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Department of Climate Change, Energy, the Environment and Water
https://consult.dcceew.gov.au/exposure-drafts-of-the-legislative-instruments-that-will-support-the-go-scheme/new-survey

1 August 2025

Dear A/Minister Wilson

Future Made in Australia (Guarantee of Origin) Legislative Instruments and Cost Recovery

The Australian Aluminium Council (the Council) represents Australia's bauxite mining, alumina refining, aluminium smelting and downstream processing industries. The aluminium industry has been operating in Australia since 1955, and over the decades has been a significant contributor to the nation's economy. The Department of Industry, Science and Resources has recently forecast[1] that earnings for Australian exports of aluminium, alumina and bauxite are expected to rise from $18 billion in 2025–26 to $19 billion in 2026–27. More than $14B of this comes from the alumina and aluminium industries, as value adding mineral processing sectors. The industry includes six bauxite mines which collectively produce over 100 Mt per annum making Australia one of the world's largest producers of bauxite. Australia is the world's largest exporter of alumina with five operational alumina refineries producing around 20 Mt per annum of alumina. Australia is the seventh largest producer of aluminium, with four aluminium smelters and additional downstream processing industries including more than 20 extrusion presses. Aluminium[2] is one of the commodities most widely used in the global transition to a clean energy future. It is also recognised for its importance to both economic development and low emissions transition. Aluminium is Australia's top manufacturing export. The industry directly employs more than 21,000 people, including 6,600 full time equivalent contractors. It also indirectly supports a further 55,000 families predominantly in regional Australia. The integrated industry contributes around $18 B to Australia's GDP.

The Department of Climate Change, Energy, the Environment and Water (DCCEEW) has released a Consultation Paper (the Paper) on the Exposure draft (tranche 2) – Future Made in Australia (Guarantee of Origin) Rules 2025. The Council will respond to selected aspects of this Paper and Recovery and notes that that some of its Members may have also made submissions, and these should be read alongside this submission.

(PGO) methodology has been released for limited consultation and that the Alumina PGO methodology is expected to be developed in 2026. Noting that the draft Aluminium PGO methodology is in early stage development, and that aspects of the Renewable Electricity GO (REGO) scheme implementation and operation (which may materially impact aluminium producers) are still unclear. The Council and its Members may need to revert on additional details once the practical applicability of some of the proposed Rules become clearer. This submission should be read alongside the Council's submission on the Aluminium PGO methodology.

[1] https://www.industry.gov.au/sites/default/files/2025-06/resources-and-energy-quarterly-june-2025.pdf
[2] https://www.worldbank.org/en/topic/extractiveindustries/brief/climate-smart-mining-minerals-for-climate-action

The Council's primary concerns relate to balancing the flexibility needed in creating a PGO (including the use of REGOs) which meet the range of possible lower carbon options, with the anticipated audit burden associated with these schemes, particularly completing a full life cycle analysis on each batch. The Council also notes that a primary user of PGOs is likely to be the Government through the Future Made in Australia (FMIA) Green Metals program, but that the needs of this program are not yet defined. In order for the scheme to meet its key objective of supporting the development of markets and international trade of low emissions products and renewable electricity, the Aluminium PGO will need to meet the needs of multiple stakeholders, including international alignment, and not be cost prohibitive (particularly with respect to scheduled audits).

Issues For Consideration

Section 23 (b) (i) the batch of the product

The Council notes that for a continuous operation such as an aluminium smelter or alumina refinery, work is still required to determine what would constitute a "batch".

A small batch of product may be desirable in terms of a specific order, but would make estimating Scope 3 emissions sources challenging, especially as for some inputs there may be only a few deliveries of these per year and may not be aligned with "batches". This could be manageable if reporting in arrears based on an overall average for a duration was possible.

While the Council expects annual "batches" are likely to be the most practical, at least in the near term, for both the FMIA program and customer requests (typically based on a calendar year for international customers) and noting that "batches" are not intended to overlap[3], would it be possible to still have an annual calendar year or financial year "batch" that excludes production included in a shorter "batch" but includes production both before and after?

The Council encourages the Department to future proof the GO scheme by building in flexibility where possible, particularly as part of product methodology development. The GO Scheme should be designed to enable new or related PGOs to be created in the future with minimal incremental burden, by leveraging existing production methodologies and profiles. Further, production pathways and products can be expected to change over time, and it should therefore be possible to reflect these variations and additions to profiles, modules and functional units with minimal burden. Flexibility will also be important to support, rather than disincentivise, the development of new lower emissions technologies and products.

Section23 (f) if the production pathway uses electricity generated from a renewable energy source—whether the electricity is from the same grid to which the facility is connected;

The Council notes the need for ongoing alignment with the GHG Protocol Scope 2 reporting requirements, noting that these are currently under ongoing further refinements[4]. This is particularly important as aluminium is a globally traded commodity and also largely produced by companies operating in multiple jurisdictions, which need consistency in reporting. This may in the future also require consistency not only of grid connection but also time matching.

Section 23: Certificate content –PGOs

While the aluminium PGO is still being developed, the Council believes that additional data may be needed to meet customer requirements, in some instances, not just for aluminium but also for other products. This additional data should be optionally included depending on the needs of the customer. This flexibility in inclusion would minimise the audit requirement, while still meeting customer needs. Data may include but not be limited to:

- Dual location and market based reporting to align with GHG Protocol;

[3] Guarantee of Origin cost recovery webinar questions | Clean Energy Regulator

[4] https://ghgprotocol.org/standards-development-and-governance-repository includes a repository of the evolution of the GHG protocol, including most recent Scope 2 discussions held in June 2025.
https://ghgprotocol.org/sites/default/files/2025-07/S2-Meeting16-Minutes-20250625.pdf

- Scope 1, 2 and 3 emissions split out to allow better understanding of emission accuracy and to allow data to be recut depending on customers' requests; and
- Either directly detail how the emissions where calculated including system boundaries or provide a link to where this information can be found; and
- Possibly in the future EU CBAM aligned scope 1 emissions (for aluminium and other relevant products).

Part 4: Certification of renewable electricity

Scope 3 emissions associated with generation of renewable electricity don't appear to be included. There are some other calculation issues which remain outstanding from the Council's concerns which have previously been expressed to DCCEEW on the calculation methodology of scope 2 emission factors[5], including the residual mix factor, these include but are not limited to:

- Time lag between power station emissions and the use of the emission factor, this has been improved with the removal of the 3 year rolling average, but the current lag of up to 2 years may be more apparent around 2030 when several coal fired power stations are scheduled to close and entities have interim targets;
- Inclusion of mining scope 3 emissions and related electricity usage where a power station and mine are reported as a single facility; and
- Renewable energy from some grids not being available for the calculations, eg from the NWIS, resulting in a greater number of Large-scale Generation Certificates (LGCs) being allocated in WA than the apparent renewable electricity generation.

Part 7: Audits

The Council notes that ideally these audits would be aligned with NGERS/Safeguard audits. There are substantial audit requirements for reporters under current legislation, list below, and broader considerations of harmonisation are required, including timing of the audits.

- Annual Safeguard audits for facilities with scope 1 emissions over 1,000,000 tonnes of carbon dioxide equivalent (t CO_2e);
- Three yearly Trade Exposed Baseline Adjusted audits, where facilities qualify;
- Annual Climate Related Financial Disclosures audits;
- Five yearly Renewable Energy Target Energy Intensive Trade Exposed exemption certificate audits, where facilities qualify;
- Baseline setting audits, if applicable eg did not apply in 2024; and
- Regulator requested audits under many of the above schemes.

To simplify the process of estimating lifecycle emissions data for products, and particularly to minimise unnecessary audit burden, the Council requests that the Department defines possible key sources of scope 3 emissions as part of product methodologies, rather than deferring to a percentage threshold. This would provide users the option to minimise the resource effort to obtain and prepare verifiable data for sources of scope 3 greenhouse gas emissions across the product lifecycle, and simplify the scheduled audit process. [A percentage materiality threshold for scope 3 emissions sources puts unnecessary onus on producers to obtain verifiable data for elements outside the scope of NGER Scope 1 and 2 reporting, which would then be subject to resource-intensive audits.] The Council also encourages the Department [together with the Clean Energy Regulator] to publish default emissions factors for emissions sources not covered by National Greenhouse and Energy Reporting (NGER) factors or National Greenhouse Accounts (NGA) Factors.

[5] https://aluminium.org.au/wp-content/uploads/2024/05/240524-Aluminium-NGER-Measurement-Update-2024.pdf

Conclusion

The Council welcomes the opportunity to continue to engage with the Department on Guarantee of Origin and Renewable Energy Guarantee of Origin. The Council is happy to provide further information on any of the issues raised in this submission.

Kind regards,

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