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SYDNEY NSW 2000

(via email to: contact@netzerocommission.nsw.gov.au)

RE: NSW NET ZERO COMMISSION *CONSULTATION PAPER – PROVIDE YOUR INPUT TO INFORM OUR WORK AND ADVICE, APRIL 2025:* COMMENTS FROM LOW EMISSION TECHNOLOGY AUSTRALIA

Low Emission Technology Australia (LETA) is a not-for-profit fund established in 2006 by the Australian black coal industry to accelerate the development of technology solutions to reduce greenhouse gas emissions from critical industries like steel, cement, and power generation, and support the transition to a low emission global economy, in line with the Paris Agreement.

Further information about LETA can be found on our website, at www.letaustralia.com.au.

LETA welcomes the opportunity to provide a submission to the Commission's Consultation Paper, *Provide Your Input to Inform our Work and Advice, April 2025* (the Consultation Paper).

LETA's submission addresses specific aspects of the Consultation Paper, focussing on those areas/questions that are particularly important in examining the role of low emission technology, the contribution it can make to reducing greenhouse gas emissions in New South Wales, Australia and across the Asia-Pacific region.

The submission also considers the policies that can support the development of these technologies, to support Australia efficiently and effectively achieving our emission reduction targets. Our response also considers the appropriate role of a State or Territory and the inter-relationships of NSW's policy approach with the Australian Government (as the signatory to the Paris Agreement) and national policy approaches.

LETA's submission complements our engagement in a range of climate change related consultation processes in NSW and our role as a member of the NSW Environment Protection Agency's Climate Change Mining Advisory Group. LETA has also worked with the NSW Minerals Council (NSWMC) and the Australian Industry Greenhouse Network (AIGN) in developing our submission.

LETA would welcome the opportunity to discuss our submission and our ongoing contribution to the Commission's work. If you have any queries, please feel free to contact me on [redacted] or at damian.dwyer@letaustralia.com.au.

Yours sincerely

[redacted]

DAMIAN DWYER
Acting Chief Executive Officer

Low Emission Technology Australia

Submission to the NSW Net Zero Commission's Consultation Paper, *Provide Your Input to Inform our Work and Advice, April 2025* (the Consultation Paper).

Key points

- Low Emission Technology Australia (LETA) is a not-for-profit fund established in 2006 by the Australian black coal industry to accelerate the development of technology solutions to reduce greenhouse gas emissions from critical industries like steel, cement, and power generation, and support the transition to a low emission global economy, in line with the Paris Agreement.
- Since 2006, LETA members have contributed more than A$400 million to low emission projects and unlocked a total investment of A$1.1 billion. LETA members recognise the crucial role of low emission technology in enabling a net-zero future for their industries, their customers, their workforces and Australian communities.
- In making these investments, LETA focuses on technologies that can, over time, support significant reductions in greenhouse gas emissions while enabling existing industries – where Australia's competitive advantage has been built and demonstrated over decades – to continue contributing to national prosperity, alongside the growth of new industries.
- This approach emphasises an "and/and" strategy – where existing industries can continue to grow and prosper while reducing emissions, and new clean industries can develop – rather than a limited and unambitious "either/or" approach, which implies that existing industries must decline and be "replaced" by new ones. LETA's strategy also places a strong emphasis on cost-effective emissions reduction through technology, rather than relying on policies that favour specific energy or fuel sources.
- Two areas relevant to the Consultation Paper where a broad and technology neutral approach is required are: a policy framework to support investment in low emission technology, one that complements and does not duplicate national approaches; and ways to efficiently and effectively support emissions reductions in the resources and industry sectors.
- It is also vital that the approach taken by the Commission recognises the primacy of the Australian Government in climate change policy response and seeks at all stages to complement, rather than duplicate or complicate, these national policy and regulatory approaches.
- NSW's large energy resource base; established and long-standing commercial relationships with both domestic customers and trading partners; and technical expertise and experience mean that Australia is well placed to see its comparative advantage in energy and resource production and export utilised to develop a competitive clean hydrogen industry.
- Low emission technology, both globally and in Australia, has the potential to play an important role in a cleaner energy future. This is both in achieving reductions in greenhouse gas emissions consistent with Australia's emissions reduction targets while maintaining energy security and supporting economic development and industry growth.
- With that in mind, LETA looks forward to its continued participation in the development of the Commission's work plan and advice to the NSW Government and our ongoing engagement with the Commission.

1. Introduction

Low Emission Technology Australia (LETA) is a not-for-profit fund established in 2006 by the Australian black coal industry to accelerate the development of technology solutions to reduce greenhouse gas emissions from critical industries like steel, cement, and power generation, and support the transition to a low emission global economy, in line with the Paris Agreement.

Since 2006, LETA members have contributed more than A$400 million to low emission projects and unlocked a total investment of around A$1.1 billion. LETA members recognise the crucial role of low emission technology in enabling a net-zero future for their industries, their customers, their workforces and Australian communities.

LETA partners with government, research institutions, universities and industry locally and internationally to unlock new technologies to help meet Australia's climate targets. By focusing on pragmatic, scalable solutions, LETA aims to advance technologies that enable economic growth while reducing Australia's carbon footprint. Our vision is one of carbon stewardship – supporting technologies that reduce emissions throughout the lifecycle of hard-to-abate industries. Further information about LETA can be found on our website, at www.letaustralia.com.au.

LETA's submission addresses specific aspects of the Consultation Paper, focussing on those areas/questions that are particularly important in examining the role of low emission technology, the contribution it can make to reducing greenhouse gas emissions in New South Wales, Australia and across the Asia-Pacific region.

The submission also considers the policies that can support the development of these technologies, to support Australia efficiently and effectively achieving our emission reduction targets. Our response also considers the appropriate role of a State or Territory and the inter-relationships of NSW's policy approach with the Australian Government (as the signatory to the Paris Agreement) and national policy approaches.

In particular, LETA's submission focusses on those questions/areas that are particularly important for the development and implementation of low emission technology and the significant contribution these technologies can make in the future to both reducing emissions in NSW and, by working with longstanding trading partners, across the Asia-Pacific region.

LETA's submission complements our engagement in a range of climate change related consultation processes in NSW and our role as a member of the NSW Environment Protection Agency's (NSW EPA) Climate Change Mining Advisory Group (CCMAG[1]).

LETA has also worked with the NSW Minerals Council (NSWMC[2]) and the Australian Industry Greenhouse Network (AIGN[3]) in developing our submission.

2. An overview of LETA's low emission technology portfolio

LETA takes a leadership role in developing low emission technologies in Australia and with our trading partners across the world, with an investment portfolio looking to invest in developing a range of projects and technologies:

- Reducing emissions from resource extraction and mining operations. LETA has been partnering with industry for the past decade to develop technology which can safely mitigate fugitive emissions from underground coal mines[4]. LETA has recently expanded our focus to explore opportunities to reduce emissions at open cut mines. Much has been achieved and with the

[1] See www.epa.nsw.gov.au/Your-environment/Climate-change/Policy-and-action-plan/Industry-advisory-groups for more information.
[2] See nswmining.com.au for more information.
[3] See aign.net.au for more information.
[4] As an example of LETA's projects, see letaustralia.com.au/projects/mining3-catalytic-vam-abatement-commercialisation-program for more information.

Safeguard Mechanism, following the reforms in 2023[5], requiring annual baseline reductions of 4.9 per cent, this focus will continue. This technology has been a focus of LETA's engagement with the NSW Government and with the NSW EPA.

- New advanced near-zero emission on-demand power generation and low-carbon fuel technologies, like hydrogen, using coal, natural gas or biomass.
- Decreasing the costs and improving the efficiency of carbon capture in many industries like steel, cement, and fertiliser production. LETA's investment into capture technologies has involved funding multiple pilot and demonstration projects, including a project with KC8 Capture Technologies (KC8)[6] on a cement facility and discussions with technology providers in Asia and the USA on future projects.
- Facilitating partnerships between Australian industries and trading partners on large-scale carbon capture hubs.
- Developing large-scale and cost-effective transport solutions for captured CO_2. Capturing emissions from industrial sources is the first step in the carbon capture and storage process to reduce emissions from heavy industries. Once captured, the CO_2 must be transported – sometimes over long distances – to where it can be stored underground. To make CO_2 storage technically and economically viable at scale, reliable and affordable transport infrastructure is essential. With that in mind, LETA's involvement in the Future Energy Exports CRC (FEnEx CRC) *Captured Emissions Shipping Study*[7] was a collaborative research project supported by LETA and several Japanese and Korean organisations. The project explored new, safe ways to transport captured emissions by ship, specifically by keeping emissions in a liquid state at low pressures and low temperatures.
- Decreasing the costs, improving the efficiency, and identifying new areas for permanent and safe CO_2 storage. LETA has invested in a range of CCS related projects, including in NSW, since its inception in 2006. LETA's current focus is on exploring international CCS opportunities, working with technology providers and our trading partners (particularly in Japan and Korea).

Figure 1 sets out LETA's technology portfolio and key areas of focus across each of these areas. As noted above, each of these areas has direct relevance to the Commission's work, particularly in resources and heavy industry.

Figure 1. LETA's Technology Portfolio Overview

Source: Low Emission Technology Australia (2025).

[5] See www.dcceew.gov.au/climate-change/emissions-reporting/national-greenhouse-energy-reporting-scheme/safeguard-mechanism for more information.
[6] See letaustralia.com.au/projects/kc8-pacer-project and kc8capture.com for more information.
[7] This international project involved organisations from Australia, Japan, and South Korea, including the FEnEx CRC, JX Nippon Oil & Gas Exploration Corporation, Mitsui O.S.K. Lines, Osaka Gas, the University of Western Australia, Curtin University, Seoul National University, deepC Store Pty Ltd and LETA. See letaustralia.com.au/projects/fenex-crc-captured-emissions-shipping-study for more and www.fenex.org.au/report/low-pressure-low-temperature-liquified-co2-transportation-technology-for-carbon-capture-utilisation-and-sequestration-demonstrations-phase-1 for a copy of the project report.

Our focus is on those parts of the NSW economy where NSW has a demonstrated competitive advantage and has, particularly in the case of energy – through its significant coal exports – spent generations building successful commercial, trade and investment relationships[8]. This approach allows those industries to continue to contribute to NSW's prosperity, while providing for the growth in new industries.

Very importantly, this approach emphasises an "and/and" approach (existing NSW industries can continue to grow and prosper and reduce emissions while new clean industries develop) rather than a limited and unambitious "either/or" approach (which appears to imply that many existing industries will decline and new industries are required to "replace" them).

In doing so, this approach has an overwhelming focus on emissions reduction through technology rather than a focus on policies that favour particular energy or fuel sources.

3. Building on NSW's competitive strengths as an energy export superpower to achieve a cleaner energy future

Australia currently exports around 80 per cent of its energy production, primarily as coal and natural gas. It is also the case that over 97 per cent of Australia's exports are to partners now committed to net zero emissions.

In the case of NSW, by far the largest of NSW's exports is high quality coal exported to a range of trading partners in Asia. This high quality thermal and metallurgical coal used in power generation, steel production and other industrial applications. NSW coal exports were worth $33 billion in 2023-24[9]. NSW predominantly exports coal to power stations and steel mills in Asia, as well as supplying NSW electricity generators, the BlueScope steelworks in Port Kembla and other domestic customers.

This provides a vital opportunity for NSW to support a cleaner energy future by building on those established competitive strengths to provide coal to our trading partners, to continue to secure their energy security and economic development, as has been the case for decades, while working with them to do so in a manner that is consistent with achieving net zero emissions both in Australia and for our trading partners.

Many of NSW's largest trading partners have announced target dates to achieve net zero greenhouse gas emissions (Japan, South Korea and Vietnam in 2050, China in 2060 and India in 2070). A key goal for each of these nations is achieving their emissions reduction targets at the lowest cost possible while taking advantage of the opportunities arising from emissions reduction and maximising energy security, which includes security of critical energy supplies and the stability of their electricity grids.

Many of these trading partners have rapidly growing economies that depend on coal and have relatively 'young' generation, steel, alumina and cement facilities, meaning that there is an important role for low emission technologies to assist in reducing emissions in these hard-to-abate sectors.

With that in mind, LETA is examining opportunities to work with a range of trading partners to explore these opportunities. This could see hubs developed in major trading partners like Japan and Korea, where emissions are captured from a range of industrial facilities (steel, chemicals and similar industrial process, many of which are supplied by NSW coal), liquefied at a central hub and then transported via ship in specialised CO_2 transport vessels for storage at a suitable location (in Commonwealth waters offshore Australia, for example).

[8] The NSWMC submission sets out in detail the economic contribution of the coal industry to NSW and LETA would refer the Commission to those sections of the NSWMC's submission.
[9] See nswmining.com.au/mining-in-nsw/our-economic-contribution/#:~:text=Coal%20is%20NSW%E2%80%99s%20largest%20export%20earner%20in%20value,tonnes%20to%20over%20164%20million%20tonnes%20in%202018%C2%B9 for more information.

Such a "CO_2 stewardship" solution allows NSW to continue to export the energy commodities (such as NSW coal) in which it has a demonstrated competitive advantage and established commercial relationships, and build on that experience to develop solutions that are consistent with achieving net zero objectives in both countries.

In addition to driving towards a joint outcome that is consistent with achieving net zero emissions, such a solution maintains energy security and access to competitive energy supply for our major trading partners and, by demonstrating NSW's ongoing commitment to our major trading partners, can see NSW benefit in new ways from the relationships that these industries has spent decades developing.

4. The importance of a nationally consistent and coordinated approach

It is also vital that the approach taken by the NSW Net Zero Commission recognises the primacy of the Australian Government in climate change policy response and seeks at all stages to complement, rather than duplicate or complicate, these national policy and regulatory approaches.

A comprehensive and interrelated policy exists within the Australian Government and across states and territories. We encourage the Commission and more broadly the NSW Government to support and contribute to efforts across government to avoid misalignment, duplication of effort, and unintended consequences.

Inconsistency in state and federal policy undermines the integrity of all schemes, and duplication of regulatory effort between national and state approaches works against policy approaches that are a consistent with a least cost approach to emissions reduction, one that focusses on efficiency, equity, administrative simplicity and technology neutrality, favouring market based approaches that allow industry participants to make decisions about the emission reduction pathways to be pursued.

This is the appropriate approach for the Commission to take – one that drives the critical investment in transformational low and zero-emission technology.

This approach is also one that would allow emissions reductions to be achieved without making assumptions (that can often prove to be inaccurate or problematic or change over time) about the pathway to be pursued.

<u>The Safeguard Mechanism and alignment with state and territory policy</u>

The key area for resources and industrial sectors is for the Commission to recognise the primacy of the Australian Government's Safeguard Mechanism as the policy approach to reduce emissions in these sectors across the Australian economy, including in NSW.

Emission limits from large industrial facilities are managed via the Safeguard Mechanism. As the Consultation Paper notes on page 16, *" … the Australian Government's Safeguard Mechanism is the primary tool to reduce emissions in the resources and industry sectors …"*, and provides incentives to reduce facility-level emissions.

These incentives, which have existed since the Safeguard Mechanism commenced in 2016, were strengthened following reforms to the Mechanism in 2023[10]. These reforms are designed to transition industry to net zero by 2050 and which are aligned with the Paris Agreement and Australia's nationally determined contribution (NDC).

With the implementation of these reforms, the Safeguard Mechanism now requires covered facilities to meet ambitious emission reduction targets (expressed as facility-specific declining baselines which, in the case of the NSW facilities in the coal mining industry, reduce by 4.9 per cent per year).

[10] See www.dcceew.gov.au/climate-change/emissions-reporting/national-greenhouse-energy-reporting-scheme/safeguard-mechanism for more information.

The Safeguard Mechanism is a carefully considered national approach that supports Australia in achieving its net-zero emissions target for the industrial sector by 2050. It has undergone significant engagement and testing. By imposing stringent emission reduction targets on large industrial facilities, the Safeguard Mechanism creates a robust, purpose built and consistent national framework emissions reduction.

As will be considered further below, this means there is no case for applying additional state-based emissions compliance obligations to Safeguard Mechanism facilities and risks imposing additional burdens on NSW-based entities that are not experienced elsewhere.

LETA recommends the Commission recognise the detailed evidence base and incentives to decarbonise represented by the Safeguard Mechanism and align its policies with the national framework.

5. Accelerating emissions reductions – Resources

As noted above, accelerating emissions reductions across mining and resources and across range of industrial facilities is a key focus of LETA's low emission technology investments. LETA's comments here focus on our coal mining-related low emission technology investments.

LETA's investment on behalf of the industry in ventilation air methane abatement technologies

LETA has been partnering with industry for the past decade to develop technology which can, over time, safely mitigate fugitive emissions from underground coal mines[11]. LETA has recently expanded our focus to explore opportunities to reduce emissions at open cut mines.

Much has been achieved and with the Safeguard Mechanism, following the reforms in 2023, requiring annual baseline reductions of 4.9 per cent, this focus will continue. This technology has been a focus of LETA's engagement with the NSW Government and with the NSW EPA.

Ventilation air methane (VAM) abatement technology captures and destroys methane in ventilation air before it is released into the atmosphere. This is achieved through technologies such as thermal oxidation units, or catalysts which oxidise methane into CO_2 and water vapour, significantly reducing its global warming potential.

LETA's investments have focussed on a range of VAM projects and technologies, including:

- *Thermal Oxidation: Regenerative Thermal Oxidisers (RTO)*: These systems burn VAM at temperatures above 850°C, oxidising methane into CO_2 and water vapour. RTOs are highly effective in reducing methane emissions but require extra energy to sustain combustion. LETA is working with the industry to deploy a VAM abatement unit on a Queensland coal mine.
- *Catalytic Oxidation*: This process involves using a catalyst to lower the temperature at which methane can be oxidised. It is more energy-efficient than thermal oxidation but requires clean gas streams to avoid catalyst poisoning. LETA is funding further research into catalytic VAM abatement technology.

By deploying VAM abatement technology, Australia can reduce methane emissions from the mining sector while ensuring that operations remain viable and productive. A commitment to methane abatement projects not only helps the mining sector reduce its environmental footprint but also supports regional job creation and economic growth.

The deployment and maintenance of VAM abatement infrastructure require a highly skilled workforce, including engineers, environmental scientists, electricians, technicians, and project managers. These jobs are typically long-term and well-paid, offering career pathways in clean energy and emissions reduction.

[11] As an example of LETA's projects, see letaustralia.com.au/projects/mining3-catalytic-vam-abatement-commercialisation-program for more information.

It remains the case, however, that safely implementing VAM abatement technology at scale across the NSW industry, will take time and significant investment. In the case of catalytic oxidation, the technology remains at the development stage, with commercial scale application not expected until the 2030s.

The Climate Change Authority's *Sector Pathways Review*, [12] which is directly relevant to the Commission's work (much of the Commission's approach in this section of the Consultation Paper appears to be directly duplicative of the Authority's 2024 work), considered the status of a range of coal mining-related emissions reduction technologies.

Table 1 is taken from the Authority's report and notes:

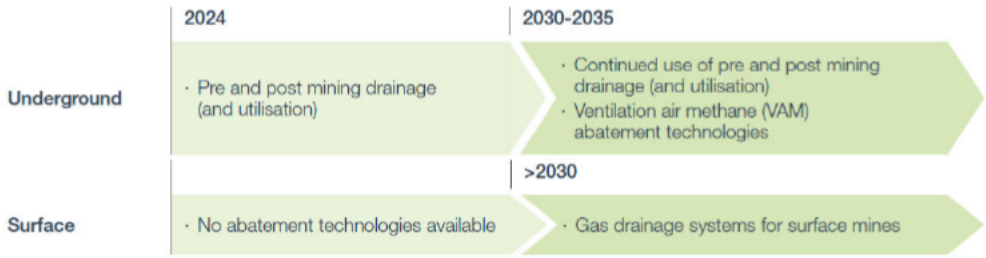
Table 1. Key emissions reduction levers for fugitive emissions from coal mining

Emissions reduction levers		Readiness	Barriers to adoption
Ventilation air methane (VAM) abatement technologies	Destruction or utilisation of the captured ventilation air methane from underground mines through thermal or catalytic oxidation, or concentration.	R&D to Commercial	· Low technology maturity · Safety risk · Safety regulation and approvals process · Difficulty integrating within existing facility
Gas drainage systems (and utilisation) for surface mines	Capture of gas from the coal seam, through bore holes into a pipeline collection system, and utilisation (such as electricity generation, pipeline injection or flaring).	R&D	· Low technology maturity · Lack of enabling regulatory environment · Lead time required to drain gas ahead of mining operations
Gas drainage systems (and utilisation) for underground mines	Capture of gas from the coal seam, through bore holes into a pipeline collection system, and utilisation (such as electricity generation, pipeline injection or flaring).	Commercial	· Cost to purify gas for utilisation · Lack of supporting infrastructure for utilisation

Source: Climate Change Authority (2024).

Figure 2 highlights prospective decarbonisation pathways for fugitive emissions from underground and surface coal mines, as follows:

Figure 2. Prospective decarbonisation pathways for fugitive emissions from underground and surface coal mines



Source: Climate Change Authority (2024).

The report found, on page 116:

> *Deployment of methane mitigation technologies in underground coal mines, such as VAM abatement technologies and gas drainage and utilisation, will be needed. Implementation of VAM abatement technologies is more nascent, with hurdles needing to be overcome before there is commercial-scale demonstration within Australia's coal mining regulatory environment.*

[12] See Climate Change Authority (2024), *Sector Pathways Review* (available at www.climatechangeauthority.gov.au/sites/default/files/documents/2024-09/2024SectorPathwaysReview.pdf). See also www.climatechangeauthority.gov.au/sector-pathways-review-project for more information.

6. Consultation Paper Questions

LETA's response to some of the relevant questions posed in the Consultation Paper are set out below.

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

LETA would note this is more appropriately a question for the Australian Government. This question was answered on 15 April 2025, with the release of a significantly expanded range of Safeguard Mechanism-related data[13] and is also answered by the Australian Government's responsibility for national greenhouse gas emissions reporting through the National Greenhouse and Energy Report Scheme (NGERs)[14] which has been in place since 2007. NGERs is the single national framework for reporting company information about greenhouse gas emissions, energy production and energy consumption.

Data released by the Clean Energy Regulator in April includes data on:

- Safeguard outcomes: This includes how facilities are tracking against safeguard outcomes[15].
- Baselines and emissions: information relating to safeguard baselines and safeguard net emissions[16].
- Multi-year monitoring periods: responsible emitters of facilities with excess emissions and a plan to reduce them over multiple years may apply for a multi-year monitoring period (MYMP) by 15 November each year. The Regulator publishes information relating to each MYMP[17].
- Trade-exposed baseline-adjusted facilities: responsible emitters of standard baseline facilities with excess emissions and trade-exposed production variables may be eligible to receive a discounted decline by 31 October each year. The Regulator publishes information relating to trade-exposed baseline-adjusted (TEBA) facilities[18].
- Emissions-intensity determinations: responsible emitters of existing standard baseline facilities may apply for an emissions-intensity determination (EID) to set the facility-specific emissions-intensity values of existing production variables by 31 October each year. The Regulator publishes information relating to new and varied EIDs[19].
- NGERs methods data: very relevantly for this question, the Regulator publishes information relating to the methods used by safeguard facilities to estimate fugitive methane emissions from coal mining, oil and natural gas activities[20].

The expanded range of data published means that there is now a high level of detail regarding individual facility emissions and safeguard mechanism compliance publicly available. The expanded data includes total Scope 1 emissions by greenhouse gas, baseline emissions, safeguard mechanism credits (SMCs) generated and any SMCs or Australian Carbon Credit Units (ACCUs) retired in instances where covered emissions exceed baseline emissions. The use of flexible compliance arrangements is also reported.

Responsible emitters of facilities that surrender ACCUs equivalent to 30 per cent or more of their baselines are required to provide a statement explaining why they have not undertaken more on-site abatement activities[21]. Importantly, of the 18 facilities providing ACCU Surrender Statements for 2023-24, only three are NSW coal mines.

[13] See cer.gov.au/markets/reports-and-data/safeguard-data for more information.
[14] See cer.gov.au/schemes/national-greenhouse-and-energy-reporting-scheme for more information.
[15] See cer.gov.au/markets/reports-and-data/safeguard-data/2023-24-safeguard-data-highlights for more information.
[16] See cer.gov.au/markets/reports-and-data/safeguard-data/2023-24-baselines-and-emissions-data for more information.
[17] See cer.gov.au/markets/reports-and-data/safeguard-data/multi-year-monitoring-period-data for more information.
[18] See cer.gov.au/markets/reports-and-data/safeguard-data/trade-exposed-baseline-adjusted-facility-data for more information.
[19] See cer.gov.au/markets/reports-and-data/safeguard-data/emissions-intensity-determination-data for more information.
[20] See cer.gov.au/markets/reports-and-data/safeguard-data/2023-24-nger-methods-data for more information.
[21] See cer.gov.au/markets/reports-and-data/safeguard-data/2023-24-baselines-and-emissions-data#accu-surrender-statements for more information.

The increased granularity of the Clean Energy Regulator's release of Safeguard Mechanism data provides an extensive dataset. It is important to note that this increased data release has been in place for only one year. With the Australian Government being responsible for the Mechanism, any further changes to Safeguard Mechanism data release is appropriately considered by the scheduled 2026-27 review of the Safeguard Mechanism[22] rather than piecemeal additions to Safeguard reporting by state governments.

In addition, the NSW EPA is progressing actions under its Climate Change Action Plan that include potential additional reporting requirements and the preparation and publication of Climate Change Mitigation and Adaptation Plans (CCMAPs) by license holders. These initiatives are likely to impose further requirements regarding emissions reporting, along with information on mitigation measures that are implemented or planned at coal mining operations.

These measures ensure that coal mines are among the most transparent of all industries in terms of emissions reporting, even when compared to industries that emit significantly higher volumes of emissions in NSW.

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

The requirements placed on facilities covered by the Safeguard Mechanism place significant and ongoing obligations on those facilities to reduce their emissions on an ongoing basis each year.

The mechanism includes flexibility mechanisms that are designed to encourage cost effective abatement and allow facilities to make decisions on which abatement options are best suited to the circumstances facing individual facilities. This includes on-site abatement and offsets, both are which lead to emissions reductions, which should be the key focus.

As demonstrated by the case studies in this submission, and the case studies highlighted in the NSWMC submission, coal mines are undertaking a wide range of onsite abatement. This is also demonstrated, as noted above, by the very small number of coal mine Safeguard Mechanism covered facilities that issued ACCU Surrender Statements.

The NSW Government can, however, play a positive role in supporting onsite abatement. For example, the High Emitting Industries grant program[23] supports onsite abatement and LETA supports its continuation. LETA would also welcome the opportunity to work with the NSW Government to examine ways to streamline the application process to ensure the program generates significant investment in onsite abatement activities.

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?

No further measures beyond the Safeguard Mechanism are required. As noted above, the Mechanism provides significant and ongoing investments to reduce emissions each year.

NSW coal mining facilities are covered by the Safeguard Mechanism and have regulated emissions reduction requirements, with facility baselines declining by 4.9 per cent per year. The Commission's efforts are better focussed at those facilities and industries that are not covered by the Safeguard Mechanism.

As demonstrated in this submission, the industry is investing to increase its on-site abatement activities and focussing on the potential for VAM abatement and open cut mine pre-drainage. Given this, beyond policy support though mechanisms such as the High Emitting Industries grant program, there is no case for additional measures over and above the Safeguard Mechanism.

[22] See www.dcceew.gov.au/climate-change/emissions-reporting/national-greenhouse-energy-reporting-scheme/safeguard-mechanism/overview#_202627-review-of-the-safeguard-mechanism for more information.
[23] See www.energy.nsw.gov.au/business-and-industry/programs-grants-and-schemes/high-emitting-industries-grant for more information.

7. Conclusion/Next steps

Low emission technology, both globally and in Australia, has the potential to play an important role in a cleaner energy future. This is both in achieving reductions in greenhouse gas emissions consistent with Australia's emissions reduction targets while maintaining energy security and supporting economic development and industry growth.

It is vital that the Commission's work focus on the reduction of emissions in a manner that allows existing industries, where Australia's competitive advantage and has built and demonstrated over decades, to continue to contribute to Australia's prosperity, while providing for the growth in new industries.

This means a focus on achieving emissions reduction through a least cost approach, one that is align with and recognises the primary of national policy approaches and focusses on efficiency, equity, administrative simplicity and technology neutrality, favouring market-based approaches that allow industry participants to make decisions about the emission reduction pathways to be pursued, is an appropriate approach. This approach is one that would allow emissions reductions to be achieved without making assumptions about the pathway to be pursued.

LETA looks forward to its continued participation in the Commission's work and to ongoing consultation ahead of the finalised workplan.