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bp submission to the *Future Made in Australia Bill 2024* (and Omnibus Bill) inquiry

bp Australia welcomes the opportunity to provide a submission to the Senate Economics Legislation Committee.

About bp

bp's purpose is to reimagine energy, and our ambition is to become a net zero company by 2050 or sooner.

bp has set short-term (2025) and medium-term (2030) targets for reducing its emissions across its operations, oil and gas production, and energy products. It also plans to transition from an international oil company to an integrated energy company, by investing more in low-carbon energy sources and businesses.

bp aims to progress five transition growth businesses by 2025: bioenergy, convenience, EV charging, renewables, and hydrogen. It also intends to take full ownership of Lightsource bp, a global solar business (subject to regulatory approvals).

About bp Australia

All elements of bp's strategy are present in Australia.

- We have gas interests in Western Australia as a foundation partner of the Woodside-operated Northwest Shelf Joint Venture and aim to develop the Browse project with our partners. We're working on ways to decarbonize these operations to supply natural gas for domestic use and export to Australia's trade partners.
- We're working with partners exploring the possibility of a Carbon Capture and Storage (CCS) hub, Angel, off the coast of Western Australia.



- We're the operator of the Australian Renewable Energy Hub (AREH) in the Pilbara, which is planned to provide green electrons and hydrogen to help decarbonize local partners, as well as provide hydrogen for export in subsequent phases.
- We're transitioning our Kwinana refinery site into an integrated clean energy hub:
 - We're in front-end engineering design (FEED) on the Kwinana Renewable Fuels project to produce sustainable aviation fuel (SAF) or renewable diesel (RD) benefiting the Australian mining and aviation industries; and
 - We're exploring hydrogen production as part of our H2Kwinana project, located centrally in the Kwinana Industrial Precinct.
- We are working on another hydrogen project – GERI at Oakajee in the Mid-west, an area recognized for its mining potential.
- We have a significant renewable generation portfolio in Australia through Lightsource bp.
- Alongside an established retail-convenience and B2B fuels business, we're rolling out electric vehicle charge points through our bp pulse brand, and are exploring options with partners to decarbonize heavy transport, including hydrogen refueling.

Several of these interests are, and would be, beneficiaries of measures encapsulated in the FMIA. This includes the Kwinana Renewable Fuels project, where proposed Low Carbon Liquid Fuels (LCLF) measures will de-risk the substantial investment required, and the H2Kwinana project – a recipient of a hydrogen hub grant and shortlisted for the Hydrogen Headstart program.

How bp views the FMIA

We see the FMIA Bill comprising three elements.

1. An explanation of context including Australia's 'changing geostrategic landscape' and the 'global transition to NetZero' with accompanying objectives. We agree with these drivers in the wake of COVID-related disruptions to supply chains, the conflict in Ukraine, the fragmentation of globalised trade, growing geo-political tensions, and the concentration of certain supply chains important in the energy transition.
2. A National Interest Framework transparently outlining how sectors of the economy will be assessed to (potentially) be incorporated in the FMIA, and the process for doing so.
3. Lastly, what the FMIA will deliver and the obligations placed on project proponents in return. This includes expectations in relation to community benefit principles with



a focus on employment conditions, skills development, outcomes for First Nations communities, supply chain development and tax performance.

We note the FMIA does *not* detail the forms of support provided – only outlining it may include a grant, loan, indemnity, investment of money, or equity. We understand such details are (and will be) developed in separate processes, such as the ‘Hydrogen Headstart program’ or ‘Hydrogen Production Tax Incentive’ currently under review.

In its most basic form - the FMIA outlines the case for government intervention. This view aligns with bp’s belief that while the market can deliver the desired outcomes for Australia, the complexity and scale of the challenges involved means it would take too long to achieve them without intervention.

Reinforcing this view is our global presence, including in markets that will compete with Australia for investment and trade in lower carbon products. As investment windows close and long-term offtake agreements are formed, Australia risks being ‘locked out’, impacting its decarbonisation, security, and trade objectives.

Mitigating risks of intervention

We acknowledge the risks that can be associated with market interventions (and industry policy more generally), but emphasise to the Committee the importance of various ‘guardrails’ to ensure efficient and effective use of public funds:

- Clear and transparent selection criteria for sector inclusion, with a key focus on ‘sustainable comparative advantage’ or (security based) ‘critical needs’.
- Clear and transparent project selection criteria to ensure funding is driven toward initiatives that deliver the best returns.
- For each program - a requirement to demonstrate how a project’s commerciality is constrained by the current and near-term operating environment, and how this will change over time to ensure ‘offramps’ are established to end government support.
- Program administration, including selection, to be conducted by subject matter experts.
- Subject matter experts being able to operate at arm’s length from government, addressing the recently reported concerns from the OECD.



Current inclusion of sectors

bp has long advocated for several sectors currently covered by the FMIA. In our 2024 pre-budget submission we highlighted the potential for:

- **Low Carbon Liquid Fuels (LCFS)** - the decarbonisation, rural and regional benefits, and enhanced energy security – all while leveraging Australia’s comparative agricultural advantage;
- **Green Hydrogen** – the decarbonisation benefits, alongside maintaining Australia’s reputation as a trusted supplier of energy to the region and beyond, leveraging its endowment in wind, solar and land. These strengths are recognized in bp’s most recent [Energy Outlook](#) publication, which notes that due to the relatively high transport costs, hydrogen trade will be localized to regional markets, with developed Asian economies such as Japan, South Korea and Singapore comprising key import markets; and
- The refining and processing **critical minerals** and forging of **green metals**.

Conclusion

bp thanks the Committee for the opportunity to share our views, which can be read alongside our contributions to the below consultations. We look forward to continued engagement on this key matter.

- The Treasury – [2024 pre-budget submission](#)
- The Treasury – [Hydrogen Production Tax Incentive](#)
- DITRDCA – [Low Carbon Liquid Fuels](#)

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