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Climate Disclosure Unit
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The Treasury
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Submitted by email: climatereportingconsultation@treasury.gov.au

Climate-related financial disclosure – Consultation Paper

Alinta Energy welcomes the opportunity to respond to the Treasury's consultation paper on climate-related financial disclosure.

Alinta Energy supports the development of an Australian climate-related financial disclosure framework that aligns with international best practice, including the International Sustainability Standards Board (ISSB) standards.

Reporting coverage and timeline

The implementation approach proposed by Treasury in the consultation paper is a significant change to reporting standards and requirements. It would require significant additional resources and impose substantial costs given the proposed reporting requirements capture significantly more entities from 2024-25 than was originally outlined in the previous consultation.

This issue is exacerbated by very recent publication of the ISSB standards which reporting entities, including Alinta Energy, are currently evaluating and integrating into their reporting practices. Additionally, other aspects of guidance are still in the process of being finalised or developed. Furthermore, the Australian Accounting Standards Board (AASB) standards are not expected to be finalised before Q2 2024, while reporting against them is expected to commence by 1 January 2024. This timeline does not provide sufficient opportunity to allocate resources and establish the necessary process for collecting and verifying the required data for reporting.

The expanded coverage would significantly increase the number of entities captured by the disclosure requirements, leading to a simultaneous demand for resources to ensure compliance. In a tight labour market this could potentially result in significant cost imposts, ultimately passed on to consumers. It is critical that a reasonable transition period is provided to allow for proper capability building within reporting entities.



Alinta Energy recommends that the Australian Government delay the implementation of the reporting requirements for each phase by 12 months to allow entities to appropriately plan their resource allocation for the new obligations.

Liability provision

The consultation paper states on page 13:

“companies will be afforded protection from false or misleading representation claims from private litigants in relation to forward looking statements for the first three years.”

Alinta Energy is concerned that this sentence may imply that the protection applies for the period 2024-25 to 2026-27. These protections should be equitably applied across the phases to ensure procedural fairness for reporting entities.

Alinta Energy recommends the three-year protection period for each reporting entity be based on the first year of reporting requirements being triggered based on the phased approach.

Sectoral vs individual entity reporting

This legislation and the requirements for reporting climate risks apply separately to each entity. The electricity supply industry operates in a unique manner compared to other industries. Whilst reporting entities within this sector are independent in their commercial activities and corporate reporting, their commercial output is impacted by decisions made by other participants and centrally coordinated by the Australian Energy Market Operator (AEMO).

Transition plans developed by an entity must account for various factors, including market circumstances, power generator retirements, transmission capacity availability and build, and power generators coming online. Failure to account for these factors could potentially risk grid stability and security of supply.

Transition planning

The consultation paper on page 14 proposes:

“From commencement, transition plans would need to be disclosed, including information about offsets, target setting and mitigation strategies”.

Transition planning under the legislation would impose a significant reporting and regulatory burden on all reporting entities. Therefore, the legislation should provide comprehensive guidance on expectations for entities, as well as define what constitutes a ‘good’ offset and an offset of ‘integrity’. This will also assist entities reporting against the International Financial Reporting Standards Sustainability Disclosure Standard S2 Section 36 e(iv).¹

¹ IFRS S2, IFRS Sustainability Disclosure Standard, Climate-related Disclosures, June 2023, p.18.



Scenario analysis

Alinta Energy supports the requirements for entities to conduct scenario analysis as part of their climate disclosure reporting. However, the consultation paper lacks clarity on what precisely is expected from reporting entities in a regulatory context. The ISSB standards also do not provide any greater clarity on this matter, which particularly impacts entities that have not previously conducted scenario analysis or reported scope 3 emissions.

Clear and precise guidance is needed to establish expectations regarding scenario analysis to avoid unnecessary regulatory burden and costs on reporting entities, particularly for smaller entities.

Alinta Energy recommends that the requirements for scenario analysis and scope 3 emissions reporting be phased-in only after guidance is made available. This will allow entities to build capacity in a planned and more efficient manner and impose a lower cost burden on consumers.

Scope 3 emissions

The proposed legislation also seeks to mandate reporting of scope 3 emissions as a part of the climate related financial disclosure of entities. However, for many entities, calculating scope 3 emissions is extremely difficult due to the inherent uncertainties related to product usage and supply variability.

Alinta Energy recommends that where actual data is not available for scope 3 emissions, reporting entities be allowed to use estimates. For estimation, clarity would be required on which emission factors to use to ensure consistency and comparability, for example National Greenhouse Accounts Factors or Climate Active emission factors. Once it is established that some immaterial Scope 3 emissions are below a threshold, for example 5% of total emissions, we recommend allowing the use of an uplift factor to account for these small emission sources in subsequent reporting periods. This would be similar to the percentage reporting provisions for small facilities under NGER Regulations (section 4.26).

Subsidiary reporting

With regard to NGER controlling corporations with multiple subsidiaries, the proposed seems to imply that each subsidiary of the controlling corporation would be required to report climate disclosure separately. This differs from NGER reporting requirements that allow the controlling corporation to report on behalf of all subsidiaries, with the obligation residing at the controlling corporation level. To minimise the regulatory and cost burdens, it would be prudent to allow the controlling corporation to report on behalf of all subsidiaries in a single report.

Alinta Energy recommends that reporting obligations apply to the controlling corporation rather than all annual reporting entities.



Thank you for your consideration of our submission. If you would like to discuss this further, please contact [REDACTED]

Yours sincerely

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