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Short Comment	
Question 1.1: Which LCLF should be eligible under the program and why?	The focus on these LCLFs should be “drop-in” replacements for petroleum fuels that do not require wholesale replacement of equipment and infrastructure such as Renewable Diesel, SAF, and Biodiesel. The CFP should prioritise funding into those fuel pathways that have the most immediate opportunity to establish the foundations of a domestic LCLF industry, the lowest whole of supply chain cost, and the strongest potential to accelerate to large scale in the 2030’s. In order to improve domestic emissions, LCLF must meet a >50% CI reduction to be eligible (see Q3.3). The CFP should not be made available to synthetic fuels based on green hydrogen or eFuels until such time, if ever, that these pathways achieve competitive production costs with already available LCLF technologies, and have become commercially established in other jurisdictions. Likewise, the CFP should not include biomethane (or bioLPG or bioLNG) as a renewable fuel as these are not ‘drop-in’ fuels that displace existing petroleum fuels stored at ambient pressure and temperature.
Question 1.2: Should certain types of LCLF be prioritised over others?	For the CFP supply-side investment stimulus, there should be no priority given to any one type of fuel over another. The market dynamics and production economics will determine which mix of fuel types are produced by refineries.
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 announced quantum of funding for the CFP ($1.1 B over 10 years) represents a small fraction of the total capital required to support commercial scale infrastructure for LCLF production. This initial supply-side funding must therefore be focussed on supporting the best opportunities to stimulate initial LCLF production at the lowest cost to the taxpayer, and with the highest likelihood of long term success.
Question 1.2b: Should LCLF for certain sectors or uses be de-prioritised due to other viable decarbonisation pathways?	No LCLF use sectors should be deprioritised due to availability of other decarbonisation pathways. Most of LCLF production will be directed to sectors that are difficult to decarbonise through other means, such as via electrification. The predominant use of ICE vehicles combined with long lifecycle for current ICE fleets means that GHG emissions generated by automobiles will remain for decades ahead despite EV penetration. Similarly for the heavy-duty vehicle sector, we are starting to see an increasing availability of electric options however the long lifecycle for current fleets will result in demand for diesel for many years. These sectors should not be deprioritised for use of LCLF.
Question 1.2c: What market impacts are anticipated by influencing prioritisation of particular fuel types?	The priority of the CFP must be to support the best opportunities to stimulate LCLF production at the lowest cost to the taxpayer, and with the highest likelihood of long-term success. The CFP should be agnostic to the particular fuel types that are produced, provided they are lowest cost to the taxpayer.
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?	A Contract for Difference (CFD) based on a clearly defined market price for LCLF should be used for this limited support program. In the longer term, an additional supply side production support policy is required to enable financing of the capital intensive assets for multiple larger scale LCLF production facilities. Ideally this would be a fixed amount per litre of production similar to the Hydrogen Production Tax Incentive (HPTI) mechanism which is a refundable tax offset for domestic hydrogen produced.
Question 2.1a: Are there any potential benefits, risks or constraints considering the two different production credit options below?	For this limited support program, a CFD based on a clearly defined market price for LCLF will provide some initial investment in this new industry. A CFD is the best value to minimise risk to the investor and excessive payments from the taxpayer. Longer term, a fixed production support mechanism (similar to the HPTI) would provide certainty for all producers, and reduces complexities associated with management of CFDs.
Question 2.1b: What outcomes do you think can be delivered with the available funding?	The $1.1B domestic support program over 10 years is $110M every year, which not be sufficient to stand up and develop a domestic LCLF production industry. This funding may encourage first mover investors in production facilities but will not deliver a domestic LCLF industry to meet domestic demand without ongoing support for every facility.

Question 2.1c: What type of mechanism provides the greatest investment certainty or level of bankability to projects?	For this limited support program, a CFD based on a clearly defined market price for LCLF will provide the best value to start up a few facilities for this new industry. A CFD is the best value to minimise risk to the investor and excessive payments from the taxpayer. Longer term a fixed production support similar to the HPTI provides certainty for all producers, and reduces complexities associated with management of CFDs.
Question 2.1d: How can this support be structured to prevent substantial upside to producers?	A well designed CFD will prevent substantial upside to producers.
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?	Pricing will be a result of market conditions and policies in place. Pricing will consider alternative options for imported LCLF, hence the need for production support. Consumers will consider LCLF price versus petroleum fuels equivalent and make their own choices.
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?	The program needs to support all producers of eligible products and not pick winners. Measurement should be on maximising volume output at the lowest unit cost and meeting the CI reduction threshold in order to optimise the investment of government funds.
Question 2.3: Should the production credit be linked to the quantum of LCLF produced, or the carbon emissions saving potential of the fuel?	Production credit should be on a per litre basis of eligible fuels, which includes a maximum carbon intensity threshold (e.g. 45 gCO2e/MJ) or minimum carbon intensity reduction compared to petroleum fuel equivalent (e.g. >50% CI reduction). Incentives for further reduction of carbon intensity is best covered in a demand side mechanism (such as an LCFS) rather than a supply side production credit.
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?	The cost for production in Australia will be higher than internationally as manufacturing in Australia is costlier due to high energy, capital and labour costs. Some savings are likely available with lower logistics costs and any notional premium associated with security of supply. Australia has some competitive advantage in the cost of production of agricultural commodities, but growers will look to sell wherever they get the best returns.
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?	Production credits will underpin the costs and should match the capacity of the production facility. Capping credits for individual projects will be a decision based on allocation of the available funds to the lowest cost producers.
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?	Any locally-produced LCLF that is exported fails to reduce the amount of petroleum fuels that Australia imports, and thus does not contribute to the dual policy objectives of reducing Australia's GHG emissions and improving our fuel security. Investment should be focussed on domestic production, with the Government production credit not payable on any volume of LCLF that is exported. In addition, having complementary demand side policy would also incentivise the domestic consumption of locally produced fuels compared to the export opportunity.

Question 2.7: Is there a role for combined production support with capital grants for first-of-a-kind facilities?	This program is deployment of proven production facilities, not for pilot scale development or demonstration facilities. First of a kind (FOAK) facilities are not advanced in development and do not fit the program objectives.
Question 2.8: What other types of funding or concessional finance could support LCLF projects (e.g. funding from CEFC and NRF)?	CFP should also consider opportunities to direct/support/coordinate ARENA and other Govt investments in feedstock R&D, to ensure that newly established processing facilities do not become stranded assets, due to insufficient feedstock being available to support future expansion.
Question 2.9: Is any other support required across the supply chain to enable domestic production of LCLF?	Complementary policy support is required across all elements of the supply chain to enable scalable production of domestic LCLF including: -Sustainability standards -Certification and CI methodologies -Crushers, silos, domestic transport (e.g. rail, road, coastal freight), etc. -Integrated logistics handling -Demand side policy (e.g. LCFS, sector mandates) -RD&C support for new and improved feedstocks.
Question 2.10: What lessons can Australia learn from other jurisdictions that have already implemented LCLF production support measures?	Learnings from other jurisdictions are numerous, including: -Focus on proven at scale technology – not on novel, pilot or emerging technologies -Investors require policy certainty and long term stability. Support schemes need to have broad parliamentary support and be legislated. -Foundational credentials of an LCLF industry must be in place – certification and sustainability. -Feedstock capacity and accessibility is a necessary condition for success – refining capacity will follow secure feedstock supplies. -Producers' credit program must only apply to domestic utilisation of domestic fuel production, not imports or exports of LCLFs. -Carbon Intensity standard should be the emphasis. Feedstocks should not be discriminated against on policy or political grounds, but on their cost and sustainability. -Align standards on international settings for market flexibility. -Policy settings need transparent guardrails with ongoing review and the ability to adjust as the LCLF market develops.
Question 3.1: Considering the objective below, what production pathways should be focused on or prioritised?	
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?	Production credits must be made available only for deployable and scalable production pathways, not for nascent technology. Separate funding sources (e.g. ARENA) should be made available for research and development and small-scale pilot projects.
Question 3.1b: How can nascent production pathways compete with more-established production pathways (e.g. HEFA and HVO)?	Nascent production can have access to the same production credit, and CI benefits once emerging technologies are sufficiently demonstrated at scale and are ready for deployment in Australia. It is worth reinforcing here that there is no case for Australia investing in R&D on high-risk green hydrogen and e-Fuel pathways.
Question 3.1c: What minimum stage of project development (and evidence) should be expected by projects under the program?	TRL 9 – this program is for commercial production, not for technology development or demonstration.
Question 3.2: Should there be a minimum facility size to be eligible?	No – if the facility has robust feedstock supply and can economically produce renewable fuels then it should be eligible.

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?	Production credit should be on a per litre basis of eligible fuels, which includes a minimum carbon intensity threshold (e.g. 40 gCO2e/MJ) or minimum carbon intensity reduction threshold compared to petroleum fuel equivalent (e.g. 50%).
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?	The carbon intensity threshold is required to define an eligible fuel. For this CFP the focus should be on supporting the best opportunities to stimulate maximum LCLF production at the lowest cost to the taxpayer, and with the highest likelihood of long-term success.
Question 3.3b: Should Indirect Land Use Change be included in the method for determining carbon intensity, for the purpose of the Program?	ILUC should be included and must be clearly defined and evidence based. There is a strong need for adaptable certification standards that recognise that Australian farming systems are generally lower in CI footprint than in other jurisdictions (such as Europe). Establishing a credible and widely accepted ILUC criteria alongside robust sustainability standards will be essential for community acceptance of an LCLF market in Australia. The initial use of science-based default ILUC factors for approved feedstock pathways would be appropriate, which enables flexibility for fuel suppliers to provide evidence for actual lifecycle assessment values as production matures.
Question 3.3c: Should any feedstocks be prioritised or otherwise considered out of scope?	Feedstocks should not be prioritised or removed from scope, but all should compete on the same sustainability standards and CI reduction. Overall production economics (including feedstock, logistics and refining costs) will dictate which feedstocks and in turn supply chains are more desirable and scalable – growers and the market will choose.
Question 3.4: Other than carbon intensity, should any other sustainability criteria be included?	All of the elements of a global Sustainability standard (e.g. CORSIA) should be readily able to be adopted in Australia, as local laws are already in place for almost all criteria e.g. water, soil, air, conservation, waste, human rights, land use.
Question 3.5: Which international and domestic sustainability schemes should be allowed to verify sustainability claims?	Global organisations that already verify sustainability standards should be allowed in Australia (e.g. ISCC and RSB).
Question 4.1: What are your views on the following factors affecting the merit of a proposal?	Every project accessing production support should be rigorously assessed to verify it meets all of the above criteria.

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?	Community Benefits will happen naturally as an outcome of major infrastructure projects, particularly in regional centres.
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.	The focus of this program is on domestic production support, which is incentivised to be sold domestically. Overseas policies will create demand in their own jurisdiction. LCLF produced in Australia that is sold for use out of country should not benefit from taxpayer support via a Government program.
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?	•Long term stable demand side policies (e.g. LCFS) •Feedstock security and growth •Certification and sustainability standards •Robust supply chain and integrated logistics •Proven technology •Excise support •Cost of capital
Question 4.5: What are the intersecting policies you expect need to be considered to unlock a domestic LCLF production industry?	To enable long term LCLF production at scale, there must be complementary supply-side and demand-side policies. This has been demonstrated in other jurisdictions where there has been successful market-based growth of LCLFs as a result of multiple policies. These programs provide the value stack for the market to bridge the cost gap to petroleum fuels.
Question 4.6: Is there any other feedback you would like to provide that isn't covered by questions above?	No