2025 consultation

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Submission to the Net Zero Commission 2025 Consultation

The Nature Conservation Council of New South Wales (NCC) is the state's peak environment organisation. We represent over 200 environment groups across NSW. Together we are dedicated to protecting and conserving the wildlife, landscapes and natural resources of NSW.

NCC welcomes the opportunity to make a submission to inform the Net Zero Commission's forward work plan. We have previously made a submission on the Joint Standing Commitee on Net Zero Future Net Zero Commission Report 2024.

In this submission, we include recommendations relating to the pace and ambition of the Electricity Infrastructure Act (EIA) Roadmap; measures to improve community benefits and address impacts of the energy transition; carbon budgets in the context of the NSW government Net Zero plan rewrite; the coal mining sector; and the land sector.

The pace and ambition of the EIA Roadmap needs to increase

In May 2024, the NSW government signed an underwriting agreement with Origin Energy to extend the lifetime of Eraring coal fired power station, Australia's largest, to at least 2027. At the time, the Clean Energy Investor Group warned of a chilling effect on investment in renewable energy projects.

More than one year on, the NSW state government is yet to publish a staged plan to retire NSW's remaining coal-fired power stations. The ongoing presence of ageing, unreliable coal-fired power in the grid is leading to price spikes and other negative impacts including curtailment of solar energy during peak periods. It is also the biggest risk to meeting the state's climate targets.

The NSW budget released in June 2025 acknowledged the AEMO Energy Security Target Monitor's findings in October 2024 that a supply gap of 488MW is expected in the Summer of 2027/2028. The budget paper highlights the Capacity Investment Scheme Tender 3 and the 2034 long-duration storage minimum target as mechanisms to resolve reliability gaps; however, these schemes are not planned to be delivered until 2029 and

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2034 respectively. NCC remains concerned that government efforts to address the gap may not resolve it as early as 2027.

The NSW government should outline a detailed plan to frontload efforts to bring new capacity online prior to 2027. Due to extended timelines to complete key transmission projects, we recommend this includes a focus on unlocking an additional 1GW of capacity close to point of consumption via a significant increase in support for household energy solutions, batteries, enhanced commercial and industry capacity, and peak demand reduction initiatives.

A recent report released by NCC and other conservation councils, written by Common Capital, finds that NSW could triple its solar capacity from 30TWh to 90TWh to help reach our 2030 renewable energy targets.

The report also finds that NSW is not on track to meet the AEMO ISP step change scenario. In other words, NSW is not decarbonising its energy supply fast enough to stay on track to reach net zero by 2050. Our state is at 37% renewable energy generation, behind Tasmania (96%), South Australia (76%) and Victoria (41%).

To get back on track, the NSW Consumer Energy Strategy should be fully implemented, with targets and timelines. This includes detail on the Home Energy Savers program and measures to ensure apartment dwellers in embedded networks can electrify and access solar and batteries.

NSW is lagging ACT and Victoria where these jurisdictions have minimum rental energy efficiency standards. Whilst the NSW government has recently announced a voluntary disclosure scheme will be introduced at point of sale or lease, there is significant room to move on rental standards. NSW is also delaying the development of its electrification roadmap until 2026 whereas Victoria has recently announced that new buildings will need to be gas free from 2027 and that gas hot water systems will be phased out in Victorian homes from 2027.

Improved public confidence will enable a timely energy transition

NCC has worked with community groups in the Hunter and New England Renewable Energy Zones to identify how to improve community consultation and benefits in the renewable energy rollout. Our combined policy statement may be found here.

Given nature concerns are at the forefront of stated concerns relating to renewable energy in the regions, the Net Zero Commission should explore incentives for developers to protect and restore nature through renewable energy projects. This could include changes to merit criteria for tenders and provision of practical resources for landholders and developers including more information in the SEARS that guide developers' environmental impact statements.

The Commission should also explore how to address nature positive renewable developments through the proposed regional conservation investment strategies and make recommendations to DCCEEW to improve community involvement, set out conservation goals at regional level and outline how siting of renewable energy projects can support conservation goals including through pooling of offsets but also through incentivising nature positive outcomes.

Carbon budgets in the context of the NSW government Net Zero plan rewrite

Given the Commission's stated concern with progress towards the 2030, 2035 and 2050 targets under the Act, we recommend the Commission advise the state government on carbon budgets across all sectors that set out the allowable emissions for each sector to 2030, 2035 and 2050 in line with 1.5-degree scenario. This could be done under the auspices of the Net Zero Plan update flagged by the NSW government.

The carbon budget should be under secondary legislation under the Climate Change Act and outline the path to net zero similar to UK, with sectoral budgets sitting underneath.

A discrete report into the coal mine sector is urgently needed

We offer the following observations relating to the coal mine sector:

- The existing regulatory framework is failing to effectively limit significant greenhouse gas emissions from coal mine expansion projects.

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The EPA's *Large Emitters Guide* has been developed, but it is not legally enforceable, and its key recommendations have not been applied in recent coal project approvals such as the Mt Arthur Mod 2 and HVO Mod 8.

Project developers are not being required to align their emissions reductions with NSW's net zero pathway or to set clear emissions reduction targets. If the EPA Large Emitters Guide was enforced, it would mean that, for projects emitting more than 25,000 tonnes of additional CO2 equivalent annually, coal mine companies would need to report on emissions and set emission reduction goals, and this would be considered during the planning and assessment process.

Coal companies are seeking approval for projects with start dates well after 2030, to stay ahead of the regulatory curve. For example, whilst the Maules Creek expansion is not scheduled to start until 2036, an environmental impact statement is being considered by the Department of Planning.

This practice allows companies to secure approvals early—effectively "banking" them—which could result in significant compensation claims if these projects are later cancelled for climate reasons.

The Safeguard Mechanism has failed to deliver real emissions cuts for coal mining in NSW. According to a recent Common Capital report, companies like BHP, Glencore, Stanmore Resources, and Whitehaven are expected to earn Safeguard Credits for every tonne of coal they produce until 2050.

This is possible because their emissions baselines (limits) are set well above their current emissions levels—meaning they are being rewarded with credits despite not taking any action to reduce emissions. Common Capital has projected that on current settings; the Safeguard Mechanism will not aid in NSW reaching its 2030 and 2035 legislated emission reduction targets.

To strengthen the Commonwealth government Safeguard Mechanism and ensure mines prioritise abatement over offsetting, baselines must be reset. This would disrupt the current financial incentives for coal mines to invest available capital in coal production and reduce additional emissions by purchasing ACCUs and SMCs, rather than utilising the available capital for on-site abatement projects.

- Full lifecycle emissions—particularly downstream emissions from burning exported coal—are not being adequately considered in coal project approvals

Analysis by Lock the Gate shows there are 19 coal projects currently in the NSW planning system, with at least 5 more proposed.

Together, these projects would generate over 1.7 billion tonnes of emissions across their lifecycles—more than 15 times NSW's current annual emissions.

These downstream emissions represent a major threat to the climate goals outlined in the *Climate Change (Net Zero Future) Act 2023*, which aims to limit global warming to as close as possible to 1.5°C.

Given the sheer scale of these emissions, comprehensive assessment of downstream impacts is essential—and should be a key reason to reject further coal expansions.

We encourage the Net Zero Commission to review the way emissions, including downstream emissions, are considered in project cost-benefit analyses. Recent extreme weather and ballooning disaster recovery costs demonstrate the obvious: every tonne of coal mined has costs far outweighing benefits, yet the methodology adopted by NSW Planning allows mining companies to obfuscate this fact.

- Methane emissions from coal mining are under-reported and pose a significant risk to meeting NSW Climate Targets

Independent research has revealed that coal mines are significantly under-reporting their methane emissions, yet this issue is not being factored into decisions about mine expansions.

Multiple studies suggest actual methane emissions from coal operations are likely at least twice as high as what companies are currently reporting.

Despite this, planning assessments continue to rely on the coal companies' own estimates without independent verification when approving coal expansions.

A recent report by Common Capital projects that methane emissions from NSW coal mines could increase by 75% by 2035, based on a scenario of new coal mine approvals and expansions as well as improvements to methane measurement and increasing emissions from existing mines.

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This trend would directly contradict guidance from the International Energy Agency, which says methane emissions need to fall by 75% by 2030 to avoid catastrophic climate impacts.

- The much higher short-term climate impact of methane—estimated to be 84 to 87 times more powerful than carbon dioxide over a 20-year period—is currently being overlooked

Methane is significantly more potent than carbon dioxide over a 20-year period, yet this is not reflected in NSW climate impact assessments.

Current assessments use a 100-year global warming potential (GWP) to convert methane emissions, which downplays methane's short-term climate impact.

This approach underestimates the urgency and severity of methane's contribution to global warming in the near term.

With NSW emissions targets focused on the next decade (to 2035), it is not appropriate to use the 100-year GWP.

The 20-year GWP should be used instead to more accurately reflect the immediate climate risks and help prevent the crossing of critical tipping points.

We offer the following recommendations relating to the coal mine sector:

The Net Zero Commission should:

- Produce a dedicated report on the risks of coal expansions and how they jeopardize NSW climate targets, outlining the policy changes needed to address.
- Develop a clear and rapid phase-down and phase-out plan as proposed by the NSW Productivity and Equality Commission to prevent any further coal mine expansions
- Make submissions at key points of the assessment process for coal mine expansions including Maules Creek, HVO Mod 8, and Moolarben OC3.
- Investigate the extent to which miner overreliance on modified consent proposals rather than state significant development proposals within the

Planning system underplay cumulative environmental and emissions impacts of mines and make recommendations to reform the planning system.

- Recommend the Resources Regulator undertake and publish a coal supply analysis for each proposal to justify the need for the project from an energy security perspective where coal is intended for domestic consumption.

- Provide advice to the planning minister for consent authorities on how they should evaluate requests for further information from mining proponents as to how their operations are consistent with the guiding principles of the Net Zero Act and with the Paris Climate Targets, particularly in respect of Scope 3 emissions. This should include guidance to reject mining proposals that involve emissions more than an amount allowable under a scientifically robust sectoral carbon budget as part of a whole of economy carbon budget that aligns with the targets within the Paris climate target.

- Explore mechanisms that consent authorities can take to ensure that exported coal prioritises the lowest possible Scope 3 emission pathways to reduce NSW's contribution to global climate change and to alleviate climate change impacts felt within NSW.

- Advocate for the Commonwealth government to review Safeguard Mechanism baselines as they are currently set at higher than current emissions intensity for many open cut mines. This will disrupt the current financial incentives for coal mines to invest available capital in coal production and reduce additional emissions by purchasing ACCUs and SMCs, rather than utilising the available capital for on-site abatement projects.

- Urge early deployment from the Royalties for Rejuvenation Fund (before 2028) to commence work in coal exposed communities on the energy transition.

- Make recommendations to inform the structure and work plan of the proposed Future Jobs and Investment Authority.

- Deliver a skills audit of the mining workforce, per the recommendation from the Beneficial and Productive Post-mining Land Use Inquiry Report that the Net Zero Commission does so.

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- Advocate for the EPA to apply methane mitigation requirements within coal mine environmental protection licences using broad powers conferred by legislation.

The Net Zero Commission should recommend that the government:

- Set coal sectoral emissions caps and targets for 2030 and 2035 based on whole of economy and resources sector science-based carbon budgets aligned to the Paris Climate Targets. This should include a specific energy methane target for 2030 and 2035 in line with science. Targets should guide the assessment process.

- Mandate immediately the use of already available, methane abatement technology for underground coal mines in NSW. 9 of NSW's gassiest coal mines produce 65% of coal mining methane. Regenerative Thermal Oxidiser technology has been found to be technically and commercially viable for mines with a ventilation air methane (VAM) concentration between 0.4% and 1.2%.

- Introduce further policy supports for abatement at open cut coal mines. Options include:

-A methane abatement fund: A government run fund to share 50% of the cost of first of a kind (FOAK) on-site abatement projects, generated from a levy across coal mines with funds distributed across the sector to cover 40% of capital expenditure.

-Regulated emissions intensity thresholds for coal mines:, There are different options based on current or historic emissions intensity – one option is for mines with emissions intensity over a given threshold to be required to reduce emissions below the threshold by a specific year, or requiring all mines historically above a threshold to undergo maximum cost-effective abatement.

-A methane monitoring network: Ensure that data on emissions is independently verified and publicly available by introducing a government-led network of direct methane monitors and measurement systems to quantify fugitive methane emissions from all coal mines. This would ensure that data on emissions, especially methane, and abatement is independently verified and publicly available. It would be funded by an industry cost recovery mechanism.

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- Review the strategic statement on coal to recognise the imminent decline in international demand for seaborne thermal coal exports.

- For coal mining projects in the planning process, require full lifecycle emissions accounting as part of the assessment process—including downstream emissions from exported coal. The NSW government should track the cumulative emissions impact of proposals and ensure they do not breach the sector cap as part of the methane budget (see earlier recommendation). There is also an option for projects over a given emission intensity threshold not to be approved.

- Apply the short-term (20-year) global warming potential for methane in assessments, to reflect its real climate impact.

- Put a moratorium on new coal approvals and expansions until critical recommendations outlined above are enacted.

- The planning department should apply the EPA Large Emitters Guideline to all coal mine project proposals.

- Evaluate the adequacy of current security deposits to allow for mine rehabilitation at end of life – per recommendation of the Beneficial and Productive Post-mining Land Use Inquiry Report.

The land sector

The land sector presents excellent opportunities to make meaningful contributions to our near term 2030 and 2035 emissions targets. These abatement opportunities are low cost, can be taken with quick effect and deliver immediate emissions reductions. Mitigation actions within the land sector also provide significant co-benefits for biodiversity.

Land Use, Land Use Change and Forestry (LULUCF) is currently a net carbon sink in Australia, however emissions from 'Forest converted to other land use', remains a sizeable contributor to Australia's GHG emissions. Whilst estimates of forest conversion emissions vary regularly, the June 2022 Quarterly Update of Australia's National Greenhouse Gas Inventory placed these emissions at ~40m tonnes p.a. - approximately 8% of national emissions in that quarter.

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The NSW Government has committed to considering the GHG impacts of different uses of forests as part of the Forest Industry Action Plan. Logging destroys stable, long-term stores of carbon. Thus, the sooner action is taken to prevent logging, the sooner NSW will realise significant emissions abatement benefits which can contribute to our 2030 and 2035 targets and beyond.

We urge the NSW government to release estimates of the emissions reduction potential from ending native forest logging. This action is necessary from an economic, environmental, and climate point of view.

We note that the hardwood division is already imposing significant costs on taxpayers, its products are readily substitutable and regional labour markets are tight. Restoring degraded land is also an opportunity. The NSW Government should set carbon sequestration targets for NSW informed by detailed modelling to assess and quantify the carbon sequestration potential of priority degraded ecosystems. This would align with the proposed goals and targets for restoration under the new NSW Nature Strategy.

We recommend that the NSW government report gross emissions from Forestry Corporation NSW's hardwood division. Currently, only net emissions are reported, that is sequestration from trees growing across state forests is used to obfuscate the significant emissions from industrial logging.

We recommend that the government undertake modelling to quantify the emissions abatement that preventing further land clearing would deliver for NSW, commit to phase out native forest logging, and set carbon sequestration targets for restoration of degraded land.

Thank you for the opportunity to make a submission. Your contact person at Nature Conservation Council of NSW is [redacted]

Yours sincerely,

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