

1 July 2024**Environment Protection Authority**climatechange.review@epa.nsw.gov.au**Re: Draft NSW EPA Guide for Large Emitters**

Malabar Resources Limited (Malabar) raises some concerns in relation to the “Draft NSW EPA Guide for Large Emitters” that we’d appreciate the NSW EPA to consider.

Before listing those concerns, we would like to appraise you of Malabar’s strategy and the impact of the Commonwealth Safeguard Mechanism.

About Malabar

Malabar Resources is an independent, Australian, diversified resources company based in the Hunter Valley. A number of years ago we made a decision, to develop a sustainable long-term business through the use of innovative and less intrusive underground mining methods focusing on metallurgical coal, developing large scale renewable energy projects, and rehabilitating previously mined areas for sustainable activities including agricultural production.

We have three key projects in the Upper Hunter that form the basis of our diversified portfolio:

- **Maxwell Underground** – We commenced underground production in early 2023. The mine will produce high quality coal with at least 75% capable of being used in the making of steel. Once the mine is fully operational, the mine will deliver more than 400 full-time jobs and more than \$70 million in wages to the NSW economy each year. The mine is projected to generate \$2.2 billion in mining royalties for the people of NSW over its initial 26 years of operation. You may have seen the launch of our recent campaign to attract a further 200+ employees? This campaign has been running in regional NSW and western Sydney and we are humbled by the incredible response of tradespersons and new-to-industry people wanting to work for Malabar with thousands of applications received already.
- **Maxwell Solar Farm** – This solar farm is located in the designated Hunter-Central Coast Renewable Energy Zone. Stage 1 of the solar farm has been approved for 25 megawatts (MW).
- **Edderton Solar Farm (350MW plus BESS)** – We have partnered with global power generation company, EDF Renewables, to develop a significant 350MW solar and energy storage project adjacent to our Maxwell underground operation. Information can be found at eddertonsolarfarm.com.au.

While we understand the Draft NSW EPA Guide for Large Emitters is intended to apply to projects undergoing development assessment, we are conscious that the requirements in the Draft Guide may set a precedent for any requirements that ultimately make their way through to existing operations such as our Maxwell Underground mine in the future.

Commonwealth Safeguard Mechanism

As we ramp up the Maxwell Underground operation over the next few years to its long-term steady-state production rate, it will be subject to the Commonwealth Government’s Safeguard Mechanism. By committing to an underground operation to mitigate surface disturbance, dust, noise and visual impacts of an open cut development, Malabar received substantial support from our local community. However, under the Safeguard Mechanism, underground mines such as Maxwell are typically subject to much steeper baseline decline rates

than the average of 4.9% per annum and are therefore shouldering a significant amount of the industry's emissions reduction burden. This will already be a very challenging task for our operations, and additional requirements and complexities imposed by the NSW Government will make it even more difficult.

Draft NSW EPA Guide for Large Emitters

The Draft Guide complicates an already complex regulatory framework and there are areas of uncertainty.

A summary is provided below, for further details please refer to the NSW Minerals Council submission which Malabar supports.

Issue	Concern	Recommendation
Incomplete Policy Framework	The Draft Guide is part of a larger policy framework that is still under development. Without a complete view of the related policies, it's challenging to fully understand the implications of the Draft Guide.	Related policies should be finalised and made available for review to provide a clearer picture prior to the Guide being finalised.
'High Emitter' Threshold	The current definition of 'large emitter' in the Draft Guide does not align with the Commonwealth's Safeguard Mechanism.	Align the 'large emitter' threshold with the Commonwealth's Safeguard Mechanism.
Duplication	It is important that there is no duplication in the cost of offsets and the cost of compliance and reporting. That is the financial and compliance burden should not be replicated, rather credit must be given to compliance and costs borne under the Commonwealth Safeguard Mechanism.	
Emissions Reduction Goals	The Draft Guide's approach to setting emissions reduction goals is overly complicated, as it is based on industry-sector emission reduction targets that have not yet been established.	Simplify the framework for emissions reduction goals and align them with existing regulated goals under the Safeguard Mechanism.
Location of Offsets	The Draft Guide's emphasis on the location of carbon offsets does not contribute to climate change mitigation and imposes additional compliance costs without environmental benefits.	Remove the restriction on the location of offsets and focus on resolving technical carbon accounting issues.

Kind regards



Wayne Seabrook
Chairman
Malabar Resources Limited