

2025 consultation

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Net Zero Commission's 2025 Consultation Paper

Centennial Submission – July 2025

We appreciate the opportunity to make a submission on the Net Zero Commission's 2025 Consultation Paper. We value the engagement on this matter and welcome the way the commission has engaged with industry.

In reviewing and responding to the consultation paper Centennial will be responding to questions 16-18 as they pertain to our sector.

Question 16: How could the transparency of how coal mines meet their Safeguard Mechanism obligations be improved?

Centennial supports the importance of transparency in demonstrating how companies are meeting their Safeguard Mechanism obligations. We also endorse the NSW Minerals Council's submission, which highlights that the revised Safeguard Mechanism already provides a high level of reporting detail. This includes facility-level data on total Scope 1 emissions (broken down by gas), baseline emissions, Safeguard Mechanism Credits (SMCs) generated, and any SMCs or Australian Carbon Credit Units (ACCUs) surrendered where emissions exceed baselines. The reporting also covers the use of flexible compliance options and includes explanations where facilities surrender ACCUs equal to or greater than 30 percent of their baseline without undertaking further onsite abatement.

However, it is important to recognise that this detailed data has only been available for a short time (approximately three months) since the end of the first compliance year. While the initial data release has allowed for analysis of how the industry is approaching emissions reductions, it is premature to draw definitive conclusions or introduce further transparency measures at this stage. Proposing additional reporting obligations, particularly at the state level, risks creating a disjointed and inconsistent framework before the impacts of the current reforms are fully understood.

Centennial also wishes to highlight the work currently underway by the NSW Environment Protection Authority (EPA) through its Climate Change Action Plan. This includes proposed requirements for licence holders to prepare and publicly release Climate Change Mitigation and Adaptation Plans (CCMAPs). These state-level initiatives already signal a growing focus on transparency and accountability. In light of this, we do not support the introduction of additional reporting requirements at this time, as they would duplicate existing and emerging efforts by both federal and state regulators.

Question 17: What measures would lead to coal mines prioritising on-site abatement over offsetting?

The decision for coal mines to prioritise on-site abatement over relying on offsets largely depends on the relative costs and feasibility of available abatement technologies compared to the price of Australian Carbon Credit Units (ACCUs). As technology advances and carbon pricing evolves, this balance will continue to shift.

Coal mines have demonstrated a strong commitment to on-site abatement, particularly through methane capture and utilisation projects. Established industry practices, such as gas drainage and the use of methane for power generation, both of which Centennial implements at our Mandalong site, have significantly contributed to emissions reduction.

However, it is important to recognise that carbon abatement projects are not 'one-size-fits-all.' Detailed assessments are necessary to understand the specific barriers that may exist at each site. For example, a Ventilation Air Methane Regenerative Thermal Oxidiser (VAM-RTO) project that operates effectively at scale in one location may be unsuitable at another site with a similar Scope 1 emissions profile. Differences in surface site constraints, planning permissions, or variations in fugitive emission composition and concentration can affect viability. This variability also applies to pre- and post-drainage gas management strategies, where coal properties and mining methods influence effectiveness. While carbon abatement measures are sometimes perceived as underexplored, as industry operators we believe we are usually better informed and aware of the site-specific challenges that limit the application of certain technologies.

Centennial believes it is unrealistic to expect coal mines to immediately implement all technically feasible abatement options, particularly those that are currently more expensive than purchasing offsets. The Safeguard Mechanism is already imposing a substantial and growing cost on the mining sector, and the imposition of further costs risks undermining the commercial viability of operations. Financial support through government programs, such as the New South Wales High Emitting Industries (HEI) program, is therefore critical to overcoming these economic barriers. Efficient and timely funding can accelerate the adoption of emissions reduction technologies and ease the burden on businesses already navigating significant compliance challenges.

In summary, meaningful progress in prioritising on-site abatement will depend on ongoing engagement with industry to understand site-specific opportunities and challenges, accessible funding for capital investments, and continued technological innovation. These measures will help ensure emissions reductions are both effective and economically sustainable.

Question 18: What measures should be considered beyond the Safeguard Mechanism to reduce emissions of the resources sector, particularly methane emissions, to meet NSW's emissions reduction targets?

Centennial does not agree with the premise of this question, which assumes that further regulatory measures targeting the resources sector are necessary in addition to those already established under the Safeguard Mechanism. As outlined in this submission, we believe the current framework is both comprehensive and effective. Our position is informed by the following considerations:

Recognition of Existing Obligations:

Any future action by the NSW Government should begin with proper recognition of the emissions reduction requirements already imposed on the underground coal sector under the Safeguard Mechanism. This includes acknowledging net emissions outcomes, such as the surrender of Safeguard Mechanism Credits (SMCs) and Australian Carbon Credit Units (ACCUs), in the state's emissions inventory, forecasts, and analysis conducted by the Net Zero Commission and related agencies.

A Sector Already Under Regulation:

The coal industry is already one of the few sectors in NSW with mandatory emissions reduction obligations, including specific requirements around methane. Additional regulation would disproportionately burden an industry already subject to comprehensive federal oversight, while other unregulated sectors contribute to the state's emissions without similar accountability.

Demonstrated Emissions Reductions:

Between 2005 and 2021, the mining sector reduced its emissions by approximately 30 percent. With the updated Safeguard Mechanism in place, the sector is expected to continue delivering reductions that are aligned with the state's 2030, 2035, and 2050 emissions reduction targets.

Forecasting and Data Accuracy:

Centennial has identified significant concerns regarding the accuracy of emissions projections used in the NSW Net Zero Model. The 2023–24 forecasts overestimated emissions from the coal sector by more than 3 million tonnes of CO₂e. Specifically, Centennial's review of data provided by the Net Zero team indicates that emissions from our own operations were overstated by approximately 1.5 million tonnes CO₂e. In addition, the model did not fully account for emissions reductions achieved through the surrender of Australian Carbon Credit Units (ACCUs) and Safeguard Mechanism Credits (SMCs), which represent a further 1 million tonnes of abatement. Robust and accurate modelling is essential to ensure that future policy decisions are evidence-based and appropriately targeted.

Active Abatement Already Underway:

Methane oxidation is the primary form of abatement used by the industry, and in 2023–24 alone, these technologies abated over 4 million tonnes of CO₂-equivalent emissions. As demonstrated in our case studies, the underground coal mining sector is also pursuing opportunities in ventilation air methane (VAM) abatement and open cut mine pre-drainage. These efforts reflect a strong commitment to continuous improvement and innovation.

Support for Innovation:

Ongoing support for direct abatement, through mechanisms such as government grants and targeted tax incentives, will be a critical lever in accelerating the deployment of low-emissions technologies. This approach is far more likely to drive meaningful change than layering additional regulatory requirements on sectors already under compliance frameworks.

In summary, Centennial does not support the introduction of further state-based regulatory measures targeting the underground coal sector at this time. Our industry is already delivering measurable results under the Safeguard Mechanism, and continued recognition, accurate data, and supportive policy settings will be key to sustaining this progress.

Thank you for the opportunity to provide further feedback. If there is any further information we can share with the Commission, please let us know.