Please direct all responses/queries to:
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Climate Change Authority
GPO Box 2013
Canberra ACT 2601

Dear Review Team

WOODSIDE SUBMISSION TO THE 2026 REVIEW OF THE ACCU SCHEME

Woodside Energy welcomes the opportunity to comment on the Climate Change Authority's (CCA) fifth review of the Australian Carbon Credit Unit (ACCU) Scheme. In addition to this submission, as a member of the Australian Energy Producers, the Australian Industry Greenhouse Network, the Chamber of Minerals and Energy of Western Australia and the Business Council of Australia, we also draw your attention to their respective submissions.

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 has made substantial investments in the ACCU market, reflecting our ongoing commitment to supporting carbon abatement initiatives and ensuring compliance with our regulatory requirements as the operator of, and equity owner in, multiple Safeguard Mechanism (SGM) facilities. These investments encompass both the development of our own ACCU projects and the acquisition of credits from various ACCU market participants. Woodside expects to continue to be a significant participant in the ACCU market through to 2030 and beyond.

In this submission, Woodside recommends that the Government should:

- Use evidence from real industry decarbonisation opportunity planning, rather than scenario-based trendlines, to assess future ACCU supply and demand and guide policy decisions.
- Improve the process to develop new methods quickly and allow international offsets for SGM compliance, because both are a priority to improve liquidity and avoid shortages.
- Increase transparency and information sharing in the ACCU scheme to build confidence in using ACCUs for decarbonisation.

Woodside's detailed comments to the CCA's ACCU scheme review are outlined in Attachment 1.

Woodside would welcome the opportunity to meet with the CCA to discuss the feedback in this submission.

Yours sincerely,

[redacted]

Tony Cudmore
Executive Vice President – Sustainability, Policy & External Affairs

Attachment 1: Issues Paper Response

Preamble: Importance of the ACCU scheme, challenges of large-scale decarbonisation on ACCU supply and demand

Recognition of the importance of the ACCU scheme

The ACCU scheme provides essential support to the SGM and its role in helping meet Australia's Nationally Determined Contribution to the Paris Agreement. It provides an essential mechanism for facilities to supplement their on-site decarbonisation options and facilitates investment flows to the most cost-effective opportunities for compliance.

Improving ACCU supply and demand forecasts

Sustaining liquidity in the ACCU market through the introduction of new methodologies and clear forward demand signals is vital to the continued effectiveness of both the ACCU scheme and the SGM. In order to achieve this, it is important that the Government receives comprehensive and accurate information regarding expected future supply and demand.

Key factors that may impact future demand include the scale and timing of decarbonisation initiatives at SGM facilities, whilst supply is impacted by forward ACCU yields from sunsetted, active and emerging methods. Assessment of ACCU demand would be improved if it were based on evidence from industry's actual plans, rather than the extrapolation of scenario-based trendlines. This can be achieved by facility-by-facility level consultation to obtain reliable data. A model for this exists in the Australian Energy Market Operator's (AEMO) equivalents for gas and electricity, which enables both suppliers and users to confidentially provide planning data that can be aggregated into forecasts. AEMO prepares two Statement of Opportunities (SOO) - one for electricity (power) and the other for gas. These SOOs provide long term (10-20 year) forecasts and assessments intended to guide investment and policy decisions across Australia's energy systems.

Demand and decarbonisation rates

Assessment of ACCU demand is important due to the ambitious nature of the SGM which requires rapid and accelerating annual decarbonisation rates. Importantly, the SGM does not apply a fixed 4.9% year-on-year decline, but rather a straight-line annual reduction of 4.9% from the initial baseline, adjusted for production. This method results in a year-on-year effective decline rate that is expected to accelerate beyond 4.9%, reaching approximately 6.9% year-on-year by FY2030 for all facilities covered by the SGM in the economy. Conversely, the challenge to reduce emissions gets harder over time: the marginal abatement cost increases over time as the lowest cost opportunities are implemented. As such, early reductions opportunities cannot be assumed to continue to be available on a linear annual basis.

We anticipate that Woodside's experience will be characteristic of many SGM facilities: there are initial "low-hanging fruit" opportunities after which decarbonisation becomes more expensive and technically challenging. Facilities may, like Woodside, find it viable to pursue abatement opportunities to achieve significant reductions – Woodside pursues opportunities up to US$80/t$CO_2$-e,[1] which is significantly higher than either the most recent generic ACCU spot price or the Australian Government's cost containment measure.[2,3] We also anticipate that facilities will have further opportunities for which the challenges cannot be overcome at the present time, for example due to cost or technical challenge. The ACCU scheme is a critical policy measure to bridge between these more challenging opportunities and the ambitious annual declines inherent in the SGM.

Future ACCU supply

There is significant uncertainty in relation to the future supply of ACCUs that will arise from projects utilising active, emerging and sunsetted methods. These include:

[1] Woodside's assumption on carbon cost pricing includes a long-term carbon price of US$80/tonne of emissions (real terms 2024). Woodside continues to monitor the uncertainty around climate change risks and will revise carbon pricing assumptions accordingly.

[2] Based on the most recent generic ACCU spot price $A35.45 (approximately US$23.20) on the 14 November 2025 data cut off: Australian Government Clean Energy Regulator - The Quarterly Carbon Market Report – September 2025.

[3] An ACCU purchased under the cost containment measure in 2025–26 costs $A82.68 (approximately US$54.07): Cost containment measure | Clean Energy Regulator.

- The impact of method changes at existing projects. For example, significant cumulative reductions in forecast yields for Human Induced Regeneration (HIR) projects may occur following further HIR Regeneration Gateway Checks introduced under the Chubb Review to support increased integrity.
- The impact of slower investment due to delays in the development of new methods, in particular in relation to the types of abatement activities previously recognised under the sunsetted HIR Method.
- The impact of recommendations that may be made by the Emissions Reduction Assurance Committee (ERAC).
- Uncertainty about how quickly new methods will be deployed by industry. For example, obligations in relation to sequestration permanence may be a barrier to entry for potential proponents regarding Savanna Fire Management.
- Limited availability of data in relation to new and emerging methods such as Soil Carbon and Integrated Farm and Land Management increase forecast uncertainty.

International carbon credits

In addition, despite the Government's in-principle policy position in support of the use of international carbon credits under Article 6 of the Paris Agreement, the necessary legislative and administrative arrangements have not been pursued in Australia. This is lagging international progress. The Article 6 "rulebook" was finalised at COP29 in Baku in 2024. According to the Paris Agreement Article 6 Implementation Status Report (2025 edition), under Article 6.2 (which facilitates bilateral agreements between countries), some 99 bilateral agreements have now been formalised and 61 countries are currently engaging in bilateral cooperation. In addition, under Article 6.4 which establishes an UN-supervised global carbon market mechanism, a total of 110 countries have submitted information to the UN about their Designated National Authorities.[4]

In Woodside's view, it is time for Australia to adopt its own Article 6 implementation. This would allow carbon credits to be traded internationally and to be applied across both SGM and non-SGM sectors, providing flexibility and cost-effective options to help achieve Australia's national emissions reduction targets.

Methodologies – New and Existing	
Questions 1, 2 & 3	**How can the development and approval of high-integrity, scalable methodologies be accelerated?** **What are the current barriers to method development and how could they be overcome?** **What additional resources may be required to deliver the methods faster? How can transparency of method development and projects be improved?**
Woodside Response	The development of new methods or the extension of existing methods could be accelerated by the following:

i) Leveraging the existing pipeline of Expression of Interests (EOI)

Thirty-nine EOIs to develop new ACCU methods were submitted in July 2024. The ERAC assessed each EOI's alignment with the Offsets Integrity Standards and triage criteria. Woodside recommends:

- A secondary review is undertaken with support from additional scientific and economic subject matter expertise to confirm the identified prioritisation.
- Increasing the number of methods under consultation. As method development requires significant lead time, running more method consultations in tandem will allow appropriate time for consultation and reduce the potential for "bottlenecking" if the current "priority methods" encounter unexpected delays.

ii) Improving governance and transparency

Woodside supports publication of:

- Up-to-date information on target timelines and consultation events per method; and
- Quarterly reports on key outstanding issues in relation to each method's development which identify issues to be resolved and research or other support required.

iii) Implementing recommendations from previous consultations and reviews

[4] Article 6 Implementation Partnership. https://a6partnership.org/a6-implementation-status/current-developments-in-bilateral-cooperation-and-article-6-4-mechanism.

The Chubb Review concluded that a new entity should be established to replace the ERAC, with a revised structure and support framework, and primary responsibility for ensuring method integrity. It recommended naming this organisation the Carbon Abatement Integrity Committee (CAIC).

The Government should proceed with implementing this recommendation without delay to uphold the integrity and effectiveness of the scheme.

iv) Early alignment with Offset Integrity Standards

Under the *Carbon Credits (Carbon Farming Initiative) Act 2011 (Cth),* prior to deciding on a methodology, the Minister must seek advice from the ERAC. The ERAC must provide the requested advice to the Minister, taking into consideration offsets integrity standards and any other legislated requirements.

The Department of Climate Change, Energy, the Environment and Water (DCCEEW) could assist this process by playing a more active role by providing early feedback on draft methods to proponents and stakeholders regarding alignment with offsets integrity standards.

In instances where consultation stalls because stakeholders could not reach consensus, consideration should be given to whether DCCEEW could play a larger role by providing a casting vote or informed opinion, rather than pursuing a consensus position.

Question 4	**What potential new methods or refinements to existing methods could unlock significant new abatement?**

Woodside Response

Leveraging the existing pipeline of EOIs

Woodside refers to its answer to Question 2 above. The Government should consider developing and finalising additional methods identified under the proponent-led EOI process in 2024. Of the 39 methods submitted in July 2024, only four were selected in October 2024 for further development. Since the 2022 Chubb Review, no substantively new method determinations have been made – the Environmental & Mallee method determination[5] was "a remake of the 2014 method[6] with changes improving ACCU Scheme integrity and ease of use."[7] The Landfill Gas method determination made in November 2025,[8] whilst significant, is a replacement of the 2015 and 2021 Landfill Gas methods.[9]

Refine assessment processes and provide faster opportunities for reassessment

Woodside's participation in the 2024 EOI process for a Great Western Woodlands Fire Management Method provided us with firsthand experience of opportunities to improve the process and unlock new abatement methods. Woodside notes that:

- There was insufficient notice provided for the EOI process and a short submission timeframe. This restricted proponents' ability to develop detailed submissions.
- Subsequent to this EOI, the method has continued to progress, and Woodside would like to see it reassessed (see further response to Question 1 above).

Maintaining Safeguard Mechanism Credits post-2030

Woodside supports the generation of SGM credits beyond 2030 to maintain flexible compliance arrangements and provide financial incentives for facilities to invest in lowest cost abatement.

International carbon markets access (Article 6)

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[5] Carbon Credits (Carbon Farming Initiative) (Reforestation by Environmental or Mallee Plantings—FullCAM) Methodology Determination 2024.

[6] Carbon Credits (Carbon Farming Initiative) (Reforestation by Environmental or Mallee Plantings—FullCAM) Methodology Determination 2014.

7 Extract from CER website - Reforestation by Environmental or Mallee Plantings - FullCAM 2024 method - DCCEEW.

8 Carbon Credits (Carbon Farming Initiative-Reducing Methane Emissions from Landfill Gas) Methodology Determination 2025.

9 Carbon Credits (Carbon Farming Initiative – Landfill Gas) Methodology Determination 2015; Carbon Credits (Carbon Farming Initiative – Electricity Generation from Landfill Gas) Methodology Determination 2021.

See Preamble above.

Question 5	Do the rules on permanence and crediting periods get the balance right between integrity and project viability?
Woodside Response	Nil response.

ACCU Market Dynamics

Question 6	How can the right price signals be established to incentivise high-quality abatement?

Woodside Response

Price signals should incentivise sufficient new supply over at least a 5-year period (reflective of the time required to develop new supply) to avoid volatility.

Price signals should be market-led. Key factors which incentivise investment in ACCU projects include efficiency, transparency, stability and fairness in the ACCU scheme. Key enablers of market transparency and stability include:

i) Timely, accurate information to inform supply and demand analysis (see Preamble above).
ii) Project level transparency to incentivise high-quality abatement.
iii) Market information symmetry, in particular Carbon Abatement Contracts (CACs) and the volumes of credits held in the cost containment measure.

Market information symmetry - CACs

Woodside welcomes the 3 December 2025 announcement of the "new permanent fixed delivery exit arrangement" which aims to resolve the management of fixed delivery carbon abatement contracts by providing an alternative pathway for sellers to meet their obligations.

Ongoing uncertainty around the future of fixed-delivery CACs, and the information asymmetry associated with the exit mechanism could have undermined confidence in the ACCU market.

Woodside supports:

i) Public information to be updated regularly.
ii) Greater transparency on outstanding delivery volumes and timeframes.
iii) Forward notice on changes to the ACCU scheme, CAC arrangements or the exit mechanism where practicable.

The volumes and timing of CAC deliveries, deferrals and exits have a significant impact on market supply and price signals due to the relative scale of CAC volumes. Forty-six percent of all issuances to date have been delivered into CACs.[10,11] The volume of ACCUs remaining under fixed CAC is estimated to be 84 million, more than 1.5 times the volume of ACCUs currently held in Australian National Registry of Emissions Units (ANREU) accounts as at January 2025 (51.7 million ACCUs).[12]

High quality abatement can be supported by transparency.

Woodside is supportive of increasing the extent to which ACCUs are mutually interchangeable or fungible and does not consider that transparency will drive market stratification over the long term. Transparency can assist by creating a more level playing field for developers.

Maintaining public confidence in the scheme's integrity will be important to create the certainty required for industry to take long-term investment decisions. Transparency incentivises good conduct by developers and auditors and allows for "stakeholder regulation".

[10] 174 million ACCUs have been issued under the scheme as at 30 September 2025: Emissions Reduction Fund Register 30/9/2025 – website: ACCU project and contract register | Clean Energy Regulator.

[11] 81.7 million ACCUs have been delivered under CACs as at January 2024: Performance audit report | Auditor-General Report No. 24 of 2023–24, para 1.6 – website: https://www.anao.gov.au/work/performance-audit/issuing-compliance-and-contracting-australian-carbon-credit-units
Note an official breakdown between fixed delivery and optional delivery CACs has not been published.

[12] CER Quarterly Market Report June Quarter 2025, p11 quarterly-carbon-market-report-june-quarter-2025.

To enhance transparency, Woodside recommends amending the legislative protected information obligations[13] which make project information confidential by default. Instead, key project information should be subject to public disclosure, except where the proponent establishes that information meets clear, documented criteria for it to be kept confidential (see the approach taken by Verra as an example[14]). Transparency should extend to publishing the project related submissions required under the legislation such as offset reports, permanence plans and audits (including the name of the auditing company), and the publication of regulator notices issued to projects for non-compliance, subject to limited exceptions.

Question 7	**How do you decide which ACCUs to buy? How much is your ACCU purchase impacted by factors such as cost per unit, and the social, environmental or economic co-benefits involved?**
Woodside Response	Woodside values the integrity measures already embedded in the ACCU scheme. We would welcome publication of additional project level information for ACCU projects – as noted in our response to Question 6 – to further increase confidence. Woodside applies its own assessment to its carbon credits portfolio.[15] Woodside's assessment takes into consideration available information on criteria such as additionality, permanence, quantification accuracy, leakage mitigation, vintage, and environmental, social and governance issues. Woodside also subscribes to emerging independent carbon credit rating platforms to inform its decision making. While Woodside forms its own independent view on its portfolio design, its approach is informed by current and emerging external frameworks such as the Integrity Council for the Voluntary Carbon Market's (ICVCM) Core Carbon Principles, the Investor Group on Climate Change's (IGCC) guidance, and the Oxford Principles for Net Zero Aligned Offsetting. Over time, Woodside is increasing its focus on project origination, enabling it to directly manage the integrity and cost of its carbon credits.
Question 8	**What role, if any, should the Government play in ACCU purchasing? Are there any approaches, besides direct purchase, the Government should consider to support an orderly transition for businesses?**
Woodside Response	The Government should focus on stabilising and underpinning market integrity, and ensuring that credit supply, methodology development, and governance arrangements support a well-functioning, credible market. Rather than competing with private demand, Government purchasing should be targeted to strategic purposes, such as catalysing investment in innovative or early-stage abatement methods (which may initially have high costs), achieving co-benefits in regional or Indigenous projects, and addressing temporary demand shortfalls. The Government can support an orderly and efficient transition for businesses through market design and risk mitigation measures. These include developing a forward market framework or offtake mechanisms to support price stability, providing concessional finance for early abatement investments, and ensuring transparent registry and data systems to enable informed decision-making. Government participation in the carbon market should focus on ensuring market confidence, policy predictability and investment certainty, to enable private markets to lead Australia's carbon credit demand in a stable and credible way.

[13] See sections 43-55 of the *Clean Energy Regulator Act 2011* in relation to protected information and sections 213-215 of the *Carbon Credits (Carbon Farming Initiative) Act 2011* in relation prohibition on disclosure and limited mandatory public disclosures.

[14] See 4.2.7 Verra Registration and Issuance Process, v4.6; VCS Program Definitions, v4.5.

[15] See *Integrity assessment for carbon credits* on the Scope 1 and 2 GHG Emissions page of the Woodside website.