



## **Fortescue eyes \$50m carbon credit free kick**

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### **Body**

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**Fortescue's** plan to cease emitting carbon by 2030 could earn the company at least \$50 million a year from a new federal government carbon credit scheme, but chairman Andrew Forrest's disdain for offsets may prevent the miner from accepting the windfall.

Dr Forrest has vowed that **Fortescue** will not rely on offsets to achieve "real zero" emissions across its iron ore mines by 2030. The billionaire has previously labelled offsets as a "scam".

But the imminent launch of the Albanese government's new carbon credit scheme - known as Safeguard Mechanism Credits (SMCs) - is offering **Fortescue** a lucrative incentive to start selling offsets to other companies.

Companies that cut emissions faster than required by the federal government's Clean Energy Regulator will be rewarded with an SMC for each extra tonne of carbon they abate beyond their target. Those that earn SMCs will be able to sell them to rival emitters that have failed to deliver their emissions reduction targets for the year.

**Fortescue** will earn vast quantities of SMCs if it delivers on its "real zero" goal because its actual emissions in 2030 would be dramatically lower than the emissions allowance granted to the company by the Clean Energy Regulator. **Fortescue** will be permitted to emit about 1.4 million tonnes of carbon pollution in 2030 if it maintains current iron ore production rates. If the company delivers on its promise to emit no carbon in 2030, it will earn about 1.4 million SMCs in that year alone.

The Albanese government has signalled that trading of SMCs will begin early next year and that the exact price of an SMC will remain unclear until trading begins.

But based on the ceiling price imposed on the carbon credits regime by the Albanese government last year - \$75 a tonne indexed to the consumer price index plus 2 per cent - analysts believe **Fortescue** could make between \$50 million and \$150 million from selling SMCs in 2030.

The potential revenue boost from selling SMCs has prompted debate inside **Fortescue** over its hardline stance against carbon offsets.

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Asked whether **Fortescue** planned to sell the SMCs it would earn in the future, a spokesman for the miner said no decision had been taken.

"**Fortescue** is finalising its position on the implications of the reformed Safeguard Mechanism and is working closely with the government," he said.

"We will do this consistent with our broader approach to voluntary and compliance carbon markets, which is that the core focus must always be the delivery of real reductions in emissions."

**Fortescue** has a huge task ahead to cut emissions to zero within six years; the miner's scope 1 and scope 2 emissions rose by about 7 per cent in the year to June.

**Fortescue** exceeded its legislated emissions allowance for the year by about 120,000 tonnes of greenhouse gas. Despite the company's disdain for offsets, it was legally obliged to buy about \$4.2 million worth of Australian Carbon Credit Units (ACCUs) to atone for the excess carbon emitted in 2024.

**Fortescue** says it will only buy ACCUs when legally forced to, and the spokesman reiterated the company did not plan to rely on offsets or carbon capture to achieve its 2030 target.

"We will show that decarbonisation is good for business and creates greater value for shareholders while safeguarding our planet," he said.

**Fortescue** estimated in 2022 that it would need to spend \$US6.2 billion to achieve "real zero" in the Pilbara mining district by 2030.

Oxford Sustainable Finance Group director Ben Caldecott last month praised **Fortescue**'s plan for getting to zero emissions by 2030.

"The plan is marked by high ambition and well-defined actions, underpinned by accountability mechanisms to ensure systematic delivery across the organisation," he said.

Rival miner Rio Tinto expects to spend up to \$US6 billion (\$8.8 billion) on works that will halve its carbon footprint by 2030.

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