

17 October 2025

Net Zero Fund Consultation
Department of Industry, Science and Resources
Industry House
10 Binara Street
Canberra ACT

Dear Sir/Madam

WOODSIDE SUBMISSION – NET ZERO FUND: PROPOSED DESIGN

Woodside welcomes the opportunity to comment on the proposed design of the Net Zero Fund (the Fund), to be delivered by the National Reconstruction Fund Corporation (NRFC). Woodside supports the appropriate policy settings to accelerate industrial decarbonisation and strengthen Australia's global competitiveness through targeted public investment in lower-emissions technologies and infrastructure.

About Woodside

Woodside is a global energy company founded in Australia, providing reliable and affordable energy to help people lead better lives. Driven by a spirit of innovation and determination, we established the liquefied natural gas (LNG) industry in Australia 35 years ago and today supply a growing base of customers. We have reliably delivered natural gas to homes and businesses in Australia for decades, supporting the development of local industry and driving economic prosperity.

Woodside's climate strategy is integrated throughout our company strategy: to thrive through the energy transition with a low cost, lower carbon, profitable, resilient and diversified portfolio.¹ Our climate strategy has two key elements: reducing our net equity Scope 1 and 2 greenhouse gas emissions and investing in products and services for the energy transition.

Clear and consistent policy settings, developed in consultation with industry and the community, will be vital to Australia's competitiveness in the energy transition as well as accelerating decarbonisation at industrial facilities. Such an approach can enable timely investment, regulatory certainty and importantly public confidence in the energy transition. The Fund can play an important role by bridging capital gaps for large-scale decarbonisation projects. It can incentivise decarbonisation in hard-to-abate sectors, help ensure Australian exports remain competitive, and support the achievement of national emissions targets advancing both climate and economic objectives.

In developing the Fund, Woodside recommends the design:

- **Adopt a technology-neutral approach:** Recognise that achieving Australia's 2035 target and net zero target will require a broad portfolio of solutions, including emissions reductions at oil and gas facilities and the development of carbon capture and storage (CCS) hubs to support hard-to-abate sectors.
- **Support trade-exposed facilities:** Consider the unique challenges faced by trade-exposed industries to ensure Australia maintains competitiveness in global markets. Targeted policy

¹ For Woodside, a lower carbon portfolio is one from which the net equity Scope 1 and 2 greenhouse gas emissions, which includes the use of offsets, are being reduced towards targets, and into which new energy products and lower carbon services are planned to be introduced as a complement to existing and new investments in oil and gas. Our Climate Policy sets out the principles that we consider will assist us achieve this aim.

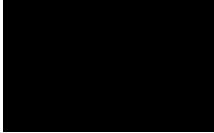
support can help mitigate risks of carbon and investment leakage, safeguarding jobs and export earnings.

- **Offer flexible financial instruments:** Consider different funding options, tailored to the risk profile and maturity of each project.
- **Align with national and sectoral plans:** Ensure the Fund is coordinated with the Australian government's Net Zero Plan and Sector Emissions Reduction Plans, with design principles that reflect the priorities and pathways of the industrial and resource sectors as they transition to a net-zero future.

Please refer to our detailed comments in **Attachment 1**. Woodside has also contributed to and supports relevant submissions lodged by organisations of which we are a member.

With the right policy settings, the Fund could potentially help unlock private capital, accelerate emissions reductions, and support Australia as a competitive and reliable energy and resource partner in a decarbonising global economy. Woodside remains available to discuss the items outlined in this submission.

Yours sincerely,



Tony Cudmore

Executive Vice President Sustainability, Policy and External Affairs

Attachment 1: Woodside's comments in response to the Net Zero Fund design consultation

Q1: What are the types of projects or capital expenditure that should be supported to achieve the Net Zero Fund's objectives?

Recognise the role of gas and CCS

National energy plans from China, Japan, and South Korea confirm the ongoing demand for natural gas, while Australia's Future Gas Strategy reinforces its continued domestic role. Natural gas demand is underpinned by factors including:

- Sustaining gas supply levels so that available renewables can be directed to higher emissions reductions (like substituting coal first) can support both energy security and faster emissions reduction.²
- Natural gas can support more renewables to replace coal, by "firming" up their intermittent supply along with batteries.
- Natural gas is an established substitute for coal in power generation where infrastructure exists and can accelerate the impact of coal-to-renewables switching.
- Some uses of natural gas will be sustained for longer – such as very high temperature industrial heat (in glass, ceramic and steel production) or as chemical feedstock (in fertiliser production).³

Given the essential role of gas in delivering secure, affordable energy to meet ongoing energy demand, an emissions reduction strategy based on production decline is not a viable pathway to decarbonisation. Policy settings should instead consider support for emissions reductions at LNG facilities, and recognise the role that fuels and technologies such as natural gas and CCS can play in supporting energy and decarbonisation goals across Australia and Asia.

Adopt a technology neutral approach

Woodside recommends a technology-neutral approach to the Fund's design, recognising that achieving Australia's 2035 targets and net zero target will require a broad portfolio of solutions. Designing the Fund to consider proven and emerging technologies is essential to enable industry to pursue large, long-term investments in a way that supports energy security and economic growth without favouring one technology over another.

Technologies such as electrification, hydrogen fuelling, and CCS each offer pathways to decarbonisation of LNG facilities, but retrofitting these solutions to existing facilities is often complex and costly. CCS is also particularly important for industries where alternatives are limited and can complement other lower-carbon solutions such as hydrogen and renewables. The cost of CCS is largely dependent on the ability to access and capture carbon dioxide at scale. The aggregation of volumes from both domestic and international customers could help scale transport and storage solutions and reduce customer costs that may otherwise be prohibitive.

To support a technology-neutral approach, Woodside recommends that the Fund consider a broad range of project types, including but not limited to:

- Fuel switching and process electrification;
- CCS, including shared infrastructure (e.g. pipelines, ports) and support for early movers (e.g. CCS storage projects and/or the hard-to-abate sectors that utilise CCS);
- Energy efficiency upgrades.

² BCG (2023): The role of infrastructure in Australia's energy transition, pp. 13-14

³ International Gas Union, 2023. "Global Gas Report 2023", pp. 76-77. <https://www.igu.org/resources/global-gas-report-2023-edition/>

Consideration of trade-exposed facilities

It is in Australia's clear national interest that its export industries thrive, both because of the jobs and export earnings, but also because these industries can help support development, prosperity and energy security in Asia and with other trading partners. For Australia to remain a reliable supplier while meeting its domestic climate goals, it must reconcile the remaining emissions with credible decarbonisation pathways.

Targeted policy support could accelerate emissions reduction in established export sectors, especially given their role in global supply chains. Whilst the Safeguard Mechanism should provide confidence to our export customers on the decarbonisation pathway for relevant Australian exports, in the absence of a clear green premium in export markets, it is not certain that this attribute of Australian output will be commercially reflected across all relevant commodities and exports. This raises the risk that the costs of decarbonisation could undermine competitiveness if not addressed. Designing the Fund to account for trade-exposed facilities can help level the playing field for Australian exports by reducing the costs of decarbonisation, supporting fair competition in global markets, and advancing both climate and economic objectives.

Q2: What financing mechanisms are best suited for these investments, based on the mechanisms available to the National Reconstruction Fund?

Offer flexible financial instruments

To be effective, the Fund should recognise that each facility will have unique pathways to least-cost abatement. The Fund should avoid a one-size-fits-all approach and instead support a diverse range of solutions tailored to the needs and opportunities of each sector and site. The Fund could offer flexible financial instruments, including grants, co-investment, loans, equity, and guarantees, matched to the risk and maturity of each project.

The Fund should also consider how to attract investment from other countries. Japan and Singapore for example are seeking to establish transboundary CCS value chains and considering Australia as a potential location to store carbon dioxide. This is an opportunity for Australia to work with its major trading partners to reduce their emissions and at the same time reduce the cost of CCS for Australian emitters to decarbonise their facilities.

Q3: How can the Net Zero Fund complement established financing vehicles such as the Clean Energy Finance Corporation?

Coordination with existing government initiatives

Woodside recommends that the Fund considers the Australian government's Net Zero Plan and Sector Emissions Reduction Plans, with design principles that reflect the priorities and transition pathways of Australia's industrial and resource sectors. This includes consideration of technologies such as CCS and decarbonisation at both greenfield and brownfield gas projects.

Woodside cautions against linking any of the Fund's eligibility criteria to the voluntary Australian Sustainable Finance Institute (ASFI) Taxonomy. While taxonomies can help standardise definitions of sustainable activities and support capital allocation, the voluntary ASFI Taxonomy in its current form does not adequately reflect Australia's decarbonisation priorities or economic development pathways. It is misaligned with the Australian government's Future Gas Strategy, particularly in its treatment of natural gas and CCS, and risks distorting capital markets by discouraging investment in sectors critical to the energy transition.