

Australian Government
Department of Climate Change, Energy, the Environment and Water

Submission via the Department's Consultation Hub

3 October 2023

RE: Consultation on the implementation of the recommendations of the ACCU Review

Rio Tinto welcomes the opportunity to make a submission to the Department of Climate Change, Energy, the Environment and Water (the **Department**) on the implementation of recommendations from the independent review of the Australian Carbon Credit Unit (ACCU) Scheme.

Rio Tinto acknowledges our role in Australia's transition to net zero emissions and has committed to decarbonising our assets. We have financial interests in 20 facilities covered by the Safeguard Mechanism (SGM), including in hard-to-abate operations such as Aluminium smelters and Alumina refineries, and we support the reform which reflects the government's climate ambitions and is aligned with our own commitments.

In 2022, Rio Tinto's Scope 1 and 2 emissions were 30.3 million tonnes CO₂e of which around 60% were generated by our Australian assets. Whilst our strategic focus is on delivering emissions abatement solutions and decarbonising our operations, due to the acknowledged hard to abate nature of some operations including alumina processing, aluminium smelting and remote heavy haulage operations there will be a lag between the delivery of these solutions and the emissions reductions required under the SGM which will need to be met using ACCUs. It is therefore imperative that the ACCU Scheme is conducive to the development of a liquid market of high-quality ACCUs at the scale that will be required by Australia's harder to abate sectors. This must be underpinned by transparency and the required governance to give purchasers and their stakeholders, including investors, reasonable assurance of the credibility of the credits and confidence in their use towards decarbonisation efforts.

We therefore support the implementation of recommendations to improve governance, transparency and scale of the ACCU Scheme and speed up the development and approval of new methods to increase the supply of quality ACCUs.

In addition to being a buyer of ACCUs to meet SGM liabilities, Rio Tinto is evaluating opportunities to develop nature-based opportunities on or near lands that we are connected to. We are interested in better understanding the proponent-led method development approach for new ACCU methods, as has been typical in other similar markets, and how it will accelerate timelines and boost liquidity whilst maintaining high levels of quality and transparency around method development, project approval and ACCU issuance and retirement.

We would encourage the Department to consider the resourcing and systems required to best support the pace required to meet Australia's ACCU demand and decarbonisation objectives while maintaining transparency and credibility. This should include encouraging innovative new methods and recognising the co-benefits associated with emissions abatement projects.

We thank the Department for the opportunity to engage on the implementation of the recommendations from the ACCU Review. We look forward to continuing to engage with you on the ACCU Scheme and may provide additional feedback as implementation progresses.

We would welcome the opportunity to discuss this submission with you further. In the interim, if you have any questions, please contact Rachel Storrs (Rachel.storrs@riotinto.com).

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'J. McCarthy', with a long horizontal flourish extending to the right.

Jonathon McCarthy
Chief decarbonisation officer