Net Zero Commission

Pathways Call for Evidence Submission

18 July – 14 August 2026

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Nature Conservation Council
The voice for nature in NSW

14 August 2026

Submission to the Net Zero Commission
Call for Evidence on Decarbonisation Pathways for NSW

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.

We welcome the opportunity to make a submission to the Net Zero Commission call for evidence on decarbonisation pathways for NSW.

As the Net Zero Commission notes, NSW has legislated targets to cut emissions by 50% by 2030 and 70% by 2035, both relative to 2005 levels, and achieve net zero by 2050. Further, the Net Zero Commission has noted that NSW is missing its legislated pollution reduction targets by a widening margin. All sectors of the economy need to play their part in achieving a safe climate future for NSW.

The people of NSW are already coping with climate change fuelled floods, fires, and heatwaves. The Net Zero Commission has found that the average NSW resident is already $20,000 a year worse off because of climate change. Half of species in NSW are expected to become extinct over the next 100 years, and climate change is a major driver.

The NSW government must set a legislated and enforceable carbon budget across the NSW economy with caps on emissions for sectors based on comprehensive decarbonisation pathways. Decarbonisation pathways could provide a series of options for sector-level actions to meet legislated carbon budgets. They would guide government policy and decision-making across portfolios. For example, the planning system would be required to factor in sectoral carbon budgets to the assessment process. This would mean that high-emitting proposals are rejected where they individually, or cumulatively with other projects, threaten sector emission caps.

Enforceable emission caps across sectors would provide certainty for industry and investors.

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Whilst transport is projected to be the biggest emitting sector in NSW by 2030, there is still significant work to do on the resources and energy/electricity sectors. Fugitive emissions from the coal mining sector are expected to rise. The electricity sector is a significant enabler of whole of economy decarbonisation yet the Electricity Roadmap in NSW is delayed. There are significant delays in the rollout of renewable energy and life extensions of coal fired power stations increase energy prices and reduce energy reliability.

Our submission provides policy recommendations and supporting data for the energy/electricity, resources, industry, transport, land and agriculture, and waste sectors. This includes measures to ensure just and equitable outcomes for households and workers during the transition, consideration of nature and biodiversity impacts, and technological enablers.

Overall recommendation: By December 2027, the NSW government set a legislated and enforceable carbon budget across the NSW economy with caps on emissions for sectors based on comprehensive decarbonisation pathways

Energy/electricity

Recommendation: The NSW government determine and negotiate a staged exit of coal fired power consistent with decarbonisation pathways

A major barrier to decarbonisation of the electricity sector is the ongoing presence of coal fired power plants.

A recent survey of clean energy investors identified that confidence is slipping and that uncertainty around the closure timelines of coal fired power stations is the second biggest barrier to investment.

Reliability Watch is a project initiated by NCC with Environment Victoria and Queensland Conservation Council. It tracks outages at ageing coal fired power plants in real time. Over Summer 2025-2026 it finds there were 22 unplanned outages in NSW. When coal power station outages occur, energy prices for consumers and businesses rise.

In May 2024, the NSW government signed an agreement with Origin Energy to underwrite Eraring coal fired power station until March 2025 with a further opt in period to March

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2027. Origin subsequently decided to keep the power station running until 2029, the third life-extension to a NSW coal-fired power station in three years.

There is an urgent need to expedite firmed renewables in the grid to prevent further extensions to the lifetime of coal fired power plants.

This is also needed to address the air and water pollution and environmental destruction associated with coal-fired power. A 2018 report found that coal fired power stations in NSW were responsible for 279 premature deaths each year. Water pollution and extraction or drawdown at mines statewide is destroying groundwater systems, killing wildlife and polluting drinking water.

Recommendation: The NSW government to implement minimum energy efficiency standards for rental properties to deliver energy bill savings for all households

Millions of renters are living in homes that are too hot in summer and too cold in winter and are making them sick. While around 1 in 3 NSW households rent, only 22% of NSW rental homes has insulation, compared with 54% of owner-occupier homes. There is no price signal, incentive, or requirement on landlords to raise the standard of these properties. If governments are to meet emission reduction targets and improve outcomes for low-income households, improving the energy performance of rental properties needs a tailored approach.

Upgrading these homes is not just central to meeting climate targets, it would halve renters' energy bills and is the cheapest way to boost energy security by reducing peak demand on the grid.

Setting basic standards for rented homes in NSW would ensure people renting are not forced to live in poor-performing homes with excessive energy costs and negative health impacts. Modelling shows that improving the energy efficiency of homes could reduce future heatwaves deaths by up to 90%.

The NSW government, through the Consumer Energy Strategy, has committed to supporting the development of a national framework for minimum energy efficiency standards in rented homes, in collaboration with the Australian Government and other states and territories.

Similar standards have already been implemented in New Zealand, UK, France, the Netherlands, Canada, as well as Victoria and the ACT.

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Well-designed minimum standards will mean healthier homes without limiting housing supply or causing rent increases, through a mix of regulations backed by incentives. Minimum standards should set performance standards over time, and feature-based standards such as efficient electric heating, hot water system replacements at end of life, efficient electric cooling, and insulation are a good place to start. Home energy efficiency ratings should be disclosed for all homes.

Further, installing solar on all rental homes in NSW would save 75 Mt over twenty years in avoided emissions.

Recommendation: The NSW government to consider further policy initiatives to extend the rooftop revolution to the commercial and industrial sector

While transmission lines and grid-scale clean energy projects are rolling out slower than hoped, the vast commercial rooftops in our cities have huge, untapped potential to accelerate the clean energy transition.

Investment in commercial and industrial (C&I) energy resources brings energy prices down for everyone by allowing for peak demand management and reducing reliance on costly transmission line rollout. It can be quickly deployed, allowing businesses to save on energy costs, improving competitiveness and with economy-wide benefits.

The NSW government recently announced solar and battery rebates for commercial and industrial installations and apartments. There is still room to move on costly grid connection processes. Demand-side schemes like the Wholesale Demand Response Mechanism have complex eligibility criteria and are also undersubscribed.

Recommendation: The NSW government to roll-out solar and batteries to every public school and community hall

The Victorian Greener Government Schools Building Program funds the installation of solar systems in public schools with over 415 participating schools set to save $4.9 million annually in power costs.

There is an opportunity for the NSW government to go further and roll out solar and batteries to every public school and community hall. This will help keep children cool during hot days, cut energy bills, avoid outages and contribute to tackling climate change.

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Recommendation: Lift the renewable energy generation target to 16 GW

There are significant economic and emissions reduction benefits from lifting the renewable energy target in the NSW Electricity Infrastructure Roadmap to meet projected energy demand and to bring down energy prices. ASL has called for the renewable energy generation target in the NSW Roadmap to be lifted from 12GW to 16GW by 2030. It has also called for targeting 42 GWh of new long-duration storage infrastructure by 2034.

ASL's IIO report states the benefit of the "ambitious" development pathway is $6.8b over 20 years (p60). With approximately 3 million households in NSW, this translates to $110 per household per year in savings. Energy savings would also flow to businesses. The emissions reduction is estimated at 9 MtCO2e from FY2026 to FY2045 (p33).

Legislating this increased target would provide certainty to renewable energy investors and industry, compared with a non-legislative lifting of the target.

Recommendation: The NSW government to enact renewable energy zones (REZs) that protect nature and boost regional communities' support for the energy transition including funding regional conservation investment strategies for each REZ to restore habitat

Community concern over the nature impacts of renewable energy projects factors into delays to the energy transition. In 2025, NCC released the States of Transition report, which ranked NSW fourth of seven Australian jurisdictions on the percentage of energy generated from renewable sources. It found sufficient renewable energy projects in the planning pipeline to meet renewable energy targets 2.5 times over, but delays in projects due to planning system barriers and community concerns, including on nature impacts.

The NSW government has committed to develop a Plan for Nature to halt and reverse biodiversity loss, set targets for landscape conservation and restoration, and require genuine avoidance of impacts before biodiversity offsets are considered. The siting of projects – including renewable energy projects – is critical to ensuring impacts are minimised and nature restoration opportunities maximised.

Despite the ample opportunity to site renewable energy projects on already cleared land, and implement actions that would restore biodiversity around projects, the

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planning system provides no guidance for developers to deliver nature-positive outcomes.

There is a once-in-a-generation opportunity to protect and restore nature through the renewable energy transition by frontloading biodiversity considerations into the planning system.

The NSW government should define ecological priorities for each Renewable Energy Zone and allocate at least $50 million in additional funding to the delivery of each regional conservation investment strategy to deliver nature positive outcomes. This will boost habitat connectivity, improve climate resilience for species, and boost biogenic carbon storage.

Recommendation: The NSW government to adopt all eight Public Interest Principles for Data Centres

In the race for NSW to benefit from data centre investment, there is an opportunity for the NSW government to get on the front foot in managing benefits and impacts for the people of NSW.

There is strong potential for investment, jobs, economic growth and data sovereignty. On the other hand, there is a risk that energy demand from data centre growth pushes up wholesale energy prices during a cost of living and oil supply crisis and risks prolonging the life of coal fired power stations to meet energy demand.

A plan to manage data centre growth is essential. This will allow for ongoing focus on the renewable energy transition to enable closure of coal fired power stations and protect communities and nature in NSW from the increasingly severe impacts of climate change.

The Public Interest Principles for Data Centres as outlined by an alliance of civil society groups and unions including NCC call for regulations that require new data centre developments to:

- Be powered by 100% additional renewable energy
- Strengthen grid stability
- Be appropriately sited to minimise impacts on nature and land use

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- Minimise embodied emissions and maximise efficiency and circularity
- Use water resources responsibly
- Operate with transparency
- Commit to earning and delivering ongoing social licence
- Support the training and upskilling of the workforce

Resources

Recommendation: The NSW government to end coal expansions and cap coal sector emissions consistent with decarbonisation pathways

The Net Zero Commission Spotlight report on Coal published in December 2025 found that coal expansions or extensions are incompatible with NSW meeting its emission reduction targets.

The prohibition on greenfield mines and acknowledgment of structural decline in coal demand in the NSW Coal Industry 2026-2050 is welcome. However, approval of further coal mine extensions or expansions contravenes the guiding principles and emission targets of the Climate Change (Net Zero Future) Act. Three coal mine proposals with a combined additional 1 billion tonnes of CO2eq alone are to be assessed this year.

The Net Zero Commission has outlined that the resources sector is one of only two sectors where emissions are projected to increase. Setting both a resources sector (and coal) carbon budget within a whole of economy carbon budget (see below) and capping permissible emissions for existing projects and proposals will be critical to addressing runaway emissions in the resources sector.

Six of the highest-emitting underground coal mines in NSW are responsible for half of the state's coal mine methane emissions. Cost-effective technology is available now that, if employed at nine of NSW's highest emitting underground coal mines, would halve statewide fugitive [1]. Faster and firmer action is needed to ensure on-site mitigation of methane, with its high global-warming potential.

[1] Common Capital, Coal industry methane emissions, Unlocking cost-effective methane abatement in the NSW and QLD coal industry, May 2025.

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The NSW government should:

- Set a resources sector (and coal) carbon budget with emission caps for existing and proposed projects
- Amend NSW Coal Industry 2026-50 to end expansions or extensions to coal mines
- Invest at least $150 million per year of coal royalties into the Future Jobs and Investment Fund to support structural adjustment of coal-exposed communities and pursue post-mining land uses that offer economic growth and habitat restoration opportunities
- Strengthen and bring forward mandatory methane mitigation measures and enforceable emissions limits in environmental protection licences for coal mines as the EPA Climate Change Requirements for Licensees are inadequate
- Fully incorporate consideration of Scope 3 emissions and local climate impacts into the planning assessment as required by the MACH Energy v DAMSHEG (Denman) ruling in the NSW Court of Appeal
- Pass regulations to give effect to the Climate Change Act's objects and principles across portfolios.
- Strengthen the Neutral or Beneficial Effect (NorBE) water quality test to ensure coal mine extensions and modifications do not detrimentally impact drinking water, as promised by Labor when in Opposition.

Transport

Recommendation: Increase public and active transport and access to EV charging

Data from the tabled State of the Environment Report shows that NSW's largest emissions source by 2030 will move from the energy sector to the transport sector. In addition to electrification of the transport fleet, more investment in public and active transport will reduce energy demand and offer co-benefits for public health, air quality, safety and livability of communities.

Given the fuel security crisis and increased cost of living pressures on households and businesses, there is an opportunity to bring forward actions from the NSW Future Transport Strategy and NSW Active Transport Strategy.

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This includes improving public transport access, building strategic cycleway corridors in big cities and supporting 15-minute neighbourhoods that give priority to walking and cycling connectivity to public facilities.

Further investment should be made in electric vehicle charging infrastructure.

Caution should be taken to ensure that any sustainable aviation fuel initiatives protect nature by ensuring that biofuels are genuinely residual waste streams and not native or for-purpose feedstock that negative impacts animal habitat or displaces food production. Native forest residues or land clearing residues should not be used as biomass for energy because they provide income streams to the native forest logging industry and the agricultural sector in a way that incentivises unsustainable practices.

The NSW government should:

- Introduce free public transport or public transport at a nominal fee following the lead of other jurisdictions to free up road infrastructure and address cost of living pressures.
- Improve public transport linkages with key destinations
- Update the active transport plan and commit additional funding to active transport infrastructure including strategic cycleways, end-of-trip facilities at public transport hubs and public green spaces for active transport rest stops.
- Partner with councils and other stakeholders to deliver 15-minute neighbourhoods.
- Boost statewide electric vehicle charging infrastructure.

Industry

Recommendation: **Establish state-wide gas demand reduction targets and pursue policies to support decarbonization of low-heat industries**

Gas is an expensive source of energy for households, businesses manufacturers and it drives up electricity prices and emissions. Modelling shows that NSW gas prices have increased by 277% since 2011 while gas demand has decreased by 2.9% per annum since 2014. In 2025 gas was the largest contributor to global carbon emissions growth. In addition, the combustion of gas in homes and workplaces exposes adults and

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children to carbon monoxide and nitrogen dioxide, which carry various health risks. High gas prices have forced the closure of multiple manufacturing sites in NSW, and they add to the cost-of-living challenges for NSW households.

There are many public benefits associated with decreasing gas consumption in NSW and any plan to do so must be comprehensive, cover all sources of gas demand and be underpinned by clear targets and policies. Clear state-wide gas demand reduction targets should be underpinned by end-use targets e.g. a residential and small business electrification target, low heat manufacturing electrification target, a long-duration storage target and a renewable fuels target for hard to abate manufacturing.

There are almost 8,000 small and medium sized manufacturing businesses (SMEs) in NSW supplying over 100,000 jobs comprised of food and beverage; textiles and leather; wood and wood products; and pulp, paper and printing. Together, they consume 12% of NSW total gas demand, comparable to the gas consumption of the Tomago aluminium smelter (10% of NSW total gas demand).

SMEs face a combination of cost and non-cost barriers that limit their ability to reduce gas consumption without coordinated policy action. Under current policy settings, decarbonisation in this sector is not expected to keep pace with NSW emission reductions targets with 70% of gas demand expected to remain in 2050. Analysis by DETA highlights the gaps in existing federal and state polices for supporting SMEs decarbonisation pathways, with most NSW policies having minimal or limited impact.

However, through policy support, it is possible to reduce gas demand more than four-fold from 14.5PJ to 3.1PJ by 2050. Technological solutions, such as heat pumps, electric boilers, and electric air heaters, exist now. Policy options include tailored support to shift energy use to periods of low cost, low emission electricity; on site energy audits; streamlining of government programs and incentives; job growth incentives; capital support; knowledge sharing and network readiness. These policies need to be underpinned by clear and measurable gas reduction targets to guide policy implementation and track progress.

Co-benefits include future-proofing industry, safeguarding jobs and keeping manufacturing in Australia.

Caution should be taken in measures that seek to decarbonize industry via biogas. Electrification should be encouraged for all viable solutions, and bioenergy should be prioritized for use in hard to abate sectors where electrification is not deemed viable.

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Biomass and land sector

Recommendation: Fix the definition of native forest biomaterial in the POEO regulation to rule out electricity generation from biomass.

The experience of the Redbank power station, rejected by the Independent Planning Commission (IPC) in 2025 and now subject to appeal, demonstrates that availability of biomass is far lower than some stakeholders expected, and risks of biodiversity and climate harm are far higher. Expert submissions to the IPC demonstrated the climate, habitat clearing and biodiversity risks of accessing biomass from land clearing, after biomass from logging residues was already ruled out for similar reasons.

These risks also exist for other potential uses of biomass, for example sustainable aviation fuel (SAF), hydrogen production, and iron ore reduction. We recommend excluding biomass from decarbonisation pathways, or very carefully scrutinising feedstock sources to ensure they are genuine waste products, transport distances are moderate (eg. <200km), and don't cause land-use conflicts.

Recommendation: End broadscale agricultural land clearing to reduce emissions and protect biodiversity.

Despite the NSW Government's commitment to rein in excessive land clearing, regulations still allow broadscale land clearing and rates of clearing have been increasing in recent Statewide Landcover and Trees Study (SLATS) reports.

Land clearing codes in the Local Land Services (LLS) Act lack ecological rigour. For example, the "Invasive Native Species" ("INS") pathway which is responsible for the largest share of approved clearing, is a misnomer as NCC's recent investigation shows.

Ending land clearing would result in substantial carbon and biodiversity benefits and these benefits should be modelled and included in decarbonisation pathways.

Recommendation: ending native forest logging is extremely low-cost abatement with huge biodiversity benefits

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Already 90% of NSW sawlog production comes from plantation logging (ABARES), yet industrial native forest logging continues across almost one million hectares of NSW's most biodiverse forests. Ending logging in NSW public forests is estimated to result in a carbon benefit of around 3.6 million tonnes of CO2 per year. This is extremely low-cost abatement, as IPART estimates NSW forestry corporation loses $4.67 per tonne logged, resulting in losses of around $30m per year.

Recommendation: Land sector carbon sequestration is limited and requires careful development

Globally, many decarbonisation pathways rely on large slices of land-sector sequestration to offset slow emissions reductions in other sectors, including reforestation and bioenergy with carbon capture and storage (BECCS).

These approaches inevitably clash with other land uses and can clash with biodiversity goals.
We recommend transparent, well resourced, and careful development of these actions including consultation with land managers and civil society groups to ensure they are realistic and support other policy goals.

Waste

Recommendation: Energy from waste should not be considered renewable energy

Our comments relate to energy from waste.

There is a risk that energy from waste facilities counteract efforts to build a circular economy as they take pressure and funding away from dealing with reprocessing of waste. Once built, facilities create market demand for waste products which runs counter to the circularity policy objective. They require long term contracts to secure this waste, which locks up municipalities' action and diverts attention away from developing more recycling and compost streams.

Thermal treatment of waste involving energy recovery must remain prohibited under Protection of the Environment Operations Regulations and exemptions should be minimised. The bigger opportunity to address shrinking landfill capacity is to enhance efforts relating to circular economy. The NSW Government and EPA should focus on

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increasing soft plastic recovery, supporting national consumer product stewardship, increasing the number of beverage containers under the Container Deposit Scheme (CDS), and bringing timelines forward on Food Organics and Garden Organics (FOGO) collection.

Energy from waste should not be considered renewable energy, and additional resources should be put into achievement of NSW renewable energy targets consistent with the objects of the Climate Change (Net Zero Future) Act.

Energy from waste plants involving thermal energy cannot be considered renewable energy generators because thermal treatment generates greenhouse gas emissions, and they mostly get their energy from burning plastic waste, which is made from fossil fuels.

Waste to energy has been removed from the list of activities considered sustainable in the EU, on the basis that it undermines its greenhouse gas emissions reduction objective and transition to a circular economy.

Questions have been raised on the level of greenhouse gas emissions per unit of electricity output and the relatively low net energy gain from facilities.

International experience indicates community concern on human health impacts are significant. Thermal treatment of waste releases chemicals like dioxins, furans, and PFAS ("forever chemicals"), that are probable carcinogens. In Europe, although modern filters capture most of the dioxins, monitoring regimes are often lackluster, with only a few types of PFAS actively monitored. Most plants do not monitor their emissions continually, leading to large spikes in emissions from day to day or week to week.

Communities in Europe have also expressed concern that thermal treatment leaves behind "bottom ash", a substance filled with many harmful chemicals that must be discarded in hazardous material landfills. In some EU countries, bottom ash is used for roadmaking, with a risk that toxic chemicals leach in the environment when it rains. Due to community concern, the EU is now starting to divert funding away from their incinerators, and towards reuse, recovery, and recycling efforts.

Thank you for the opportunity to participate in this call for evidence. Your contact person at NCC is Senior Climate and Energy Campaigner, Jacqui Mills.

Yours sincerely,

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