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Short Comment	
Question 1.1: Which LCLF should be eligible under the program and why?	Any, as long as they market settings are right. The carbon intensity of each LCLF needs to be well understood so that it can be linked to the existing ACCU scheme, with consumers and producers able to make purchasing/production/investment decisions that reflect the relative cost of each and their ability to meet carbon reduction goals.
Question 1.2: Should certain types of LCLF be prioritised over others?	Prioritising locally produced (from local feedstock) LCLFs will improve security of supply.
Question 1.2a: Should LCLF suitable for particular particular sectors or uses be prioritised? For example, should sustainable aviation fuel be prioritised over renewable diesel?	The market will drive the most carbon reducing and economic uses for LCLFs, as long as there are clear pricing signals for the LCLFs, feedstocks and ACCUs. It is less important what is prioritised between sectors than that it is level playing field for those within each sector.
Question 1.2b: Should LCLF for certain sectors or uses be de-prioritised due to other viable decarbonisation pathways?	This will happen naturally if the LCLF and ACCU markets apply across Australia and clear pricing signals are available for consumers, producers, investors and regulators. Where it is cheaper to electrify, it will happen, and LCLFs will be kept for hard to abate sectors.
Question 1.2c: What market impacts are anticipated by influencing prioritisation of particular fuel types?	LCLF prices could delink from carbon credit prices, creating perverse outcomes that do not reduce emissions. For example, if airlines are forced to use SAF, but heavy diesel users are not forced to use renewable diesel, then airlines may stop buying ACCUs, reducing the pool of buyers and decreasing ACCU costs, further disincentivising mining firms to cut carbon emissions on site.
Question 2.1: Should the production credit be a fixed amount per litre of production, or a variable amount that depends on the market price of LCLF?	It should be inversely correlated to the market price of LCLF, such that above a certain cap, there is no production credit and it increases the further it falls from that cap. Further it should also be linked to the price of feedstock, in much the same way at the Fuel Security Services Payment (FSSP) https://www.dcceew.gov.au/energy/security/australias-fuel-security/fuel-security-services-payment
Question 2.1a: Are there any potential benefits, risks or constraints considering the two different production credit options below?	The Fixed production support is not flexible enough to respond to new technology, changes to overseas LCLF government policies/tariffs, variations in global trade flows; and domestic/international fluctuations in demand of biofuels and biofuel feedstocks. A contract for difference is more responsive and allows the market to do its job, particularly if it is also linked to feedstock prices.
Question 2.1b: What outcomes do you think can be delivered with the available funding?	The funding should give investors confidence to bank Australian biofuel projects. This is particularly true in a market led scheme (such as the contract for difference) that gives investors opportunities to use the same pricing benchmarks in financial markets to offset their risk.
Question 2.1c: What type of mechanism provides the greatest investment certainty or level of bankability to projects?	The contract for difference will give more certainty for commercial investors, because it is more arms-length from government and less subjective than the \competitive process\, that would underpin the fixed support. Investors are used to working with the risks associated with commodity markets, both fuel and feedstocks.
Question 2.1d: How can this support be structured to prevent substantial upside to producers?	By setting the strike price at the right level, you stop all government funding above a certain price level. But this gives investors the opportunity for price driven upside that is not supported by production credits. If this is related to carbon intensity and ACCU prices then consumers will have other options to abate emissions.

Question 2.1e: How do you consider pricing for LCLF will be set over the short-medium term and longer term? Will pricing be matched to a premium on equivalent fossil fuel or price of imported LCLF or be on a carbon abatement basis?

Short term it will be all three options, plus a cost of feedstock+conversion cost. Medium term it will move away from fossil, as the fundamentals of the fossil and LCLF markets diverge and that basis risk becomes too big for fuel consumers to accept. Sophisticated consumers will want to sign long term offtake contracts based on either Feedstock price + cost of conversion, or import LCLF parity. Carbon abatement basis will need to be included in the regulation (as in Europe), unless ACCU prices are allowed to rise to something around \$100.

Question 2.2: To deliver the policy intent of the Program while maximising the value for taxpayers, do you agree that projects with the lowest cost should be prioritised under the Program, with the cost being measured either as per unit of LCLF produced or as per unit of carbon emissions abated?

I think that the market should decide which projects proceed, with market-linked incentives like the contract for difference.

Question 2.3: Should the production credit be linked to the quantum of LCLF produced, or the carbon emissions saving potential of the fuel?

It should be linked to the carbon emissions savings, or it will create market distortion between ACCUs and LCLFs

Question 2.4: What are your views on the cost to deploy LCLF domestically compared to internationally? Is there a local premium for domestic production?

Australia is a higher cost environment than our near neighbours, but the advantages offered by our feedstock availability should give us some competitive advantages. The production higher cost is offset by increased supply security, less reliance on our near-monopoly port system, lower freight payments.

Question 2.5: Should the total value of production credits be capped for each project? If yes, what should the capped amount be and why?

This is one for our consultants, not me. Sorry

Question 2.6: Should production be focused on domestic supply only or should export also be permitted? What impact could restriction have for projects or the market?

Exports should be allowed (particularly to our Pacific Island and New Zealand neighbours), but with a domestic reservation policy to ensure security of supply. This would allow investors to look to gain the scale needed for economic viability of some projects. And would link Australia into global markets, for what could (although may not) become a major export industry.

Question 2.7: Is there a role for combined production support with capital grants for first-of-a-kind facilities?

This could be market distorting and should only be used in exceptional cases, if at all.

Question 2.8: What other types of funding or concessional finance could support LCLF projects (e.g. funding from CEFC and NRF)?

I think the CEFC should be used to support these projects, as they are plugged into financial markets. They know how to stimulate investment from the private sector and minimise market distorting policies.

Question 2.9: Is any other support required across the supply chain to enable domestic production of LCLF?	Having a LCLF guarantee of origin that can be unstapled from the molecules, will simplify the supply chain, allow physical fossil and LCLF molecules to be mixed, while the environmental benefits of LCLFs are captured.
Question 2.10: What lessons can Australia learn from other jurisdictions that have already implemented LCLF production support measures?	
Question 3.1: Considering the objective below, what production pathways should be focused on or prioritised?	I urge you to support market settings that lift the most economic and carbon effective pathways.
Question 3.1a: Should priority be given to projects that use more-established production pathways (e.g. HEFA and HVO) than nascent production pathways that may present a higher level of technology risk?	N/A
Question 3.1b: How can nascent production pathways compete with more-established production pathways (e.g. HEFA and HVO)?	N/A
Question 3.1c: What minimum stage of project development (and evidence) should be expected by projects under the program?	N/A
Question 3.2: Should there be a minimum facility size to be eligible?	N/A
Question 3.3: Should LCLF be required to meet a carbon intensity threshold (% carbon intensity reduction compared to fossil equivalent) to be eligible for the program? If yes, what would be a reasonable threshold, and how should that threshold be calculated and verified? If not, why not?	Yes, so that they can be used under international LCLF conventions (IMO, Corsair, ReFuel EU, etc)
Question 3.3a: If the production incentive is based on carbon emissions reduced, rather than volume of LCLF produced (see Question 2.3), is a minimum carbon intensity threshold still needed as part of the eligibility criteria?	Yes, so that they can be used under international LCLF conventions (IMO, Corsair, ReFuel EU, etc)

Question 3.3b: Should Indirect Land Use Change be included in the method for determining carbon intensity, for the purpose of the Program?	N/A
Question 3.3c: Should any feedstocks be prioritised or otherwise considered out of scope?	N/A
Question 3.4: Other than carbon intensity, should any other sustainability criteria be included?	N/A
Question 3.5: Which international and domestic sustainability schemes should be allowed to verify sustainability claims?	N/A
Question 4.1: What are your views on the following factors affecting the merit of a proposal?	These are all important.
Question 4.2: Recipients under the Program will need to deliver benefits according to the Community Benefit Principles under the Future Made in Australia Act (see Appendix D of the Policy Design and Engagement Paper). How do you consider the Community Benefit Principles in relation to LCLF projects? Are there specific Community Benefit Principles that are more or less relevant?	N/A
Question 4.3: How will overseas policy developments interact with domestic policy settings to support projects reaching final investment decisions? For example, LCLF demand-side targets or mandates, and international frameworks such as the International Civil Aviation Organisation long-term global aspirational goal for international aviation (LTAG) of net-zero carbon emissions by 2050.	These will have a huge impact, as we are part of a global markets, not only for LCLFs but for fossil fuels and for investor dollars.

- Question 4.4: In addition to production support, what other measures are considered critical to achieve final investment decisions for projects? What are their key features?
- Offtake agreements give investors' confidence in project development (as has been the case in mining for decades). It shows that consumers are invested in the success of the project and that a proportion of the sales are locked in at something related to market prices. For example, if Defence signed an offtake agreement for supply of SAF covering, say 25pc of a facilities capacity, that would greatly assist in attracting other investors.
- Question 4.5: What are the intersecting policies you expect need to be considered to unlock a domestic LCLF production industry?
- The Feedstock Strategy, the Guarantees of Origin, Carbon border adjustment mechanism, Safeguard mechanism, Fuel Security
- Question 4.6: Is there any other feedback you would like to provide that isn't covered by questions above?
- We are working with industry to develop feedstock price benchmarks (such as our Aus tallow and canola prices) and to leverage off our European and Asian SAF/HVO prices to create an Australian delivered SAF/HVO price. When the time is right, we want to produce domestic Australian LCLF prices to support development of the industry.