



1 March 2024

Submitted through: AASB portal

Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information

Alinta Energy welcomes the opportunity to provide feedback on selected sections of the Australian Accounting Standards Board (AASB) Australian Sustainability Reporting Standards exposure draft.

Alinta Energy is an active investor in energy markets across Australia with an owned and contracted generation portfolio of over 3,300MW and more than one million electricity and gas customers. Alinta Energy has a strong interest in ensuring the development of an Australian climate-related financial disclosure framework that aligns with international best practice.

Question 12: Do you consider the cross-industry metric disclosures set out in paragraphs 29(b)–29(g) of IFRS S2 (and [draft] ASRS 2) would provide useful information to users about an entity's performance in relation to its climate-related risks and opportunities? Please provide reasons to support your view.

Alinta Energy does not support the inclusion of paragraphs 29(b) – 29(d) in the draft standards. The standards are subjective and open to individual interpretation. Without clear guidance and defined expectations, the standards will result in varying interpretations across industry, and across entities within the same industry sector. Compliant reporting with these standards will make cross-industry comparisons very difficult and highly misleading.

Alinta Energy does not support the inclusion of paragraph 29(f) in the standards. The *internal carbon price* adopted by businesses is commercially sensitive, whereby, particularly in the energy sector, mandatory disclosure could provide competitors with valuable insight into the cost structures, operational efficiencies, and strategic decision-making (including risk management) of the disclosing entity.

Question 16: Do you agree with the proposals set out in [draft] ASRS 2 paragraphs Aus31.1(f) and AusC4.2? Please provide reasons to support your view.

Alinta Energy supports the principle of paragraphs Aus31.1(f) and AusC4.2 that requires entities to disclose market-based Scope 2 GHG emissions in addition to location-based Scope 2 GHG emissions. However, we recommend the AASB add a materiality criterion to reporting requirements. Entities should be allowed to estimate Scope 2 emissions if they are lower than 5% of total emissions. Accurate measurement of Scope 2 emissions will significantly increase compliance costs, ultimately borne by consumers, for little benefit.

Question 19: Do you agree with the AASB's approach in [draft] ASRS 2 paragraph AusB33.1 to include the Scope 3 GHG emission categories in IFRS S2 as examples of categories that an entity could consider when disclosing the sources of its Scope 3 GHG emissions, rather than requiring an entity to categorise the sources of emissions in accordance with the categories of the GHG Protocol Standards? Please provide reasons to support your view.

Alinta Energy agrees with the AASB's approach of including the Scope 3 GHG emission categories as *examples of categories* that an entity could consider, rather than making them mandatory. This will ensure reporting entities have flexibility to deviate from GHG protocol definitions when required by specific industry structures.

For example, it is unclear how gentailers (i.e. stapled electricity generation and retail businesses) would report 'Category 3: Fuel - and energy related activities (not included in scope 1 or scope 2)', under the GHG Protocol. Specifically, gentailers cannot identify the proportion of electricity purchased by the retail business (and associated Scope 3 emissions) that was generated by the business' power stations (and therefore covered by Scope 1 emissions). This scenario is not contemplated in the GHG Protocol, therefore requiring flexibility to amend the Protocol definitions.

Thank you for your consideration of our submission. If you would like to discuss this further, please contact Karan Sharma at karan.sharma@alintaenergy.com.au.

Yours sincerely



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