Climate Change Authority
https://consult.climatechangeauthority.gov.au/2026-apa-consultation-paper
7 August 2026

AUSTRALIAN ALUMINIUM COUNCIL LTD

Dear Chair

Re: 2026 Annual Progress Advice Consultation Paper

The Australian Aluminium Council (the Council) welcomes the opportunity to make a submission to the Climate Change Authority's Annual Progress Advice Consultation Paper (the Paper) which includes how the Authority will assess the Safeguard Mechanism. The Council's submission focuses on responding to selected questions in the Paper of relevance.

Aluminium is one of the commodities most widely used in the global transition to a clean energy future[i]. It is also recognised for its importance to both economic development and low emissions transition. Aluminium use is highly correlated with GDP, so as countries urbanise, per capita use of aluminium increases. It is expected that by 2050, global demand for aluminium is expected to nearly double[ii]. While an increasing proportion will be met through recycled aluminium, there will still be a need for increased production of primary aluminium requiring a comparable increase in global bauxite mining and alumina refining rates. Further background on the sector and its role in Australia's decarbonisation in its 2025 submissions to the Productivity Commission[iii].

The single biggest opportunity to decarbonise the energy intensive, vertically integrated Australian aluminium industry is through the combination of electrification or conversion to low emissions fuels for existing industrial processes and decarbonisation of the national electricity supply. Particularly in the aluminium industry, many investments are rightfully focussed on Scope 2 reductions, however there is currently no recognition of the reductions this is delivering to Australia's national accounts. The 2026/27 Review of the Safeguard Mechanism is understood to be an opportunity to examine its operation, but it is important to recognise that it is based on only two years of publicly available data. Industry is making long term investment decisions to decarbonise, and policy certainty is an important way to reduce the risk associated with this decision making process - frequent policy change increases risk and undermines this investment. Therefore, the Council is supportive of the approach of that this review is not intended to instigate major structural changes but provides early indications of long term certainty and coverage beyond 2030.

As recognised in the Carbon Leakage Review[iv], over the longer term, the emissions intensive trade exposed (EITE) provisions under Safeguard Mechanism are unlikely to be sufficient to prevent carbon leakage and this will require further consideration and data beyond this year's review. This calibration must be undertaken against competitor nations in each sector and is key to ensuring Australian industry is not disadvantaged while recognising the very dynamic global and geopolitical nature of these risks.

Australia has the opportunity to shape its future, including its energy transition and industrial transformation, in a manner which is consistent with not only its net zero ambitions, but which maximises the social and economic potential of its resources. The Council is happy to provide further information on any of the issues raised in this submission.

Kind regards,

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Attachment A - Aluminium Industry Energy & Climate Context

The Australian Aluminium 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 updated its forecast[v] to earnings reflecting the geopolitical impacts on the sector, remaining at around $19B in export revenue annually. 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 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 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.

Australia's aluminium smelters are already a large electricity consumer, with the four smelters using around 2,600 MW or ~12% of the electricity consumed in the NEM. Providing electricity is supplied consistently, with firm power, and at internationally competitive prices, aluminium smelting can be run on renewable electricity. As smelters are already largely electrified, no technological conversion is required to take advantage of the rapid decarbonisation of the Australian grid, with this increased penetration of variable renewables.

As there is an increased penetration of variable renewable technologies, there will be an expanded role that smelters will be able to offer to support reliability through power services, flexibility and interruptibility.

- Interruptibility is the short term loss of power to part of or whole potline or whole smelter.
- Flexibility is the ability to use more or less power than normal, for short term periods (seconds to minutes through to hours) without creating too much process instability.

Smelters' large and fast-acting interruptibility helps secure and restore stability to the network before and after contingencies occur – which can potentially avoid impacts, or load shedding, to the broader customers and population. The industry has increasingly been called upon to support grid stability and reliability, as the challenges in managing the grid increase over the course of phaseout of aging thermal generators in parallel with growing volumes of variable renewable power supplies.

The Productivity Commission's 2025 report[Error! Bookmark not defined.] found that the Safeguard Mechanism provides efficient and effective incentives for emissions reductions and that this incentive will get stronger over time, as baselines decline. It is worth noting in this context that only two years of data is publicly available on the impact of the Safeguard Mechanism since changes came into effect in the FY23-24 year.

Of the Council's Members all four smelters, alumina facilities and some of the largest bauxite mines are Safeguard facilities. Bauxite, alumina and aluminium are trade exposed and eligible to apply for Trade Exposed Baseline Adjustment [TEBA] status. The Council notes the recognition in the Carbon Leakage Review[vi] that a border carbon adjustment (BCA) is not appropriate for export oriented industries such as bauxite, alumina and aluminium in Australia. Low or near zero decline rates and reduced baselines for sectors with limited mitigation options are important policy mechanisms to support the viability of these assets through the transition and will be essential to continue to apply beyond 2030.

Attachment B – Response to Consultation Questions

Question 1 - What are your views on the proposed approach for setting reference pathways to assess progress, including strengths, limitations and any alternative approaches that should be considered?

As outlined in the Paper, setting reference pathways is challenging and progress is rarely linear; it may involve step changes, acceleration, or volatility.

In the context of abatement in the industrial and resource sectors which are characterised by step changes, periods of acceleration and impacted by geopolitical volatility, while the Council recognises that the cumulative impact of the sector could be approached as "linear" as outlined in the Paper, policy measures must reflect the very non-linear nature of abatement at a sectoral or facility level particularly where the technology is under development.

In the context of assessing the impact of the Safeguard Mechanism as one of the policy levers to incentivise decarbonisation in Australia, care should be taken with using sectorial reference pathways as not all emissions in the relevant sector will be captured, particularly in electricity and energy and transport. The Council also notes that the proposed approach is foreshadowing the Safeguard Mechanism decline rate to 2035 ahead of the review period.

Question 2 - What signs are you seeing of emissions reductions across industries, businesses, households or investors?

Consistent with the Authority's observation about national emissions, the aluminium industry is continuing to invest in abatement. Decarbonisation of the Scope 2 electricity supplied to smelters is the most substantial near term abatement opportunity[vii], as smelter contracts come to the end of their current terms, however efforts to repower smelters with renewable electricity nonetheless face significant timing, approvals and commercial challenges. These investments include renewable energy generation, and firming needed to support industrial loads and industry is supporting these investments, without electricity being included in the Safeguard Mechanism.

The Council does not support the inclusion of electricity in the Safeguard Mechanism, believing that the Safeguard Mechanism not the best policy for addressing any concerns about this sector's emissions. The cost pass through from the electricity sector would be inflationary to all consumers and complex to estimate and account for, for EITE facilities.

There are also signs of strong investment in industrial decarbonisation projects targeting process heat emissions, particularly within alumina refining. These include investments in thermal energy storage, electrification, low-emissions fuels, energy storage and process improvements that have the potential to materially reduce Scope 1 emissions over time. While many of these technologies are still progressing through development and demonstration phases and will require access to competitively priced reliable renewable electricity at scale to be deployed, they represent important pathways for long-term industrial decarbonisation. A number of these projects have been progressed in partnership with government, demonstrating the important role of grant funding and other public investment in supporting R&D and first of a kind projects and driving deployment of pre-commercial technology.

What barriers or delays to abatement are you observing?

However, to support industrial decarbonisation, Australia must be sufficiently competitive to be able to attract global decarbonisation investment. Treasury's Future Made in Australia (FMIA) Front Door recognises that for the net zero transition an estimated $625 billion of coordinated investment is required to decarbonise Australia's industry and energy system[viii]. Policy support needs to be commensurate with the scale of these significant investments but must also be coordinated and streamlined across federal and state level departments and regulators for major transformational investment.

The Council has welcomed the inclusion of alumina and aluminium, in the Government's FMIA agenda, to ensure these vital industries may continue to benefit communities and workers, as they have done for more than 70 years. These reforms, if well designed and delivered over a transformational time scale,

should capitalise and continue to build on Australia's competitive advantages, support the transition to net zero and strengthen economic resilience and security. This should be achieved through targeted public investment to provide economic incentives that garner private investment at a scale that develops priority industries in line with Australia's national interest. This targeted investment should provide the transitional support needed as Australia's infrastructure and energy systems develop, and energy returns to being competitive.

Consistent with the Authority's observations that accelerating renewable energy investment and capacity additions will be critical to achieving Australia's decarbonisation objectives, the Council believes that Governments also have a critical enabling role in addressing constraints to delivery of renewable energy projects including planning regulation, land access, and construction costs that are putting the industrial transition at risk due to tensions with competitiveness and scheduling. Planning systems, regulations and workforce development must also align with delivering projects required for shared net zero ambitions. The key to success for Australia's aluminium sector is to ensure that Australia's bauxite resources continue to be able to be economically accessible, that competitively priced, firmed renewable energy is available and prioritised for use by industries such as the alumina and aluminium processes needed to convert the bauxite and that Australian industry is sufficiently able to attract the necessary financial support during the transition.

Australia's alumina and aluminium industries are located in key regional hubs, which have been identified as part of Australia's transition to a net zero economy. These industries can create the baseload, flagship offtake agreements in these key locations that can encourage additional investment and renewable energy to support other industries to be developed, as has been showing in regions such as Gladstone.

Australia's aluminium smelting and alumina refining industry is a strategically vital national asset, underpinning critical services to grid stability and energy security, significant employment, regional economic activity and export earnings. As Australia's electricity system transitions toward decarbonisation, new and emerging electricity-intensive sectors—including data centres, hydrogen production, and critical minerals processing—are driving increased competition for renewable and firmed electricity supply. How Australia's electricity market allocates that energy, and the value framework governing those decisions, will shape the nation's industrial base for decades to come.

The Council recently commissioned Rennie Advisory[ix] to undertake a socio-economic analysis of the value of aluminium smelters (and future alumina refineries) as large industrial users of electricity. The study compares the contribution of the aluminium sector with alternative current and future electricity users, assessing how socio-economic value should be considered in energy allocation and planning decisions that extend across all energy-intensive industries. The report confirms that Australia's integrated aluminium sector plays a critical role in regional communities and for Australia's electricity grid, as the grid's largest and most sophisticated demand-side asset delivering the highest socio-economic return per unit of electricity of any large industrial load. The report outlines four market and policy failures and reforms which deliver a path to support all energy intensive sectors;

1. Valuing System Level Benefits - Reform market mechanisms to recognise and remunerate the full system value of system level benefits;
2. System Planning - Shift the systems planning paradigm to better value the demand-side and incorporate socio-economic value and place-based delivery into transmission planning;
3. Cost of Capital - Establish a concessional debt facility to bridge strategically significant industry through the energy transition, supporting generators supplying to strategically significant regional industry; and
4. Transmission & Grid Access - Require new large price-insensitive loads to invest in supply and implement tariff structures for strategic, price sensitive loads.

Without mining, the world cannot reach net zero by 2050, and the minerals required to achieve our decarbonisation goals are of such magnitude that to reach net zero, we will need more mining, not less. While seeking to maintain Australia's highest standards for ESG, it is also worth considering that global demand will continue to be met from elsewhere if not provided by Australia. Australia's historic advantage

in the aluminium industry stemmed principally from its substantial high quality bauxite reserves and globally competitive energy, historically derived from coal and gas. The success of Australia's aluminium industry requires an integrated system of policies, including those which support ongoing approval to mine Australia's bauxite reserves. This is impeding transformational investment – for example investment in alumina refineries also needs to be supported by access to bauxite environmental approvals on commensurate time scales. For example, investment in a transformational abatement project at an alumina refinery would need to be supported by surety of bauxite supply over the same long term period.

Brownfield industrial facilities like alumina refineries can be further constrained with respect to the number of initiatives that can be safely pursued within a finite physical footprint without disrupting production.

Question 3 - What do you see as the top priorities for climate policy reform and why?
In the absence of a unified global carbon policy, carbon intensive, hard-to-abate sectors in Australia are competitively disadvantaged internationally in cases where Safeguard compliance liabilities exceed comparative carbon penalties in other jurisdictions. All of Australia's bauxite mines, alumina refineries and aluminium smelters are trade exposed. Changing geopolitical risk and increasingly concentrated supply chains increase the risks of vulnerability outside Australia's control, including carbon leakage as other jurisdictions have lower or less transparent carbon policies in place. Australia's resource and industrial base have the potential to expand zero- and low-emissions industrial production, including of alumina and aluminium, with economic benefits to match but this will take time to achieve. For Australia to be successful in this, industry must receive the necessary support through the transition. Australia's climate policies must reflect the changing dynamic impacting industry and adapt accordingly.

The single biggest opportunity to decarbonise the energy intensive, vertically integrated Australian aluminium industry is through the combination of electrification (with firmed renewable energy supply) or conversion to low emissions fuels for existing industrial processes. Australian aluminium and alumina industries are investing significant resources to identify, develop and commercialise complex new technologies that will enable fossil fuels to be phased out of operations as soon as commercially possible. The timeline for these reductions depends on time taken to successfully identify, develop and commercialise these processes, and to safely integrate into existing facilities. Challenging market conditions currently facing the industry have led to the impairment of two Australian alumina refineries[x] and two refineries have been partially curtailed or closed[xi]. The continuation of transitional support through differentiated decline rate mechanisms, TEBA and other potential flexibility levers within the framework to allow time for this transition to occur is essential to the viability of the industry.

The Carbon Leakage Review found that current Safeguard Mechanism settings are largely effective at mitigating carbon leakage risk in the short- to medium-term, they are likely to need to be augmented with additional measures and that alumina and aluminium are considered for this additional augmentation as part of the 2026-27 Safeguard Mechanism Review. Reducing domestic emissions by closures, especially where production will be replaced by an international production with a higher emission intensity, does not support the Paris Agreement goals. It is worth noting that the global competitors for each part of the industry vary with commodity[xii]. Mitigation for carbon leakage could include:

- Calibration against action being undertaken by competitor nations in each sector;
- Consideration of multi-year flexibility mechanisms where a reduced or deferred decline rate could be applied for upon demonstration of a longer term decarbonisation plan or investment with longer implementation lead times, reflecting the non-linear rate of industrial decline;
- Acknowledging the additional costs and non-Safeguard abatement by industry, including substantial new investment in renewable energy contracts. This could be counted towards reducing the compliance obligation in recognition of this investment and/or allowing for an equivalent value of these costs to be accessible to companies to be used for continuing investment in decarbonisation projects and renewables; and

- Consider options for companies to access funds for decarbonisation from contributed compliance costs[1].

Failure to adequately provide support for industry through transition and in the absence of comparative carbon policies being faced by competitors simply exports Australia's emissions and jobs, while reducing Australia's emissions through closure.

The 2026/27 Review of the Safeguard Mechanism is intended to examine its operation, but it is important to recognise that it is based on only two years of publicly available data. Industry is making long term investment decisions to decarbonise, and policy certainty is an important way to reduce the risk associated with this decision making process - frequent policy change increases risk and undermines this investment. Particularly in the aluminium industry, where many investments take several years to develop, assess, and implement, and some of which are focussed on Scope 2 reductions. As previously stated, the Council does not support the inclusion of electricity in the Safeguard Mechanism, believing that the Safeguard Mechanism not the best policy for addressing any concerns about this sector's emissions.

Overall, Australia's climate policy needs to recognise the challenges of available Scope 1 decarbonisation technologies and the non-linear rate of industrial decline largely due to facility-level challenges and constraints, but also as mentioned previously, challenges related to access of low emissions, firmed, internationally competitive electricity. Clear signals are needed about how Australia's climate policy and Safeguard Mechanism settings will provide long term investment signals which help facilities manage non-linear declines, including an incentive to cut emissions as quickly as commercially available technology allows. For example, a clear and continued pathway to generate and use Safeguard Mechanism Credits (SMCs) as well as other flexibility mechanisms beyond 2030 such as Multi Year Monitoring Periods, noting that setting need revision to recognise that not all projects can be delivered by an NDC target year.

Question 6A - The Safeguard Mechanism's current baseline decline rate is calibrated so the scheme delivers a proportional share of Australia's 2030 emissions reduction target.

- *What are the advantages and disadvantages of continuing this approach beyond 2030?*
- *If the proportional share approach should be maintained, how should it take account of Australia's 2035 target range?*

The facilities covered by the Safeguard Mechanism should not contribute a higher than proportional share of abatement, as they include some of the hardest to abate emission sources in the economy. Some flexibility should be provided to sub sectors, such as recognising abatement elsewhere (e.g. Scope 2 emissions for smelters), risk of carbon leakage, availability of technologies, deployment time to transition and the non-linear rates of abatement.

Question 6B - If a different approach to setting the baseline decline rate should be used (instead of the proportional share approach), what should it be and why?

Question 7 - Should decline rates differ across facilities or sectors beyond existing arrangements for trade exposed, baseline adjusted (TEBA) facilities? What evidence would support differentiation, and what principles should guide how any differentiation is applied?

The Council encourages the Authority to consider both its own Sectoral Pathways[xiii] and the Government's Net Zero Pathways[xiv] in considering the range of approaches needed in supporting ambitious but achievable declines for industry subsectors. The continuation of transitional support through differentiated decline rate mechanisms, TEBA and other potential flexibility levers within the framework to allow time for this transition to occur is essential to the viability of the industry. This will need to include low or near zero decline rates and reduced baselines for sectors with limited mitigation options to support the viability of these assets through the transition and will be essential to continue to apply beyond 2030.

[1] For example, In Quebec, Canada revenues from the carbon pricing scheme are allocated as funds for decarbonisation projects. The facility's compliance costs may be given back as allowance to the facility to be strictly used to fund its decarbonisation projects[1]. Timeframes for this type of scheme would have to be commensurate with the project development timeframes with the 2030 cut off for multi-year monitoring periods not sufficient for many projects.

Safeguard facilities face a range of costs which are not accounted for under the current TEBA methodology including:

- Capital costs associated with transformational abatement upgrades;
- Costs associated with abatement delivered through scope change (e.g. Scope 2 reductions);
- Carbon cost pass through from bauxite, alumina, lime, gas, coal through the value adding processes.

Therefore, TEBA accounting methodology needs to be updated to reflect experiences of facilities over the last two years including:

- Capital costs associated with transformational abatement upgrades; and
- Carbon cost pass through from bauxite, alumina, lime, gas, coal through the value adding processes.

Additionally, it is worth recognising that the 3 Year process creates timing issues which are not aligned with commodities. There are high costs associated with compliance including audits (and costs of any scheme changes). The Council also requests further guidance be provided on EBIT particularly for Joint Ventures.

Question 8 - How should we assess the extent to which the Safeguard Mechanism is driving onsite abatement? What metrics, data sources or methods should we use, and how should we account for changes in production, operational conditions and emissions variability?

The Paper raises the possibility of introducing additional incentives for onsite abatement, including limiting or discounting the use of ACCUs above specified thresholds. The Council does not support this approach and notes that many ACCU methods already have a conservative approach built into their calculations.

The Safeguard Mechanism was intentionally designed to reduce emissions at least cost by allowing facilities to combine onsite abatement with access to high-integrity carbon units. This flexibility recognises that economically viable onsite abatement opportunities vary significantly between facilities and over time. Facilities facing limited near-term abatement opportunities should continue to have access to credible market mechanisms while technologies mature and enabling infrastructure becomes available.

Restricting access to flexibility mechanisms may increase the cost of compliance without necessarily accelerating the deployment of technologies that remain technically or commercially unavailable. Higher compliance costs do not automatically translate into greater emissions reductions where the underlying barriers are technological, infrastructural or economic.

The Authority is also encouraged to consider additional levers which could be used, in addition to the Safeguard Mechanism to deliver onsite abatement. This could include financing by other Government entities. For example:

- The use of concessional financing tools, such as longer loan tenors, deferral of interest and principal repayments, security and/or cash flow subordination, and concessional pricing, consistent with the operation of the Northern Australia Infrastructure Facility (NAIF); or
- The use of forgivable loans, which may be linked to external market conditions such as alumina or aluminium commodity prices.

Question 9 - What evidence is available on onsite abatement activities at Safeguard facilities, including for activities planned, underway or completed since the reforms commenced? Where possible, please provide information on emissions impacts, timing, costs and barriers.

In addition to the reports published by the Clean Energy Regulator and the DCCEEW and Member corporate sustainability reports, the Council publishes aggregated emission data[xv] for bauxite mines, alumina refineries and aluminium smelters, as well as annually updated factsheets[xvi] for decarbonisation in each process. This information helps inform the Council submissions and has been used to respond to other questions.

There is evidence of specific projects being undertaken across the Council's Members including fuel switching[xvii] and co-firing[xviii], as well as improvements in perfluorocarbon (PFC) performance at the smelters

with improved operational stability. However, these continue to highlight the non-linear nature of abatement options available to facilities.

Question 10 - Should the Safeguard Mechanism play a stronger role in encouraging onsite abatement, relative to allowing flexibility through Australian Carbon Credit Unit Scheme (ACCU) use?

- *What objectives should guide this assessment?*
- *Are additional incentives or constraints warranted?*
- *If so, what options should be considered and why?*

As recognised by the Authority, decarbonisation is rarely linear; it may involve step changes, acceleration, or volatility. Changes in the Mechanism in 2023 were designed to encourage production to occur where it is least emissions intensive while provides flexibility for abatement to occur across Safeguard facilities (and eligible ACCU projects), rather than requiring every tonne of abatement to occur at the facility with excess emissions. This helps deliver a scheme which is consistent with Authority's principles of economic efficiency and environmentally effective. It is not economically efficient to prioritise one type of abatement over another as being "better" where there is no evidence of it delivering a superior economic outcome.

The use of ACCUs by Safeguard Mechanism facilities should remain unrestricted so that the scheme continues to encourage least cost abatement across the economy. Other policy levers should continue to be used to support onsite abatement initiatives. Work is required to continue implementing the Chubb Review recommendations and ensure ACCUs are high integrity and available at scale to meet the demand of the sectors which need to use them, until abatement is possible.

The Council believes that all units should represent real emissions reductions, make a genuine contribution to the goals of the Paris Agreement, and provide confidence in action by Australian companies to achieve targets. This includes:

- SMCs are an important investment signal which help facilities manage non-linear declines, including an incentive to cut emissions as quickly as commercially available technology allows, and should be retained beyond 2030.
- The use of ACCUs by Safeguard Mechanism facilities should remain unrestricted so that the scheme continues to encourage least cost abatement across the economy. Work is required to ensure ACCUs are high integrity and available at scale to meet the demand of the sectors which need to use them, until abatement is possible.
- Additionally, the Council supports the use of international offsets, subject to future rules of international trading, and, providing they meet integrity principles. The Australian Government is encouraged to progress Article 6 of the Paris Agreement to enable better regional coordination and improve the efficiency of trade between jurisdictions with different climate policy and carbon pricing by improving consistency.

This should be supported by flexibility mechanisms, including banking, borrowing and an expanded multi-year monitoring program (MYMP) which should continue beyond 2030. MYMP could be a valuable tool to help address non-linear decline rates, but it is not flexible enough in its current form because the final emissions have to be below baseline and a too short a time period for most capital projects.

The requirement for facilities surrendering ACCUs equal to 30% or more of their baseline to provide a statement to the CER on why more onsite abatement has not been undertaken does not add to the effectiveness of the scheme or deliver additional abatement and should be removed. Once triggered for a facility is likely to be required each year until commercially available technology is able to be deployed.

<u>Coverage</u>

While the Council notes that the Authority does not articulate a position on coverage, other organisations including the Productivity Commission[xix] have proposed decreasing the threshold to as low as 25 kt. While more than 99% of the vertically integrated aluminium industry's Scope 1 emissions are covered by the current Safeguard Mechanism, there are a number of small bauxite mines and extrusion presses which are

not. The Council is concerned that a large expansion of scope or rapid decline in threshold may increase regulatory burden without necessarily substantially reducing Australia's emissions.

The Council believes that, should there be consideration of a lower threshold, rather than a substantial and steep decline it would be more efficient to signal its future lowering by around 25kt every five years, for example to 75 kt in 2030, 50kt in 2035 and 25 kt in 2040. This would:

- Provide a strong incentive for non-covered entities to reduce their emissions in advance of this timeline, to avoid a future regulatory burden;
- Approximately align with the reduction being faced by covered facilities of 4.9% per year, ensuring that facilities which are close to the current threshold also have an incentive to reduce their emissions.

These reductions would be achieved with less administration by both industry and the regulator.

References

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