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**Department of Climate Change, Energy, the Environment and Water**

GPO Box 3090

Canberra ACT 2601

Dear Professor Frank Jotzo

**RE: CARBON LEAKAGE REVIEW – CONSULTATION PAPER – DECEMBER 2023**

Woodside Energy Group Ltd (Woodside) welcomes the opportunity to comment upon the Department of Climate Change, Energy, the Environment and Water's (DCCEEW) Carbon Leakage Review consultation. We also note the Australian Energy Producers (AEP) and Business Council of Australia (BCA) have made submissions.

Woodside aims to thrive through the energy transition by building a low-cost, lower-carbon, profitable, resilient and diversified portfolio. Our climate strategy is an integral part of our company strategy and has two key elements: reducing our net equity Scope 1 and 2 greenhouse gas emissions and investing in the products and services that our customers need as they secure their energy needs and reduce their emissions.

This initial phase of the Carbon Leakage Review provides an opportunity for Government to establish a framework through which it can work with industry and Australia's trading partners to identify sectoral risks and considerations related to carbon leakage.

We note that:

- Carbon leakage has the potential to affect Australia's economic competitiveness, with no, or at worst detrimental impact on the achievement of global climate goals. This could happen if investment that would otherwise occur in Australia is attracted elsewhere, either by less ambitious emissions reduction regulation or by more generous fiscal support for the deployment of lower carbon technologies.
- These risks are complex, and should be examined within the broader trade, economic and global climate settings in which they arise. In particular, the approach to carbon leakage will need to reflect Australia's role as an exporter of energy and mineral resources to the region, as well as the impact of potential carbon leakage upon the import of manufactured goods.
- Australia's climate policy approach is sectoral, and therefore it follows that a tailored approach to carbon leakage may be necessary, incorporating a portfolio of measures.

It is vital that the government fully engages with industry on the detailed design of any policy options via the second stage consultation paper, and affords industry sufficient time to evaluate and provide feedback on those options. In this regard, we look forward future engagement with DCCEEW on possible policy options and solutions.

Yours sincerely

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