We thank you for your time spent taking this survey.
Your response has been recorded.

Below is a summary of your responses Download PDF

Australian Sustainable Finance Institute

Thank you for your contribution to the development of the Australian sustainable finance taxonomy.

The public consultation process will run for 5 weeks from**9:00am Tuesday 28 May 2024** until **9:00pm Sunday 30 June 2024 (AEST)**.

Please note, we will not be able to incorporate feedback received after this time.

The first round of public consultation seeks feedback on:

1. the draft headline ambitions for the Australian taxonomy's environmental objectives, and;

2. the proposed activity selection and draft substantive climate change mitigation criteria for the following three priority economic sectors:

- electricity generation and storage;
- minerals, mining and metals, and;
- construction and the built environment.

The feedback we receive will be critical in shaping the further development of these areas throughout the second half of the year. Following the consultation period, ASFI will assess and incorporate

feedback in line with the taxonomy's core principles of credibility, usability, interoperability and prioritisation for impact.

The second public consultation, scheduled for Q4 2024, will seek additional feedback on final versions of the technical screening criteria for these three sectors, along with other areas defined in the public consultation paper.

Survey responses will be published on ASFI's website unless you opt out. The option to opt out is included in this survey.

You will be able to download your submission at the end of the survey. **However, please note that there is no function to save your survey responses as you progress**.

Are you an organisation or an individual?

Organisation

What is the name of your organisation?

AIRAH

Which one of these best describes your organisation?

- ○ Company
- ○ Financial institution
- ◉ **Industry association**
- ○ Federal government agency
- ○ State/Territory government agency
- ○ Local government
- ○ Non-government organisation
- ○ Academic institution
- ○ Other, please specify:

What is the best contact email with regard to a response or follow-up to this submission?

mark.vender@airah.org.au

Do you consent your response to be published as part of the public consultation results?

- (●) **I consent to the publication of my / organisation's submission.**
- ( ) I do not consent to the publication of my / organisation's submission.

For Consultation: Taxonomy Headline Ambitions

Headline ambitions are the broad, longer-term goals that underpin a taxonomy's environmental objectives and are designed to be considered holistically. Draft headline ambitions have been developed for each of the Australian taxonomy's six environmental objectives in close consultation with TTEG and TAG members, relevant government representatives, and other key stakeholders. The draft headline ambitions are set out in **Section 3** of the public consultation paper.

Do the headline ambitions reflect Australia's highest national goals for climate and environmental sustainability?

Yes

For Consultation: Electricity Generation and Supply

Detail regarding the proposed electricity generation and supply criteria is set out in**Section 4** of the public consultation paper.

Application of the Transition Methodology

Do you agree with the proposal to provide the market with system-level advice for energy utilities or portfolios of assets that contain gas firming facilities? If so, please provide feedback on what issues should be covered in the advice. If not, please elaborate.

- ( ) Yes
- ( ) No

Proposed lifecycle emissions requirements

On a scale of 1-3, how much of a challenge is it to acquire lifecycle assessment data for upstream scope 3 emissions? (1 = not likely to ever be available, 2= challenging but can be resolved in time with better disclosures and evolving practices, 3= not challenging, data is readily available).

1 2 3

Availability

Are the proposed ISO standards suitable for assessing lifecycle emissions requirements in Australia? If not, which standard(s) is more suitable?

- Yes
- No

Proposed Technical Screening Criteria (TSC)

Are the proposed TSC usable and clear? In this context, usability of criteria refers to whether they are comparable, clear, objective and easy to understand.

- Yes
- No

Are the proposed TSC credible? In this context, credibility of criteria refers to whether a transparent, scientific approach aligned to the Paris agreement temperature goal has been used, informed by the latest technological understanding.

- Yes
- No

Are there any activities for which the TSC are unclear?

- ◯ Yes
- ◯ No

Are there any activities for which further detail is required?

- ◯ Yes
- ◯ No

Are there any additional activities that should be included, which comply with the taxonomy transition methodology?

Note: hydrogen production will be included under the Manufacturing and Industry sector of the taxonomy.

- ◯ Yes
- ◯ No

For Consultation: Minerals, Mining and Metals

Detail regarding the proposed minerals, mining and metals criteria is set out in**Section 5** of the public consultation paper.

In the context of these questions:

- *usability of criteria refers to whether they are comparable, clear, objective and easy to understand.*
- *credibility of criteria refers to whether a transparent, scientific approach aligned to the Paris agreement temperature goal has been used, informed by the latest technological understanding.*

Proposed methodology - copper, lithium, nickel

Is the methodology for the development of emissions intensity thresholds clear?

- Yes
- No

Are emissions intensity thresholds usable at the mine site level?

- Yes
- No

Does the trajectory for future thresholds adequately balance ambition, credibility and usability?

- Yes
- No

Inclusion of biofuels as eligible measures

Should biofuels and e-fuels be included in the list of eligible measures?

- Yes
- No

Which biofuels and e-fuels are most important to include specifically for the mining sector, and why?

Should any requirements be attached to the inclusion of biofuels or e-fuels (e.g. standards, certifications)? In answering this question, please consider how your answers are aligned to the taxonomy's core principles of credibility and usability.

- Yes
- No

Proposed Scope 3 requirements

Does the rationale for including Scope 3 emissions requirements for minerals align with the taxonomy's core principle of credibility? Please explain.

- ◯ Yes
- ◯ No

Are the proposed criteria around Scope 3 emissions usable and clear? If you answer no, please provide suggestions on how it could be improved.

- ◯ Yes
- ◯ No

Do you agree with the 40% materiality threshold for Scope 3 emissions? If not, how would you change it and based on what?

- ◯ Yes
- ◯ No

Which other factors could be considered for determining whether a Scope 3 requirement should or should not be applied to criteria for minerals covered in the taxonomy?

Development of criteria for new mines

Noting that the proposed criteria in this public consultation paper apply only to existing mines, what are the key considerations that should be taken into account when developing criteria for new mines, within the defined emissions boundary?

Proposed iron ore green criteria - measures

Are the proposed measures and materiality thresholds for iron ore mining criteria clear and usable, including from a data availability perspective? If not, how could they be improved?

- ◯ Yes
- ◯ No

Is using 2020 as a baseline for iron ore emissions reductions suitable?

- ◯ Yes
- ◯ No

Proposed iron ore green criteria - offtake requirements

Is the requirement to measure/audit and report on offtake agreements feasible? Please comment on any constraints users may face in complying with this requirement.

- ◯ Yes
- ◯ No

Are iron ore producers able to evaluate the emissions intensity of the steel producers they sell to?

- ◯ Yes
- ◯ No

Proposed iron ore green criteria - entity requirements

What reporting requirements would be needed to support producers meeting this target?

Is there adequate data availability to assess entity-level requirements for producers outside Australia?

Please substantiate your response.

- Yes
- No

Proposed iron ore transition criteria

Are there any material decarbonisation levers missing from the measures listed?

- Yes
- No

Is the 50% materiality threshold needed to demonstrate that measures programmes are sufficient / significant?

- Yes
- No

What additional detail is needed to ensure the transition criteria can be used?

- Yes
- No

Proposed lithium green criteria

Does the proposed threshold adequately align with the core taxonomy principles of credibility and usability? If not, why?

- Yes
- No

What additional detail is required to aid usability?

Is the trajectory proposed feasible?

- Yes
- No

Proposed lithium transition criteria

Are there any material decarbonisation levers missing from the measures?

- Yes
- No

Is the 50% materiality threshold needed to demonstrate that measures are sufficient/significant?

- Yes
- No

What additional detail is needed to ensure thresholds can be used?

Proposed nickel green criteria

Does the proposed threshold adequately align with the core taxonomy principles of credibility and usability? If not, why?

- Yes
- No

What additional detail is required to aid usability?

Is the trajectory proposed feasible?

- Yes
- No

Proposed nickel transition criteria

Are there any material decarbonisation levers missing from the measures?

- Yes
- No

Is the 50% materiality threshold needed to demonstrate that measures are sufficient/significant?

- Yes
- No

What additional detail is needed to ensure thresholds can be used?

Proposed copper green criteria

Does the proposed threshold adequately align with the core taxonomy principles of credibility and usability? If not, why?

- Yes

- [ ] No

What additional detail is required to aid usability?

Is the trajectory proposed feasible?

- [ ] Yes
- [ ] No

Proposed copper transition criteria

Are there any material decarbonisation levers missing from the measures?

- [ ] Yes
- [ ] No

Is the 50% materiality threshold needed to demonstrate that measures are sufficient/significant?

- [ ] Yes
- [ ] No

What additional detail is needed to ensure thresholds can be used?

For Consultation: Construction and Built Environment

Detail regarding the proposed Construction and Built Environment criteria is set out in**Section 6** of the public consultation paper.

Proposed Sunrise Provisions

Do you support a 'sunrise' trigger for refrigerants and embodied carbon?

- ○ Yes
- ◉ **No**

As a peak body for professionals working in heating, ventilation, air conditioning and refrigeration (HVAC&R) and building services, AIRAH supports Australia's transition away from high-GWP refrigerants to more sustainable alternatives. Our members have a deep understanding of the science and the commercial factors behind refrigerant selection, which we have drawn on for these comments. Although we welcome the recognition of refrigerants as one of the key factors in decarbonising the built environment, a narrow focus on GWP oversimplifies the considerations for refrigerant selection and may have unintended consequences. Safety, environmental impact, energy efficiency and cost are all key considerations in refrigerant selection. Within safety, low-GWP refrigerants are generally flammable, toxic, or operate at high pressures, and there are growing concerns in the HVAC&R industry that our workforce is still upskilling. This applies at the technician level, where units of competency on flammables were only recently introduced into the national training package. This means the vast majority of technicians have not received training in this area. The national ARCtick licensing system for purchasing and handling refrigerants applies only to scheduled substances under the Ozone Protection and Synthetic Greenhouse Gas Management Act (CFCs, HCFCs and HFCs), so there is no requirement under this licensing system to have completed the flammable units of competency. Nor are state/territory governments mandating the training under their occupational licences at this stage. At the design level, our members report that there is limited understanding of the AS/NZS 60079 family of standards, which should be applied to plant rooms where we have flammable refrigerants. Within environmental impact, it is important to consider upstream and downstream impacts of refrigerants as well as their global warming potential. Many synthetic refrigerants require high-GWP HFCs and ozone depleting HCFCs as feedstocks, some of which escape to atmosphere. HFO refrigerants, meanwhile, have low global warming potential, but break down into trifluoroacetic acid (TFA), a class of PFAS that is extremely mobile and persistent in the environment. Studies have suggested that high quantities of TFA can be toxic to humans. Using GWP as the sole measure may drive end-users towards solutions that have other environmental impacts. For best energy efficiency, it is important to select a refrigerant that is suitable for climate and application. This is not always the lowest-GWP option. It is also worth noting that Australia is has ratified the Kigali Amendment to the Montreal Protocol, and has committed to reducing consumption of HFCs by 85 per cent by 2036. Any measures in the sustainable finance taxonomy should support those in the Ozone Protection and Synthetic Greenhouse Gas Management Act. AIRAH and its members are working to better define and facilitate the transition to more sustainable HVAC&R systems, including refrigerants. But at this stage the pathway is not clear, and incorporating criteria in the sustainable finance taxonomy may produce perverse outcomes and barriers for investment. We recommend revisiting the requirements for refrigerants in the sustainable finance taxonomy when there is greater certainty around the future of refrigerants and industry's ability to select and use alternative refrigerants. AIRAH would be happy to participate in further discussions in this area. We note also the assumption on page 61 that "emissions from the leakage of refrigerants into the atmosphere will contribute 13 per cent of the building sector's emissions in 2050". AIRAH advocates for reducing direct emissions of refrigerants by implementing better maintenance regimes, including leak testing. We would support a requirement for such regimes in the acquisition and ownership screening criteria. For

the reasons above, we have reservations about the criteria put forward for refrigerants, as well as the concept of sunrise and sunset triggers.

Is the nominated two-year sunrise date (1 Jan 2027) appropriate? If not, what should it be and why?

- ○ Yes
- ◉ **No**

See above comments.

Proposed Sunset Dates

Do you support a sunset date for transition criteria? If not, what should it be and why?

- ○ Yes
- ◉ **No**

See above comments.

Proposed framework for assessing proxies

Do you agree with the framework for assessing the suitability of proxies for the screening criteria?

- ○ Yes
- ◉ **No**

In NABERS, Australia has a buildings rating system that is the envy of countries around the world. We believe the taxonomy should build on the success of this system and that of Green Star by using them as proxies.

Are there additional proxies that should be considered for the Australian building sector?

- ○ Yes

- ○ No

Proposed alignment with NCC energy efficiency requirements

Do you support the proposed alignment with the NCC requirements and revisioning process for energy efficiency for new buildings, or should those requirements be subject to an uplift, like the 10% required by the Green Star Buildings criteria?

Yes - align with NCC requirements

No - should be subject to an uplift

If you support an uplift, what should it be and for what reasons?

AIRAH believes the requirements should be subject to an uplift. The NCC is a minimum bar – it defines the worst-performing building that can legally be built. It is also important that the requirements for sustainable finance have an impact in the short-to-medium term. The NCC follows a trajectory towards net zero buildings, but the greatest impact of investments in sustainable buildings will be in the next 10 years, while the NCC is still ramping up its requirements. Finally, aligning with the NCC is difficult when there is no guarantee that energy efficiency provisions will come into force at a specific time for all jurisdictions, as we have seen with NCC 2022.

If you currently support an uplift, should this continue indefinitely or should it be revisited in the future as the NCC continues to be revised?

Note: the screening criteria and this paper were prepared prior to the public exhibition of NCC2025. The proposed treatment of a 10% uplift within the draft NCC 2025 is relevant and can be seen at this link: https://www.abcb.gov.au/pcd/pcd-2025-commercial-building-energy-efficiency#table-2-proposed-changes-to-the-energy-efficiency-verification-methods-for-commercial-buildings

Continue as is

Revisited with NCC changes

We believe the uplift should be revisited as the NCC steps up its requirements over time.

Proposed refrigerant thresholds

Is the time allowed for industry adaptation appropriately calibrated for commercial and residential applications?

Yes

No

See above.

Should the sunrise date apply to all buildings or be restricted to only some sectors such as houses?

All buildings

Some sectors

only

Proposed rooftop solar requirements - New Construction activities

Should rooftop solar be a prerequisite for green screening criteria?

- Yes
- No

Should rooftop solar screening criteria be applied to all building use types or is it only appropriate for a limited selection of building use types, such as single-family dwellings?

If you support limiting to select building use types, which types of buildings and why?

- All building use types
- Limited selection of building use types

Are there other measures instead of or in addition to on-site solar that should be recognised?

- Yes
- No

Are there better ways to screen for the contribution of rooftop solar for any building than currently proposed?

- Yes
- No

If you have additional feedback, please share below: