

Pathways Call for Evidence Submission

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Submission to the NSW Net Zero Commission

Decarbonisation Pathways — Call for Evidence

Climate Resource | 22 July 2026

About Climate Resource

Climate Resource is a specialist climate policy research and analysis group. This submission draws on two of our recent reports analysing global least-cost decarbonisation pathways, derived from the NGFS Phase 5 (2024) integrated assessment model (IAM) scenarios, and their implications for Australia and particularly, New South Wales:

- [Australian methane targets consistent with the Paris Agreement temperature goal — Insights from integrated assessment models](#) (May 2025); and
- [Australia's coal outlook in a warming world — Insights from integrated assessment models](#) (December 2025).

Given NSW's position as the dominant thermal coal-producing and coal-fired generating state, our contribution focuses on the Resources and Electricity & Energy sector questions, specifically the projected pace of decline in demand for NSW thermal coal (export and domestic), and the case for dedicated treatment of fugitive coal methane.

1. NSW's thermal coal exports face a rapid, front-loaded decline

Around 85% of Australia's coal production is exported, so global, rather than Australian, policy dictates the pace of production decline. NSW supplies 60–70% of Australia's thermal coal exports.

The world is on track to limit warming to 1.8–2.2 °C if countries meet the emissions targets now submitted to the UNFCCC, including around 140 new targets since late 2024.¹ Demand for thermal coal will fall sharply in response to action to meet these targets. Our analysis of scenarios reported by the global science community finds Australian thermal coal exports fall by 64–78% by 2035 relative to 2024 under 1.8°C scenarios. The fall is even more rapid at 96–98% under 1.6°C scenarios, across high- and low-demand cases for Australia's market share.

Australian Thermal Coal Exports (Mt)

Shaded bands represent 13th - 87th percentile for 1.6°C and 1.8°C peak warming scenarios

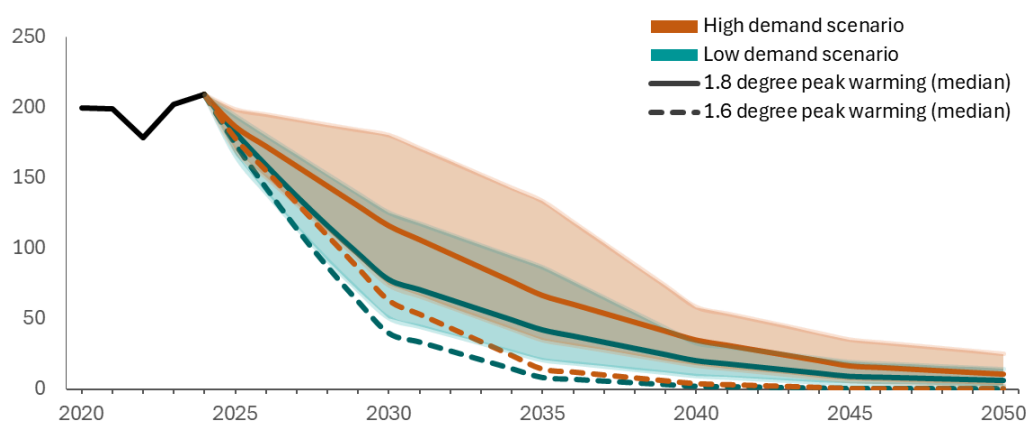


Figure 1. Projected Australian thermal coal exports, median and 13th–87th percentile range, high- and low-demand cases (Climate Resource analysis of NGFS5 scenarios). Source: Australia's coal outlook in a warming world

Australia's key coal markets are Japan, China, South Korea and Taiwan. Japanese thermal coal imports represented 36% of Australia thermal coal exports in 2024. Japan's thermal coal consumption is projected to fall by around 60–82% by 2030 (relative to 2020, under 1.8°C and 1.6°C respectively). China, which also accounted for 36% of Australia's exports in 2024, supplies over 90% of its own thermal coal consumption and imports less than 2% of that from Australia. China's consumption falls by around

¹ Climate Resource (2026), [Behind the Curves: Projected global emissions and warming taking into account India's new \(announced\) 2035 target](#)

66% and 24% by 2030 under 1.6°C and 1.8°C respectively, but it is also likely that China will look to source thermal coal domestically as its demand declines.

Department of Industry, Science and Resources (DISR) forecasts have historically overestimated Australia's coal exports.

We recommend that the Commission's pathway modelling test NSW planning assumptions against this IAM-derived decline rate, rather than relying solely on near-term DISR projections (which extend only to 2030 and show comparatively shallow declines).

2. Domestic thermal coal consumption and coal-fired generation are projected to decline even faster

Domestic thermal coal use, overwhelmingly for electricity generation, is also projected to fall sharply. Combining IAM results with AEMO's Integrated System Plan and other national/regional modelling, we project domestic thermal coal consumption falls by 59% by 2030 and 86% by 2035 (relative to 2024) under 1.8°C scenarios, and by 76% and 93% respectively under 1.6°C scenarios.

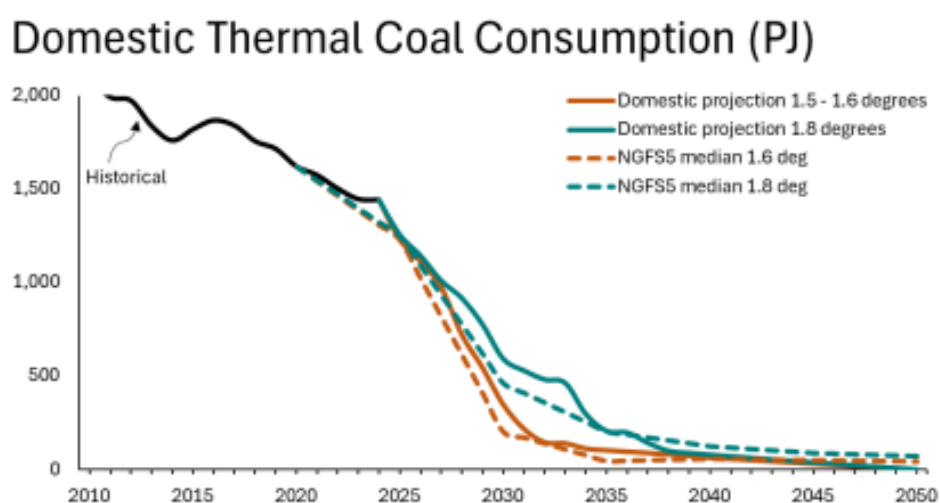


Figure 2. Australian domestic thermal coal consumption, historical and projected to 2050 (Climate Resource analysis, combining NGFS5 scenarios with AEMO 2024 ISP and WOSP modelling). Source: Australia's coal outlook in a warming world

Our analysis dates from 2025 and was validated against the AEMO's 2024 ISP, which has now been superseded by the 2026 ISP. The ISP's updated least-cost modelling finds that more coal capacity exits earlier than forecast in 2024, particularly in New South Wales. Following our analysis, policy settings should be designed for a closure profile that may arrive faster than current central planning scenarios assume, to avoid disorderly exit and to give workforce and regional transition measures the necessary lead times.

3. Fugitive methane from coal mining warrants dedicated, separate treatment

Our methane analysis of the same NGFS5 scenarios shows that methane emissions from the energy sector (including fugitive coal mine methane) decline faster to 2030 under least-cost global pathways than economy-wide greenhouse gas emissions. Methane from agriculture, forestry and other land use (AFOLU) declines more slowly.

Australia: % reduction in emissions relative to 2020

Derived from NGFS5 scenarios evaluated under peak warming of 1.8°C, 33rd, 50th and 66th percentile range

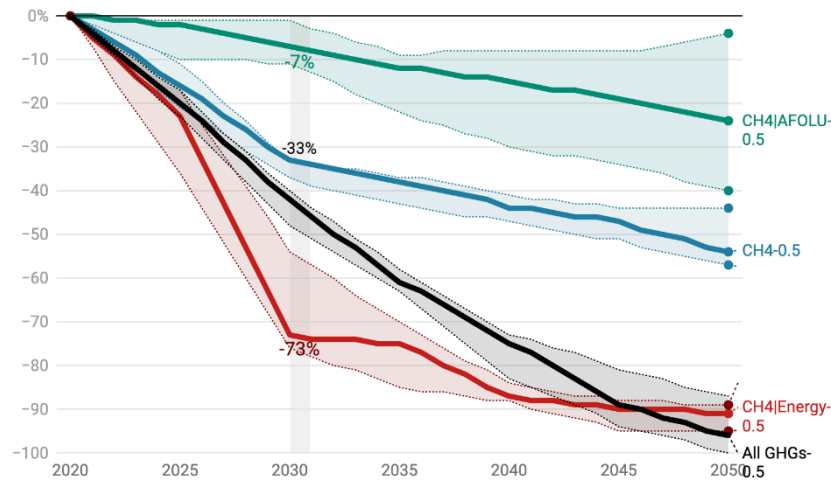


Figure 3. Best-estimate change in Australian methane emissions under 1.8°C peak warming, relative to 2020 (Climate Resource analysis of NGFS5 scenarios, regions containing Australia). Source: Australian methane targets consistent with the Paris Agreement temperature goal

Under scenarios consistent with peak warming of 1.8°C, Australian methane emissions from energy fall by around 73% by 2030 (relative to 2020), and by 75% by 2035. Methane from AFOLU, by contrast, falls by less than 10% by 2030 under either scenario.

The IEA finds that around 40% of methane emissions from fossil fuels could be avoided at no net cost, with the remainder representing some of the least-cost mitigation available globally, yet Australia currently has no systematic plan to address fossil-fuel-related methane.

We recommend that the Commission's Resources sector pathway separate fugitive coal methane from other resource-sector emissions and from broader whole-of-economy targets. This reflects both the different abatement economics (much of coal methane abatement is low- or no-cost using known technology) and the risk that an undifferentiated target either under-drives fossil methane abatement or imposes disproportionate cost elsewhere in the economy, including on agriculture.

Further information

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