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bp Australia response to the consultation paper on international best practice benchmarks

bp welcomes the opportunity to provide comment on the draft guidelines for establishing international best practice benchmarks to be used to determine the baselines for new entrants under the safeguard mechanism.

bp supports the reformed safeguard mechanism as it has the potential to support the investment needed to drive emissions reduction from the heaviest emitters in Australia. Australia's decarbonization will see a range of new investments and activities and some of these new entrants will be safeguard entities. We acknowledge Government has determined that baselines for new entrants will be set with reference to international best practice. In finalizing guidelines for these international best practice benchmarks, the aim should be to encourage the deployment of the latest technologies and best emissions performance, but not be so onerous to act as a barrier to entry.

About bp

Globally, 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. Globally bp aims to be net-zero across our operations (scopes 1 & 2), for the carbon in our oil and gas production (scope 3) and for the energy products we sell (life-cycle emissions intensity). For each of these, we have also set short-term targets (2025) and medium-term aims (2030).

Globally we are:

- Reducing our oil and gas production by 25-30% by 2030 and lowering emissions while keeping up cash flow by high grading our hydrocarbon portfolio and growing bioenergy.
- Investing in low-carbon energy to rapidly scale up in solar and offshore wind and develop new opportunities in carbon capture and clean hydrogen.
- Switching on 100,000 EV charging points and opening more than 1,000 new strategic convenience sites worldwide.
- Doubling down on five transition growth businesses: bioenergy, convenience, EV charging, renewables, and hydrogen by 2025.

In Australia, we are developing projects consistent with our global strategy and providing our customers with the fuels they need today, when and where they need them:



- We are the operator of the Australian Renewable Energy Hub in the Pilbara, which will provide green electrons and green hydrogen to help decarbonise local customers and to provide hydrogen for export.
- The Australian Renewable Energy Hub has the potential to be one of the world's largest renewable energy hubs, with plans to use solar and wind resources to produce green hydrogen. bp is working with our joint venture partners, Macquarie, CWP Global and Intercontinental Energy, as well as working closely with the Nyangumarta People, the native title holders of the development site.
- We're transitioning our Kwinana refinery site into a clean energy hub: we're in front-end engineering design (known as FEED) on the Kwinana Renewable Fuels project and exploring hydrogen production as part of H2Kwinana.
- We are also working on another hydrogen project – GERI at Oakajee in the mid-west, which is bp owned.
- We own 50% of Lightsource bp, an independently operated global business with a significant renewable generation portfolio here in Australia.
- We're working with partners exploring the possibility of a CCS hub, Angel, off the coast of Western Australia.
- We're rolling out electric vehicle charge points through our bp pulse brand in Australia and bp EV charging in NZ, and we're exploring options with partners to decarbonise heavy transport, including hydrogen refueling.
- We have gas interests in Western Australia through Northwest Shelf and proposed Browse and are working on ways to decarbonise these operations.

Some of our planned investments, such as the Kwinana Renewable Fuels Project and the Browse gas project would be new entrants under the safeguard mechanism. As would many investments of our customers such as in expanding mining of critical minerals and green steel production. Many of these investments while high emitting, will support Australia's and/or the global transition to net-zero.

Recommendation 1 - Develop benchmarks for new entrant renewable fuels production

bp is currently developing its Kwinana Renewable Fuels Project (KRF) in Western Australia. Should the investment proceed, the plan is to be producing Sustainable Aviation Fuel, renewable diesel and bio-naphtha from 2026. Our initial assessment is that KRF would be a new entrant safeguard facility.

Recommendation 2 - Clarify how benchmarks will be established for first-of-kind facilities

The guidelines should consider how benchmarks will be established for first-of-kind facilities. This would likely require establishing new production variables. In some circumstances there may not be any similar facilities internationally from which to establish a benchmark.

Consideration should also be given to the possibility of new international best practice benchmarks needing to be set some years into the future. Care should be given not to unduly disadvantage these new entrants. International best practice at the time would likely be improved from today and yet new entrant facilities would still face the full decline factor.



Recommendation 3 – Ensure best benchmarks are achievable, not a theoretical construct

While we understand the logic to set international best practice benchmarks for the different production variables that have been defined for the safeguard mechanism, we caution this approach. It could lead to a construct of best performing production variables that when combined far exceed any current performance from a single facility.

We agree that adjustments should be made to reflect Australian circumstances for geography and climate as proposed. However, we believe there may be other relevant factors to adjust for, such as, availability of inputs that are essential for a technology deployed in an international facility to be deployed in Australia.

Recommendation 4 – Understand that collecting data to underpin benchmarks is likely to be challenging

The draft guidelines set out a data intensive approach. We anticipate sourcing robust and comparable data from international facilities will be difficult. Greater clarity on how the department proposes to overcome these challenges would be beneficial. It is important industry and investors have confidence in the facilities selected and data sourced to underpin benchmarks for new entrants. To be representative, we expect more than two years of data and from more than two facilities will be needed. Greater clarity on the approach to be used to select the potential/likely best practice international facilities to be included in the calculation would also be beneficial.

Closing remarks

We appreciate the opportunity to provide input and look forward to working with the government as it finalizes the guidelines.