology or management options are developed before they can be applied, leading more to step changes in emissions. It would be helpful if the guideline could explain how this might be accommodated.

## **3. Are there any measures which are not practical?**

The draft guideline indicates that the EPA will have regard to the scope 3 emissions of the project and whether reasonably practicable measures have been considered for scope 3 emission reductions. bp understand the importance of tracking scope 3 emissions and does have global targets that take into consideration estimated scope 3 emissions (for example, our aim 2 includes scope 3 emissions associated with the production of oil and gas; and our aim 3 the lifecycle emissions of the energy products we sell). But this does require clear methods for measuring and reporting these emissions. As discussed earlier, it would be helpful to provide more guidance on how scope 3 emissions are to be measured, noting that this is not currently supported via the national emissions reporting system. It may not always be practical to describe the location of where scope 3 emissions will be emitted – many inputs and outputs are globally traded with limited data available on life-cycle emissions for specific deliveries or products. It's often not possible to determine at project approval stage where or exactly how products might be used (which will have an impact on scope 3 emissions). Many abatement options for scope 3 emissions will be well outside the control or influence of project



proponents – so it might be impractical for proponents to take measures to address these. Further clarity on EPA’s expectations regarding scope 3 emissions would be beneficial.

The guideline does discuss the national and state context, but this could be strengthened to refer to other legislative and regulatory reforms that are underway (e.g. in context of regulating emissions, energy market reforms, supporting legislation for CCS, and so on). These ongoing reforms will influence the carbon management plans of proponents, so clear guidance on how these interactions will be considered is useful.

#### **4. Are there any other comments you would like to include with your submission?**

The guideline indicates that generally, the EPA will assess changes to existing proposals and implementation conditions in the context of the ongoing (but not past) GHG emissions. It would be good to clarify if there were any circumstances the EPA would consider past emissions.

The draft guideline indicates that the EPA will consider whether the proponent has corporate emission reduction targets and if the proposal is implemented in a manner consistent with achieving those targets. It would be helpful to understand what information beyond the specifics of the project being assessed the EPA would require to make this assessment. It would also be useful to understand the scope of this consideration, would it for example, extend to a proponent’s global emissions reduction targets, would it consider targets and corporate strategies of joint venture partners.

Finally, EPA has indicated that it has already in some cases applied requirements and conditions consistent with this draft revision. Given the rather material changes between the draft revision and the current guideline, this implies the EPA has in fact acted outside its own guideline to date. bp hopes that going forward the EPA will generally apply the guideline and set out clear circumstances (within the guideline) for when it might deviate. The value of the guideline is diminished if proponents cannot be confident of consistent application.