



1 July 2024

Mr Tony Chappel
Chief Executive Office
NSW Environment Protection Authority
6 Parramatta Square,
12 Darcy St,
Parramatta NSW 2150

By email: climatechange.review@epa.nsw.gov.au

Dear Mr Chappel

RE: NSW EPA Guidelines for Large Emitters

The Minerals Council of Australia (MCA) representing Australia's minerals exploration, mining and processing industry appreciates the opportunity to provide feedback to the consultation: *NSW EPA Guidelines for Large Emitters*.

The mining industry recognises the need to reduce emissions globally, nationally and at the sites and facilities driving Australia's resources industry. In June 2020, the MCA and members launched the *Climate Action Plan* as a clear commitment to do the work needed to achieve net zero emissions by 2050 in support of the goals of the Paris Agreement.

To reach this objective, member companies continue to invest in research and technical development to better understand the technologies and practices that will be necessary to achieve decarbonisation across the sector.

It is important for Australia to maintain its competitive advantage in the supply of minerals and metals during the clean energy transition. The clean energy transition will be resource and energy intensive. Incentivising the development of copper, nickel, lithium, and other metals and minerals that are essential for global decarbonisation efforts should be the primary objective of policy.

Global benefits will accrue from the increased supply of metals and minerals needed to reduce global emissions and enable the clean energy transition and net zero. New South Wales (NSW) can support the mining industry in its efforts to decarbonise and scale up production and processing of the supply of minerals and metals needed for the clean energy transition by aligning the proposed NSW EPA Guidelines for Large Emitters with existing Commonwealth legislation on the National Greenhouse and Energy Reporting (NGER) Act and Safeguard Mechanism Rule.

Approaches that are not aligned with the Safeguard Mechanism (SGM) create additional barriers to investment in the minerals and metals needed to support the clean energy transition and threaten the

effective working of the country's major industrial emissions policy. Australia has potential resource developments that could support global decarbonisation efforts through supply of critical metals and minerals.

To develop these opportunities, the MCA recommends that the proposed NSW EPA Guidelines for Large Emitters be redeveloped to better align with the SGM noting:

- The SGM applies only to scope 1 emissions. Scope 2 emissions are covered separately under the Commonwealth's sectoral decarbonisation plan with the electricity sector subject to an 82 percent renewables target by 2030. This is supported by the Capacity Investment Scheme (CIS)
- The SGM covers facilities with a minimum 100,000 tonnes per annum of scope 1 greenhouse gas emissions (not 25,000 tonnes of scope 1 and 2 greenhouse gas emissions as in the proposed guidelines)
- The SGM does not consider scope 3 emissions. Scope 3 emissions are other countries emissions that are covered by the Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC)
- The SGM is a net scheme and Australian Carbon Credit Units (ACCUs) and Safeguard Mechanism Credits (SMCs) are used to demonstrate compliance with Safeguard Mechanism baselines. The role of SMCs is critical to the working of the federal policy. State schemes must either carefully accommodate the function of SMCs or exempt facilities that are in the safeguard mechanism
- Not considering SMCs appropriately (or favouring ACCUs) creates a perverse incentive to procure ACCUs instead of SMCs, potentially imposing a higher cost of compliance for investments in new minerals and metals projects in NSW
- Under the SGM, ACCUs are available from any jurisdiction in Australia supporting least cost abatement. Giving preference to ACCUs produced in NSW is not a least cost compliance approach.

Conclusion

Mining is a large-scale, capital-intensive activity. Unlike other industrial enterprises, geology dictates activities and can significantly influence emissions profiles. Flexible application of policy to recognise these elements is vital to maintain the international competitiveness of Australian mining operations on the national path through 2030 to net zero emissions by 2050.

Australia has a significant role to play in supporting the global clean energy transition. In FY23, Australia's exports of minerals, metals and energy commodities was worth [\\$455 billion](#) and accounted for 66 per cent of the nation's export revenue.

Over the last decade the industry has paid [\\$356.6 billion](#) in taxes and royalties. These contributions support stronger communities by helping to fund hospitals, schools, doctors, nurses, police, teachers and other essential services and infrastructure.

The industry is also critical in supporting regions and communities, including providing 1.1 million jobs in Australia supported by the mining, mining equipment, technology and services sectors.

Government and the mining industry must continue to work together to develop appropriate enabling policy frameworks to achieve net zero goals and maintain Australian industry competitiveness.

The pathway will not be linear for all industries, but great progress is being made across mining.

Achievement of both the 2030 target and the 2050 net zero target will require close consultation and collaboration with all stakeholders.

The industry seeks change that is manageable, orderly, and establishes an appropriate regulatory framework for industry and the nation to achieve medium- and long-term emissions targets.

We thank you again for the opportunity to comment and look forward to engaging constructively with the Government on these important reforms. We stand ready to help put Australia on the path to meeting its emissions reduction targets and contribute to the achievement of the Paris Agreement goals.

Yours sincerely

A handwritten signature in black ink, appearing to read 'DZ', with a stylized flourish at the end.

Daniel Zavattiero
General Manager – Climate and Energy