

Navigating the Carbon & Energy Transition: A Guide for Australian Businesses in 2024

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The article groups the challenge into four connected areas: rapidly changing policy settings, mandatory climate-related financial disclosure, financing the transition, and finding delivery partners with the right technical and commercial capability. These issues cannot be managed as separate compliance tasks. Reporting exposes an organisation's emissions profile and transition risks, while policy changes affect project economics and available support. Businesses therefore need a reliable inventory, an opportunity pipeline, decision-ready investment cases and clear ownership. Our staged approach links assessment, funding, implementation, procurement and ongoing performance so evidence gathered for reporting also supports practical reduction decisions.

Publication context: This article reflects its publication date. Market prices, program rules, reporting duties and deadlines may have changed. Confirm current official guidance before making a decision.

As we move into 2024, the pressing issue of climate change continues to grow, along with the resurgence of El Niño, we once again see soaring temperatures across many states, intensifying the risks of bushfires, droughts, and no doubt further coral bleaching. The urgent call for action at COP28 is gain much greater consensus for a target of 42% reduction in greenhouse gas emissions by 2030 to limit global warming to 1.5 degrees Celsius. With this increasing urgency, sustainability is now a fundamental consideration in business governance and board decision-making. Earlier movers will be better prepared, gain customers as well as reduce risk.

Business are facing multiple challenges:

Rapidly changing policy settings

Climate-related Financial Disclosures

Financing the energy transition

Finding the right business partners

In this article, we will touch on a few of the topics above.

Rapidly Changing Policy Settings

Regardless of whether you work for a manufacturer, warehouse, operate retail assets, or office-based business, here are some things you will need to look out for in 2024 in Australia.

Mandatory Climate-related Financial Disclosures. By 2025 large businesses, and by 2026 business medium-sized businesses will need to start their journey for better governance, risk management, disclosure, and structured reporting for Scope 1, 2 and 3 emissions

Australia's Second Annual Climate Change Statement. The federal government tabled the second statement outlining progress and policy, impacts and risks

Safeguard Mechanism . Emissions caps tighten up for Australia's largest businesses continues to be refined with consultation closing mid-January 2024

The Australian Governments Powering Australia has \$1.9B in funding across grants for decarbonising trade-exposed facilities, emissions reductions for industrial facilities through ARENA, clean energy programs for primary manufacturing, as well as the National Adaption Plan and Flood Warning Infrastructure Remediation

The \$20B Rewiring the Nation is central to Powering Australia to modernise the grids.

AEMO 2024 Integrated System Plan (ISP) has just released consultation for the roadmap for the National Electricity Market

Victoria's Gas Substitution Roadmap. The roadmap will drive electrification and help empower Victorian households and businesses to switch fuels

Mandatory Climate-Related Reporting in Australia

Climate Reporting Obligations: The journey towards mandatory climate reporting obligations, confirmed by the Australian Government in early 2023, enters its implementation phase starting on 1 July 2024. Guided by the International Sustainability Board's Global Climate Reporting Standards IFRS S1 & S2, the Australian Accounting Standards Board (AASB) released Exposure Draft ED SR1 in late October 2023. This monumental shift in corporate reporting will impact organizations of all sizes, spanning listed and private businesses, as well as government entities

Reporting Stages and Key Metrics: The transition to mandatory climate-related reporting will unfold over three stages, reaching full compliance by 2027. Reporting will hinge on key organizational metrics such as Total Revenues, Gross Assets, and Employees. Companies will be required to incorporate climate-related disclosures into their Financial Reports, necessitating Director sign-off. To meet these new demands, effective data management will be paramount for all reporting entities

Preparing for Change: ASIC Chair Joe Longo emphasized the monumental nature of this shift, stating that it represents "the biggest change to corporate reporting in a generation." Businesses are urged to embark on this journey early, making the necessary investments in people and systems to navigate these changes effectively

Financing the energy transition

Fortunately, there are now multiple ways to finance or support the energy transition projects:

Government Grants: The federal government has a wide raft of (matched) grant funding

Environmental Certificates: provide either aiding payback or supporting immediate progress

Substantial funding: is seeking a home in energy transition with third-party 'energy as a service' financiers' and other business models

Spotlight Powering Australia Government Grant: Empowering Industries for Transformation

The Industrial Transformation Stream (ITS) Program: This \$400 million program , is backed by the Australian Renewable Energy Fund (ARENA). It offers a unique chance for businesses in manufacturing, mining, processing, transport, agriculture, forestry, and construction to reduce

emissions, cut costs, enhance competitiveness, and foster job creation

The \$43m National Industrial Transformation Program (NIT Program) (previously the Industrial Energy Transformation Program, IETS) also run by ARENA is still open to assist large energy users in engineering and feasibility studies to lower energy costs and reduce emissions

The \$600m Safeguard Transformation Stream (STS) to support decarbonisation investments at trade-exposed industrial facilities covered by the Safeguard Mechanism. Announced in 2023 the STS is now open for applications

Final words from our Directors - 9 Key Areas Not to Be Overlooked in 2024

New technologies: Hotwater (and space) heatpumps are getting a lot of airtime, and deservedly so. They combine both a 3-5x improvement in energy efficiency with electrification to displace natural gas and reduce emissions. Hotwater heatpumps replacing both electric resistance and natural gas hotwater have lower emissions and when coupled with Solar PV the emissions factor drops to near zero. To date this has mostly been in residential and small commercial. It's beginning to find its way into larger thermal requirements

Using renewable energy is easy; emissions from Electricity (Scope 2) can be reduced through not only behind-the-meter Solar PV, but also is as simple as buy & retiring RECs (renewable energy certificates) such as Large-scale Generation Certificates (LGCs) as an alternative to Power Purchase Agreements (PPAs). RECs are globally recognised, with high integrity and used by the world's largest organisations in the world to achieve RE100 status (100% renewable energy) in all their sites. RECs can also be used to help reach Climate Active Carbon Neutral certification in Australia

Scope 1, 2 and increasingly important scope 3 emissions: it's essential to recognize the profound impact of addressing Scope 1 (onsite) & Scope 2 (electricity) but readying your business to understand and measure Scope 3 emissions is where the leaders are focus. Scope 3 are the emissions from both your supply chain and your customers. However, they also represent a vast opportunity to make a significant difference. Engage with your supply chain partners, and collaborate on creative solutions. This interconnected approach doesn't just reduce emissions; it builds lasting partnerships and opens doors to new markets and opportunities

Assess your Net Zero Roadmaps: Don't treat your roadmap as static. Question your progress at every turn. Are you meeting your emissions reduction targets? Is there room for improvement? A great way to start is to understand this very complex space, the second is do a gap analysis and start your journey

Energy Audits and Energy Efficiency Opportunities: One of the most valuable tools in your sustainability toolkit for 2024 is the energy audit. These audits aren't just a routine task; they are a strategic investment with tangible benefits for your business. Energy audits go beyond just identifying areas where energy efficiency can be improved. They are the key to optimizing your energy consumption and, in turn, reducing operational costs. When you dig deep into your energy usage, you unearth opportunities that can lead to substantial savings

Environmental Certificates: Understanding the treatment under Australian and international protocols is becoming increasingly important. Get this right and you can accelerate your transition. Get this wrong and you'll end up in the AFR accused of Greenwashing, or worse, getting a call from the ACCC. Read more about it here with our Carbon Accounting, Environmental Certificate Treatment and Public Disclosure article

Buying and Retiring Certificates: Consider the option of buying and retiring certificates to demonstrate your commitment to sustainability and support renewable energy projects. Report progress against internal goals, or against accreditations such as RE100, Science Based Targets initiative, or Climate Active

Warehousing Certificates: Northmore Gordon has the facilities for corporations to buy spot Carbon Certificates (Australian and International) and warehouse them for future retirements or Investment opportunities, many organisations believe the price will increase over the coming year

Climate Active Certification: Pursue Climate Active certification to showcase your organisation's commitment to carbon neutrality and sustainability

As we move deeper into 2024, Australian businesses find themselves at a pivotal juncture where sustainability and climate responsibility are integral to their future. The challenges posed by climate change necessitate proactive measures and a willingness to embrace change. By participating in initiatives like the Industrial Transformation Stream Program, preparing for mandatory climate-related reporting, and addressing their carbon and energy strategies, businesses can not only mitigate risks but also capitalize on opportunities for growth and success in an evolving landscape. Those that prioritize environmental responsibility will not only thrive but also play a crucial role in shaping a sustainable future for Australia and the global community.

Reporting and compliance context

Confirm the reporting entity and period, current thresholds, regulator guidance, evidence boundary and assurance obligations before applying the dated discussion to a live report.

Related guidance

Carbon advisory

Scope 1, 2 and 3 emissions

Contact us

Read the original article for the source publication and its full context.

What carbon and energy transition challenges does this article identify for Australian businesses?

The article groups the challenge into four connected areas: rapidly changing policy settings, mandatory climate-related financial disclosure, financing the transition, and finding delivery partners with the right technical and commercial capability. These issues cannot be managed as separate compliance tasks. Reporting exposes an organisation's emissions profile and transition risks, while policy changes affect project economics and available support. Businesses therefore need a reliable inventory, an opportunity pipeline, decision-ready investment cases and clear ownership. Our staged approach links assessment, funding, implementation, procurement and ongoing performance so evidence gathered for reporting also supports practical reduction decisions.

How should businesses prepare for climate-related financial reporting?

Preparation should begin with the reporting entity, financial year, organisational boundary and applicable cohort rather than a generic net-zero statement. The article describes a phased move toward mandatory disclosure for large and medium organisations, covering governance, risk, strategy and Scope 1, Scope 2 and relevant Scope 3 emissions. We recommend identifying data owners, documenting calculation methods and preserving source-to-report traceability. NGER data may be useful, but its boundaries and methods must be reconciled with the sustainability-reporting framework. A readiness review should expose evidence gaps early enough for management to assign owners and improve controls before assurance or filing deadlines.

How do the Safeguard Mechanism and industrial funding programs affect transition planning?

The article explains that the Safeguard Mechanism tightens emissions baselines for Australia's largest covered facilities, while programs such as the Industrial Transformation Stream, National Industrial Transformation Program and Safeguard Transformation Stream were designed to support studies or

investment in industrial decarbonisation. The practical implication is that regulated obligations and funding opportunities should be assessed together but recorded separately. A business should confirm current program rules, eligible expenditure, application timing and approval conditions before including support in an investment case. The underlying energy and emissions merits should remain visible if a grant is delayed, reduced or unavailable.

What role can electrification and heat pumps play in reducing industrial emissions?

The article highlights hot-water and space-heating heat pumps because they can combine major efficiency gains with a switch away from direct natural-gas combustion. It cites a coefficient-of-performance effect of roughly three to five units of useful heat for each unit of electricity, depending on the application and operating conditions. When electricity is supplied by onsite solar or credible renewable electricity procurement, the emissions outcome can improve further. A feasibility study still needs to examine temperature requirements, load profile, integration constraints, electrical capacity, capital cost and operating tariffs. Measurement planning should be established before implementation so actual energy and emissions results can be demonstrated.

How can a business reduce and account for Scope 2 emissions?

The article describes two main pathways: reducing grid electricity demand or supplying part of it with behind-the-meter renewable generation, and procuring renewable energy attributes for the remaining consumption. Instruments may include Australian LGCs or internationally recognised certificate systems such as I-REC, Guarantees of Origin, TIGRs, ZNECs or J-Credits, depending on location and reporting purpose. The electricity contract, certificate ownership, geographic and temporal rules, retirement and public claim must align. We can analyse consumption, onsite generation, procurement options and reporting requirements so the physical energy strategy and environmental-attribute strategy remain clear and auditable.

What does the article say about RE100 and renewable electricity commitments?

The article presents RE100 as a corporate initiative for businesses committing to source 100 percent renewable electricity. It notes interim milestones of 60 percent by 2030 and 90 percent by 2040, leading to the full commitment by 2050, with sourcing expected to follow the initiative's market and location rules. For a participating organisation, the commitment requires more than buying an unspecified environmental product. It needs consumption data, an accepted sourcing method, exclusive certificate ownership, retirement evidence and consistent reporting. A multi-site procurement plan can sequence onsite generation, retail products and certificates while tracking progress against the relevant commitment periods.

How should environmental certificates be treated to avoid greenwashing risk?

The article warns that environmental certificates must be treated consistently with the accounting protocol and public claim being made. Renewable electricity certificates, carbon offsets and physical energy savings represent different things and should not be presented as interchangeable. A credible process identifies the instrument, vintage, geography, ownership, retirement or cancellation status and the emissions or renewable-electricity claim it supports. The same benefit must not be claimed by multiple parties. Our due-diligence approach separates physical project outcomes, certificate proceeds, procurement claims and carbon-accounting treatment, helping organisations make disclosures that can be traced to evidence rather than marketing language alone.

What practical sequence should an Australian business follow to begin its transition?

Start by defining the decision, organisational and facility boundaries, reporting deadline and available energy and emissions data. Build a baseline and identify material loads, emissions sources and evidence gaps. Screen efficiency, electrification, renewable energy, procurement and offset options, then develop consistent technical and financial cases for the strongest opportunities. Assess grants,

certificates and finance as separate streams before commitments are made. During delivery, document commissioning and use an agreed measurement and verification plan. Finally, establish named owners, regular performance reviews and reporting controls. This sequence turns the transition from a broad ambition into an accountable program of investable and measurable actions.