

# PUBLIC DISCLOSURE STATEMENT

KLEENHEAT

PRODUCT CERTIFICATION FY2022-23 (PROJECTED)

Australian Government

# Climate Active Public Disclosure Statement





An Australian Government Initiative



NAME OF CERTIFIED ENTITY	Wesfarmers Kleenheat Gas Pty Ltd
REPORTING PERIOD	Financial year 1 July 2022 – 30 June 2023 Projected
DECLARATION	To the best of my knowledge, the information provided in this public disclosure statement is true and correct and meets the requirements of the Climate Active Carbon Neutral Standard.
	Tanya Rybarczyk General Manager Kleenheat 29 July 2022



Australian Government

Department of Industry, Science, Energy and Resources

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Version September 2021. To be used for FY20/21 reporting onwards.



# 1.CERTIFICATION SUMMARY

TOTAL EMISSIONS OFFSET	2,500 tCO2-e
THE OFFSETS BOUGHT	100% ACCUs
RENEWABLE ELECTRICITY	18.59%
TECHNICAL ASSESSMENT	04/04/2022 Michaela Hermanova Ndevr Environmental Next technical assessment due: FY24
THIRD PARTY VALIDATION	Type 3 12/04/2022 Tim Grant Life Cycle Strategies Pty Ltd

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# 2. CARBON NEUTRAL INFORMATION

# **Description of certification**

Kleenheat is part of Wesfarmers Chemicals, Energy and Fertilisers (WesCEF). WesCEF has a vision to grow a portfolio of leading, sustainable businesses and has publicly outlined how it will achieve net zero greenhouse gas emissions by 2050 as part of its Three-Phase Decarbonisation Journey.

Kleenheat believes in a healthy, safe and sustainable future for all, and it is committed to a target of net zero scope 1 and 2 emissions by 2050. Kleenheat recognises this is critical for preserving its long-term value and creating sustainable growth.

Through its value chains, the organisation's commitment to the safety and sustainability of its industries, customers and communities remains unwavering.

Kleenheat is excited to pursue opportunities presented by a decarbonising world because it believes they will deliver benefits to its teams, customers, suppliers and communities, and long-term returns to its shareholders.

This Public Disclosure Statement (PDS) supports the carbon neutral product certification for opt-in natural gas sold by Kleenheat. The emissions reported in this PDS cover the projected emissions for FY2023 and are projected from FY2021.

This certification will allow Kleenheat's customers to offset greenhouse gas emissions associated with their use of the natural gas they purchase from Kleenheat as an optional opt-in offering starting from 9 August 2022.

# **Product/Service description**

The functional unit is 1 gigajoule (GJ) of natural gas, with emissions expressed as tonnes of  $CO_2$ -e per GJ. The product will be sold on an opt-in basis. This certification is cradle to grave and assumes combustion of natural gas by the end user.



# **3. EMISSIONS BOUNDARY**

# Inside the emissions boundary

All emission sources listed in the emissions boundary are part of the carbon neutral claim.

**Quantified** emissions have been assessed as 'attributable processes' that become the product, make the product and carry the product through its life cycle. These have been quantified in the carbon inventory.

**Non-quantified** emissions have been assessed as attributable and are captured within the emissions boundary, but are not measured (quantified) in the carbon inventory. All material emissions are accounted for through an uplift factor. Further detail is available at Appendix C.

# Outside the emissions boundary

**Non-attributable** emissions have been assessed as not attributable to a product or service. They can be **optionally included** in the emissions boundary and therefore have been offset, or they can be listed as outside of the emissions boundary (and are therefore not part of the carbon neutral claim). Further detail is available at Appendix D.



Inside emissions boundary		Outside emission boundary
<u>Quantified</u>	Non-quantified	Non-attributable
Natural Gas Sold	n/a	n/a
Advertising & Promotion		
Business services		
Computer and technical services, computer hardware		
Electricity		
Fleet vehicles		
Mailing services: parcels, postal and courier		
Office Equipment		
Telecommunications	Optionally included	
Subscriptions	n/a	
Cleaning services		
Staff commuting		
Waste, recycling and green waste		
Water usage		



# Product/service process diagram

Upstream emissions	<ul> <li>Fuel production</li> <li>Emissions associated with natural gas extraction and product processing</li> </ul>	<ul> <li>Excluded emission sources</li> <li>Kleenheat's corporate activities not related to the retail of natural gas.</li> </ul>									
	<ul> <li>Transmission &amp; Distribution</li> <li>Emissions associated with the transmission and distribution of natural gas including fugitive losses</li> </ul>										
Production/Service delivery	<ul> <li>Advertising &amp; Promotion</li> <li>Business services</li> <li>Cleaning services</li> <li>Computer and technical services</li> <li>Electricity</li> <li>Fleet Vehicles</li> <li>Mailing services: parcels, postal</li> <li>Office Equipment</li> <li>Telecommunications</li> <li>Staff commuting</li> <li>Subscriptions</li> <li>Waste, recycling and green waste</li> <li>Water usage</li> </ul>	s, computer hardware and courier									
Downstream emissions	Distribution <ul> <li>Fugitive losses</li> </ul>										



# Data management plan for non-quantified sources

There are no non-quantified sources in the emission boundary that require a data management plan.



# **4. EMISSIONS REDUCTIONS**

# **Emissions reduction strategy**

WesCEF has a three-phase approach to its Decarbonisation Journey, which includes its Net Zero 2050 Roadmap.

The first phase commenced in late 2012 with the installation of abatement catalysts in several of its manufacturing plants. This investment in technology delivered a reduction in cumulative  $CO_2e$  emissions of 5.5 million tonnes, approximately 40 per cent, by the end of  $2020^1$ .

The second and third phases feature a Net Zero roadmap outlining how it will achieve net zero scope 1 and 2 emissions by 2050, and includes an interim emissions reduction target of 30 per cent, relative to a 2020 baseline by 2030<sup>2</sup>.

WesCEF's three-phase decarbonisation journey positions the business on a credible pathway to reduce its own emission as well as emissions across its value chains. The Net Zero Roadmap focuses on how the business will accelerate the decarbonisation of its existing operations and incorporate new technologies, like carbon capture utilisation and storage and green hydrogen, to reach net zero by 2050.<sup>3</sup>

With a focus on hard-to-abate emissions from both its production processes and electricity use, the Roadmap also recognises the importance of emissions reductions across WesCEF's supply and customer value chains, with plans to develop a scope 3 reduction pathway. WesCEF's targets and Net Zero Roadmap are dynamic, and as new decarbonisation solutions emerge, the business will strive to do more.

#### First Phase

The 2050 net zero target builds upon WesCEF's longstanding commitment to sustainability and its strong history of emissions abatement achievements. While WesCEF's Net Zero Roadmap reflects the organisations recognition that future growth is linked to achieving net zero emissions by 2050, its decarbonisation journey began ten years ago with the use of abatement catalysts in several of its manufacturing plants, abating 5.5 million tonnes of greenhouse gas emissions in this first phase.

WesCEF is proud of what it has accomplished from being a 'carbon aware' business. It leverages a track record of technical innovation, efficient design and operations, reputation for reliability and safety, along with its committed 1400-strong workforce, to continue to significantly reduce its emissions. Managing assets in 'hard-to-abate'<sup>4</sup> sectors with a focus on protecting the environment continues to be both a priority and a challenge.

#### Second Phase

WesCEF is currently in the second phase of its decarbonisation journey. For this phase, it has set an interim emissions reduction target of 30 per cent by 2030.

The business is exploring a number of ways to achieve this, including upgrading existing abatement technologies as well as by adopting renewable energy for the portion of electricity the business does not generate itself. Traditionally, businesses which operate plants continuously throughout the day and night are



limited in sourcing renewable energy due to the fact that wind and solar energy is only generated when its windy or sunny. However, there are an increasing number of options that make renewable energy more viable and those options include renewable power purchase agreements or long-duration electricity storage solutions.

Another focus of this second phase is to establish the processes and partnerships, as well as explore and prove the technologies, that will be deployed in phase three and enable WesCEF to achieve its ultimate goal of net zero by 2050.

## Third Phase

The third phase signals a reduction of emissions by a further 60 per cent by 2050. This will leave WesCEF with approximately 10 per cent of its baseline emissions unabated (90 per cent reduction overall). Carbon offsets will be utilised for the remaining emissions if no technological solutions emerge.

WesCEF currently makes hydrogen as an input of its ammonia production, and decarbonising hydrogen production is a critical enabler for the business to achieve its net zero target. It also offers exciting growth prospects for WesCEF since many of its customers are looking to transition to sustainable fuels.

The investigation, evaluation and potential piloting of carbon capture and utilisation and storage solutions for blue hydrogen, as well as electrolysis for green hydrogen in the second phase, lay the foundation for the organisation's important third phase.

#### **Opportunities Ahead**

WesCEF's decarbonisation transformation will depend upon new and emerging technologies and collaboration with industry and researchers to identify, study and deploy low-emissions technologies. The business is optimistic that the technologies to abate the majority of its process emissions will become commercially viable. Any new growth opportunities or investments will also have to align with its net zero targets.

#### Reporting

WesCEF is committed to transparent reporting. Its CSBP chemicals business already discloses its ammonium nitrate emissions intensity and has been progressively measuring and reporting its scope 3 emissions since 2009.<sup>5</sup>

While this is an important and valuable first step, the business acknowledges it needs to do more to help its customers take account of emissions in their procurement decisions. WesCEF will complete the measurement of its scope 3 emissions in 2022. Full transparency of emissions across its value chains will enable them to work collaboratively with its customers and suppliers to deliver the decarbonisation outcomes everyone is seeking.

#### Climate Governance

WesCEF is a division of Wesfarmers, a diversified conglomerate listed on the ASX and one of the nation's largest employers with more than 100,000 employees. The Wesfarmers Board has responsibility for



managing the Group's response to climate change. Climate change risk management is part of Wesfarmers' Operating Framework and is an agenda item for the Wesfarmers Board and its Audit and Risk Committee.

Wesfarmers requires all of its businesses to include emissions forecasts as part of its annual corporate planning process and, since 2014, has considered an internal shadow carbon price as part of capital allocation decisions for projects. In 2017, Wesfarmers commenced reporting under the Taskforce on Climate Related Financial Disclosures (TCFD) standards and has found this framework valuable to understand the many dimensions of climate change. Scenario analysis plays a fundamental role in Wesfarmers' climate strategy and risk management approach. Wesfarmers and its divisions evaluate the risk and opportunities presented by climate change under three global warming scenarios.

More details of WesCEF's three-prase Decarbonisation Journey and Net Zero Roadmap can be found at www.wescef.com.au.

#### Footnotes:

1. The first phase of WesCEF's decarbonisation journey refers to period FY2012-2020. During this time WesCEF installed and maintained nitrous oxide abatement catalysts in its nitric acid plants.

The nitrous oxide abatement catalyst reduces nitrous oxide by 80 per cent or more by converting nitrous oxide into inert nitrogen and oxygen gas. The catalyst is of pelleted configuration, which degrades over time and requires periodic replenishment to maintain optimal abatement.

These catalysts delivered cumulative abatement of 5.5 million tonnes of  $CO_2e$  from when they were installed in 2012 to the end of the first phase in 2020. All references to years are financial years: 2020 = FY2020.

2. Relative to an FY2020 baseline of ~955,000 tonnes  $CO_{2e}$ , which incorporates the abatement already delivered. If it were not for this abatement the baseline would be ~1.7 million tonnes  $CO_{2e}$ . The baseline also reflects the revision in the global warming potential of nitrous oxide from 298 times that of carbon dioxide to 265 times and the revision of the global warming potential of methane from 25 times that of carbon dioxide to 28 times.

WesCEF's baseline emissions will be updated in the event of significant portfolio changes, such as material changes to production volumes and mergers, acquisitions and divestments. It will also be updated to reflect changes in greenhouse gas emissions reporting protocols. Should changes to the baseline be made, the 2030 interim reduction target may also change.

3. Green hydrogen refers to the production of hydrogen via the electrolysis of water powered by renewable electricity. WesCEF currently produces approximately 50,000 tonnes of hydrogen per annum via steam methane reforming, for use in its ammonia manufacture.

WesCEF's Net Zero 2050 target assumes that new abatement technologies will become commercially viable and operate at scale by 2050 and that government policy will be supportive of climate change action.

4. Hard-to-abate sectors are those that are widely recognised as having no readily available or commercially viable technology to abate their carbon emissions.



# **5.EMISSIONS SUMMARY**

# Use of Climate Active carbon neutral products and services

No Climate Active products were used during this reporting period.

# **Product/Service emissions summary**

Stage	tCO2-e
Combustion and transportation of natural gas by end user	2,482
Kleenheat retail activities (relating to the sales for this natural gas product certification based on estimated, projected opt in volumes)	18

No uplift factors included in the emissions total.

Emissions intensity per functional unit	0.06 tCO <sub>2</sub> -e/GJ
Number of functional units to be offset	Commercially sensitive
Total emissions to be offset	2,500 tCO <sub>2</sub> -e



# 6.CARBON OFFSETS

# **Offsets strategy**

Off	set purchasing strategy: Forwa	ard purchasing
1.	Total offsets previously forward purchased and banked for this report	0
2.	Total emissions liability to offset for this report	2,500
3.	Net offset balance for this reporting period	2,500
4.	Total offsets to be forward purchased to offset the next reporting period	0
5.	Total offsets required for this report	2,500

# **Co-benefits**

This project establishes permanent plantings of mallee eucalypt tree species on land that was predominantly used for agricultural purposes for at least five years prior to project commencement. <sup>1</sup> The 5,700ha of reforestation is contained on 14 properties within the Central and Northern Agricultural Regions of Western Australia. From 2009 to 2010 over 6,000,000 native species mallee trees were planted on land previously cleared for dryland cropping and grazing. Registration as a Carbon Farming Initiative Project included commitment to maintain the project forest for a minimum 100 years.

The regions that contain the project areas are recognized as significantly over-cleared, and the reforestation is providing protective habitat for native flora and fauna, reducing wind and water erosion, in some cases reducing soil salinity, and some cases providing a useful environment for sheep and honeybees. <sup>2</sup>





<sup>&</sup>lt;sup>1</sup> <u>Clean Energy Regulator</u>

<sup>&</sup>lt;sup>2</sup> Carbon Market Institute

# Offsets summary

Proof of cancellation of offset units

Offsets cancelled fo	r Climate	Active Carb	on Neutral Cer	tification						
Project description	Type of offset units	Registry	Date retired	Serial number (and hyperlink to registry transaction record)	Vintage	Eligible Quantity (tCO <sub>2</sub> -e)	Quantity used for previous reporting periods	Quantity banked for future reporting periods	Quantity used for this reporting period claim	Percentage of total (%)
Carbon Conscious	KACCU	ANREU	10 June 2022	<u>3,766,005,686 –</u>	2017-	2,500	0	0	2,500	100%
Carbon Capture				<u>3,766,008,185</u>	2018					
Project 1,										
Environmental										
Plantings, WA										
Total offsets retired th	is report an	nd used in this	s report						2,500	
Total offsets retired th	is report an	d banked for	future reports					0		
Type of offset units			C	Quantity (used for this	reporting p	eriod claim)	Percenta	age of total		
Australian Carbon Cr	edit Units (	ACCUs)	2	2,500			100%			



# 7. RENEWABLE ENERGY CERTIFICATE (REC) SUMMARY

# Renewable Energy Certificate (REC) Summary

The following RECs have been surrendered to reduce electricity emissions under the market-based reporting method.

1.	Large-scale Generation certificates (LGCs)*	n/a
2.	Other RECs	n/a

\* LGCs in this table only include those surrendered voluntarily (including through PPA arrangements), and does not include those surrendered in relation to the LRET, GreenPower, and jurisdictional renewables.

Project supported by LGC purchase	Eligible units	Registry	Surrender date	Accreditation code (LGCs)	Certificate serial number	Generation year	Quantity (MWh)	Fuel source	Location
n/a									
				Total LGCs surrendered th	nis report and used	l in this report	n/a		



# APPENDIX A: ADDITIONAL INFORMATION

Transaction ID		AU22545													
Current Status		Completed	i (4)												
Status Date		10/06/2022 10/06/2022	2 12:44:48 (AES 2 02:44:48 (GMT	T) )											
Transaction Type	e	Cancellatio	on (4)												
Transaction Initi	ator	Egan, Mat	thew James Dav	id											
Transaction App	rover	Argall, Pet	er Edward												
Comment		Voluntary s	surrender on beh	alf of Kleenheat for i	ts carbon neutral	natural gas cer	tification under the	Climate Active	Program.						
Transferring Acco	ount						Acquiring Acco	ount							
Account Number	AU-2171							AU-1068							
Account Name	Wesfarmers Kleenheat Gas Pty Ltd							Account Name Australia Voluntary Cancellation Account							
Account Holder	Wesfarmers Kleenheat Gas Pty Ltd						Account Hold	er Commony	vealth of Australia						
Transaction Block	ks														
Party Type	Transaction Type	Original CP	Current CP	ERF Project ID	NGER Facility	ID NGER	Facility Name	Safeguard	Kyoto Project #	Vintage	Expiry Date	Serial Range	Quantit		
AU KACCU	Voluntary ACCU Cancellation			E0P100636						2017-18		3,766,005,686 - 3,766,008,185	2,500		
fransaction Statu	is History														
Status Date					¢.	Status Code									
10/06/2022 12:44 10/06/2022 02:44	4:48 (AEST) 4:48 (GMT)				c	Completed (4)									
10/06/2022 12:44 10/06/2022 02:44	1:48 (AEST) 1:48 (GMT)				P	roposed (1)									
10/06/2022 12:44 10/06/2022 02:44	4:48 (AEST) 4:48 (GMT)				· A	Account Holder A	Approved (97)								
10/06/2022 12:41 10/06/2022 02:41	1:01 (AEST) 1:01 (GMT)				А	waiting Accoun	t Holder Approval (	95)							



# APPENDIX B: ELECTRICITY SUMMARY

Electricity emissions are calculated using a market-based approach

#### Location-based method

The location-based method provides a picture of a business's electricity emissions in the context of its location, and the emissions intensity of the electricity grid it relies on. It reflects the average emissions intensity of the electricity grid in the location (State) in which energy consumption occurs. The location-based method does not allow for any claims of renewable electricity from grid-imported electricity usage.

#### Market-based method

The market-based method provides a picture of a business's electricity emissions in the context of its renewable energy investments. It reflects the emissions intensity of different electricity products, markets and investments. It uses a residual mix factor (RMF) to allow for unique claims on the zero emissions attribute of renewables without double-counting.

Market Based Approach	Activity Data (kWh)	Emissions (kgCO2e)	Renewable Percentage of total
Behind the meter consumption of electricity generated	0	0	0%
Total non-grid electricity	0	0	0%
LGC Purchased and retired (kWh) (including PPAs & Precinct LGCs)	0	0	0%
GreenPower	0	0	0%
Jurisdictional renewables (LGCs retired)	0	0	0%
Jurisdictional renewables (LRET) (applied to ACT grid electricity)	0	0	0%
Large Scale Renewable Energy Target (applied to grid electricity only)	2,036	0	19%
Residual Electricity	8,917	8,873	0%
Total grid electricity	10,954	8,873	19%
Total Electricity Consumed (grid + non grid)	10,954	8,873	19%
Electricity renewables	2,036	0	
Residual Electricity	8,917	8,873	
Exported on-site generated electricity	0	0	
Emissions (kgCO2e)		8,873	

#### Market-based approach summary

Total renewables (grid and non-grid)	18.59%
Mandatory	18.59%
Voluntary	0.00%
Behind the meter	0.00%
Residual Electricity Emission Footprint (TCO2e)	9

Figures may not sum due to rounding. Renewable percentage can be above 100%



Location Based Approach	Activity Data (kWh)	Scope 2 Emissions (kgCO2e)
ACT	0	0
NSW	0	0
SA	0	0
Vic	0	0
Qld	0	0
NT	0	0
WA	10,954	7,339
Tas Grid electricity (scope 2 and 3)	0 <b>10.954</b>	0
ACT	0	0
NSW	0	0
SA	0	0
Vic	0	0
Qld	0	0
NT	0	0
WA	0	0
Tas Non-grid electricity (Behind the meter)	0 0	0
Total Electricity Consumed	10,954	7,339
Emission footprint (tCO <sub>2</sub> -e)	7	

## Location-based approach summary

#### Climate Active carbon neutral electricity summary

Carbon neutral electricity offset by Climate Active product	Activity data (kWh)	Emissions (kgCO <sub>2</sub> -e)
n/a	0	0
Climate Active carbon neutral electricity is not considered renewa	ble electricity. The	e emissions

Climate Active carbon neutral electricity is not considered renewable electricity. The emissions have been offset by another Climate Active carbon neutral product certification.

# APPENDIX C: INSIDE EMISSIONS BOUNDARY

#### Non-quantified emission sources

The following sources emissions have been assessed as attributable, are captured within the emissions boundary, but are not measured (quantified) in the carbon inventory. These emissions are accounted for through an uplift factor. They have been non-quantified due to <u>one</u> of the following reasons:

- 1. Immaterial <1% for individual items and no more than 5% collectively
- 2. <u>Cost effective</u> Quantification is not cost effective relative to the size of the emission but uplift applied.
- 3. <u>Data unavailable</u> Data is unavailable but uplift applied. A data management plan must be put in place to provide data within 5 years.
- 4. <u>Maintenance</u> Initial emissions non-quantified but repairs and replacements quantified.



Relevant-non- quantified emission sources	(1) Immaterial	(2) Cost effective (but uplift applied)	(3) Data unavailable (but uplift applied & data plan in place)	(4) Maintenance
n/a				

#### **Excluded emission sources**

Attributable emissions sources can be excluded from the carbon inventory, but still considered as part of the emissions boundary if they meet **all three of the below criteria**. An uplift factor may not necessarily be applied.

- 1. A data gap exists because primary or secondary data cannot be collected (no actual data).
- 2. Extrapolated and proxy data cannot be determined to fill the data gap (no projected data).
- 3. An estimation determines the emissions from the process to be immaterial).

	No actual data	No projected data	Immaterial
n/a			
APPENDIX D	: OUTSIDE	EMISSION E	BOUNDARY

# Non-attributable emissions have been assessed as not attributable to a product or service (do not carry, make or become the product/service) and are therefore not part of the carbon neutral claim. To be deemed attributable, an emission must meet two of the five relevance criteria. Emissions which only meet one condition of the relevance test can be assessed as non-attributable and therefore are outside the carbon neutral claim. Non-attributable emissions are detailed below.

Relevance test					
Non-attributable emission	The emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions	The emissions from a particular source contribute to the organisation's greenhouse gas risk exposure.	Key stakeholders deem the emissions from a particular source are relevant.	The responsible entity has the potential to influence the reduction of emissions from a particular source.	The emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.
n/a					



n/a





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