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1 December 2023

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Aviation White Paper
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Submission to the Australian Government's Aviation Green Paper

ExxonMobil Australia (ExxonMobil) welcomes the opportunity to participate in the Australian Government's consultation on its Aviation Green Paper.

Low emissions fuels can help Australia achieve its emissions reductions goals faster, especially in the hardest to abate sectors like heavy transport and aviation, where electrification will be more challenging.

The Green Paper's consideration of the role that Sustainable Aviation Fuel (SAF) can play in maximising the aviation sector's contribution to achieving net zero carbon emissions is welcome. We strongly agree that SAF is crucial to decarbonising aviation.

ExxonMobil has a long history of supplying reliable, high quality fuels to Australia, supporting Australian communities and industries, including our aviation industry, for more than 125 years.

We support Australia's ambition to achieve net zero emissions by 2050 and believe the move to a lower-emission future requires multiple solutions that can be implemented at scale to address some of the highest-emitting sectors of the economy.

ExxonMobil plans to do our part in the production and supply of low emissions fuels including SAF to meet the industry's demand. Globally, we plan to invest more than \$17 billion on initiatives to reduce greenhouse gas emissions through to 2027, with a significant share focused on scaling up carbon capture and storage, hydrogen, and biofuels. Our goal is to provide more than 40,000 barrels, or around 6.3 million litres, per day of lower-emissions fuels by 2025 and we have a further goal to provide over 30 million litres per day by 2030.

To achieve these goals, we continue to focus investments on markets where well-designed policies support technologies that reduce life-cycle emissions. For example, ExxonMobil recently announced its majority-owned affiliate, Imperial Oil Ltd, will invest about \$560 million to move forward with construction of the largest renewable diesel facility in Canada.

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Most recently, we announced an exciting partnership with Toyota to explore innovative fuel blends with the potential to reduce greenhouse gas emissions from road transportation up to 75% compared to conventional fuels available today.

Some of the longer-term opportunities we are evaluating include a new technology that can produce jet fuel using renewable methanol as the feedstock. ExxonMobil is working to develop its methanol-to-jet technology that will be able to produce SAF from biomass gasification or from wind power generated hydrogen combined with captured carbon dioxide.

A combination of sound government policies and incentives will give industry the confidence needed to invest in delivering SAF to Australia, helping to reach a price point that will make large-scale adoption possible.

The cost of biofuels is expected to come down when producers scale up production through economies of scale, but premium prices have kept industry demand low. Sound government policies and positive investment incentives are needed to reach a price point that will make large-scale adoption possible.

We want to help the Australian aviation industry to reduce emissions through leveraging our global supply chains to deliver a reliable and affordable supply of SAF to Australia. A well-designed, market based SAF policy, that is technology neutral and in line with existing global standards, can help drive emissions reductions across the aviation industry.

The broad use of SAF in Australia can be supported with a policy framework that:

- Is technology-neutral – allowing all solutions which can contribute to reduction goals
- Is lifecycle-based – examining potential environmental benefits at all phases of fuel production and use
- Is market-based – leveraging market mechanisms like carbon credit trading
- Is flexible - to allow for developments in science and technology
- Provides an adequate carbon pricing mechanism – high enough and certain enough to support investment.

A Lower Carbon Fuel Standard type policy, based on carbon intensity reduction, will support the evaluation of local production and other newer aviation technologies on a consistent basis.

Australia's SAF policy should be consistent with global and regional developments.

To support early adoption, any SAF policy should support flexible sourcing of feedstock and refined fuels, both domestically and from overseas.

Existing global standards like those developed by the International Civil Aviation Organisation (ICAO) provide a suitable pathway for Australia. Australia is already a participating state in the ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). This is a market-based measure designed to provide a globally consistent regulatory framework and harmonised way to reduce emissions from aviation, while minimising market distortions and respecting the special circumstances and respective capabilities of ICAO member states.

Australia should consider formally adopting existing ICAO standards. Aligning with the ICAO CORSIA Sustainability Criteria for CORSIA Eligible Fuels would assist airlines to gain access to the widest range of feedstock and eligible fuels, supported by CORSIA recognised Sustainability Certification Schemes (SCSs).

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Adopting existing global standards provides clear standards for comparison and certainty for companies evaluating their investment profile in this technology in Australia. It will also support better access to the SAF that Australian airlines will need, as well as ensure Australian customers pay a fair, market-competitive price for SAF.

Creating a book-and-claim type system would provide a mechanism to track and trade the environmental attributes (or credits/certificates) associated from the use of SAF.

Introducing such a system will also support the creation of a market for SAF and help underpin the case for investing in SAF production.

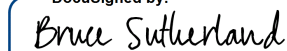
An effective book-and-claim system allows the attribution and transfer of sustainability attributes associated with the production and use of a physical renewable product along its value chain. It provides a consistent system for assessing the sustainability attributes of renewable products. By creating a market for their sustainability attributes, it also supports investment in the production of renewable products.

This is provided that its mechanisms include a highly transparent and defensible registry system and clear accounting practices, with robust tracking and traceability to ensure that attributes are not counted more than once. It is also essential that products generating attributes have physical connection with the feed or process where the attribute originates. For example, to be eligible for sustainability attributes/credits, SAF must be directly produced from sustainable feedstocks, and when purchased by an airline, must be used within that airline's supply chain, even if that supply chain is in another location.

We look forward to ongoing engagement in the Aviation Greenpaper process as we all work towards helping the aviation industry contribute to Australia's emissions reductions goals. Please contact our Product Solutions Public and Government Affairs Manager, Melanie Saliba on 0467 801 719 or melanie.m.saliba@exxonmobil.com, for further information.

Yours sincerely

DocuSigned by:



Bruce Sutherland

Executive Director, Asia Pacific Business Development
ExxonMobil Australia