

**Draft Climate Change Assessment Requirements and
Greenhouse Gas Assessment Guide for Large Emitters**

<https://yoursay.epa.nsw.gov.au/draft-climate-change-assessment-requirements-and-guide>

Submission from Mudgee District Environment Group

Mudgee District Environment Group (MDEG), based in the Mid-Western Regional Council area in the Central West of NSW is working for the conservation of our natural heritage and a sustainable future for our children.

A letter regarding the application of the Draft Assessment Requirements and Guide was written by Lock the Gate and MDEG and sent via email to Tony Chappel CEO NSW EPA on June 24th 2024. This letter was written to highlight the contradiction between NSW EPA GHG advice to the Moolarben OC3 Extension Project, and the Draft Guide for Large Emitters. It includes relevant comments on current Moolarben operations and is provided in Attachment A.

We draw your attention to that letter as it outlines past failings of the regulatory system and puts forward logical arguments in favour of stronger standards for the coal and gas industries to be implemented in the new Guide. As these industries are the principal sources of GHG they cannot be treated as other industries, and they are renowned for inadequate monitoring of their operations. Separate and stringent measures are required, with monitoring data to be independently verified and publicly available. These fossil fuel industries must be phased out and operations wound down. It is imperative that no new projects or extensions be permitted.

We call for the Guide to require direct measurement of emissions including methane, with detailed instructions on how that is to be done. Methane estimates can be subject to significant uncertainty and some of the largest emitting events are the result of accidents and unpredictable process failures. Therefore top-down and bottom-up monitoring must be in place. Refer [iea](#).

The economic impact of fossil fuel production places a huge burden on society from individual persons to companies and governments. We are all impacted by climate change related abnormal weather and catastrophes. Because fossil fuel projects are still being approved, the Guide must require fossil fuel producers to assess the impact of their operations on other sectors which are already decarbonising.

The use of offsets is a discredited system that results in a net loss of environmental assets. Offsets have acted as a 'Trojan Horse' by allowing developers entry to areas that should be off-limits. Environmental damage and pollution has occurred while the developer maintains a positive façade. Offsets must be prohibited in fossil fuel projects.

Large emitters must assess their projects against the [Net Zero Future Act's Guiding Principles](#). Projects should be consistent with the right to a clean, healthy and sustainable environment.

Thank you for the opportunity to provide input.

Sincerely

Rosemary Hadaway

Chair

Mudgee District Environment Group

ATTACHMENT A.



Reply to: Nic Clyde

NSW Coordinator

Lock the Gate Alliance

24 June 2024

Tony Chappel

Chief Executive Officer

NSW Environment Protection Authority

via email: [REDACTED]

CC: The Hon Penny Sharpe MLC

Minister for Climate Change, Energy, Environment and Heritage

via email: [REDACTED]

Re. NSW EPA GHG advice on the Moolarben Coal OC3 Extension Project contradicts the draft Guide for Large Emitters and undermines community confidence

Dear Mr Chappel,

We write regarding the NSW EPA's assessment of Moolarben OC3 Extension Project. The NSW EPA's draft Guide for Large Emitters clearly states that proponents of new, large

emitting projects in NSW “must assess their emissions and develop a GHG Mitigation Plan” and that this document is to be “developed in the planning approvals process”.

In regard to Moolarben OC3’s GHG Mitigation Plan, we note - in the NSW EPA’s [Advice on RTS and Amendment - 17 May 2024](#) - that the EPA have stated that they do **“not consider that this GHG management plan is adequate as part of a comprehensive plan for GHG minimisation.”** This document also states that the GHG Mitigation Plan provided by Moolarben lacks critically important elements including:

- measurable GHG emission goals
- a detailed energy efficiency plan
- a commitment to monitoring, reporting and continuous improvement
- the expected impact of the Safeguard Mechanism Baseline on year-to-year emissions; and
- a comparison of emissions to NSW Government's legislated emissions reduction targets.

In our view - and according to your Guideline - this information must be provided by the proponent prior to determination of Moolarben’s expansion project.

However, rather than requiring Moolarben to provide an ‘adequate’ management plan ahead of a determination, as the draft Guide for Large Emitters requires, the 17 May letter proposes that these issues can be resolved **after** a determination by the NSW IPC.

The EPA recommends dealing with these issues through the EPA’s Climate Change Mitigation and Adaptation Plan (CCMAP) process as part of the EPA licence.

This is completely unacceptable and - if allowed to stand - would immediately set a very poor precedent that would once again put the NSW Government on the back foot in terms of the assessment and regulation of greenhouse gas emissions from new coal-expansion projects. The very reason why the Climate Change Assessment Requirements and Guide for Large Emitters are required is because of the historical failure of either previous consents or post-consent management plans to deliver any meaningful abatement at all at NSW coal mines.

Notably, a [2021 review by Dr Ian Lowe](#) of eight coal mining consents found that there were NO measurable emission abatement targets in seven of them, and total abatement amounted to only 0.55% of total emissions across the eight projects.

The suggestion that the failings of the Mitigation Plan can be addressed in the EPA licence is also legally flawed, given that the EPA licence can only be granted consistent with the development consent for SSD projects by virtue of s4.42 of the NSW EP&A Act 1979. The current Moolarben Coal project is in fact a study in the abject failures of the NSW planning system to date to control greenhouse gas emissions from large emitters. The Greenhouse Gas Management Plan that it operates under does not contain any abatement measures whatsoever and Scope 1 & 2 emissions from the project have increased every year for the last 6 years. (We have provided more detail on Moolarben in Attachment 1). It is extraordinary that the EPA would suggest that a project with such a flawed record on greenhouse gases should be allowed to delay action yet again in direct contradiction of the Guide for Large Emitters.

In summary, we object in the strongest possible terms to the watering down of statutory obligations in the draft Guide for Large Emitters for the Moolarben project. The EPA needs to set a strong example of the new path needed to attain NSW climate change targets, not falter at the very first hurdle.

Therefore, we are writing to request that the NSW EPA insist that Yancoal should be required to develop an adequate GHG Mitigation Plan *prior* to the finalisation of DPHI's Assessment Report and referral of this project to the NSW IPC.

We would greatly appreciate an urgent reply on this important issue.

Kind regards,
Nic Clyde
NSW Coordinator
Lock the Gate Alliance

Rosemary Hadaway
Chair
Mudgee District Environment Group

ATTACHMENT 1

NSW climate change targets and Moolarben record on emissions

As the NSW EPA knows, NSW is not on track to meet legislated 2030 and 2035 emissions

reduction targets. This is - in part - due to the fact that an approval of Moolarben OC3 Extension Project has already been factored into the NSW GHG net zero modelling (see [QON 2186 - Energy - COAL AND GAS DATA](#)). We note that - if approved - this project would add approximately 52,000 t CO₂-e per annum in Scope 1 and 2 emissions to the NSW inventory between 2025 and 2034 at a time when approximately 2-8 Mt of additional abatement is required per annum.

Further, we note a complete regulatory failure at the existing Moolarben operation in regard to basic and legally required abatement measures. Moolarben - by coal production - is currently one of the largest coal mines in NSW (20.4 Mt ROM coal in FY23), yet it has been operating at least since 2020, under a GHG management plan that contains zero abatement measures ([Greenhouse Gas Minimisation Plan](#), 29 Oct 2020).

Perhaps unsurprisingly, Scope 1 and 2 GHG emissions at Moolarben have increased for the last six years in a row.¹ Since the 'abatement plan with no abatement actions' was approved, more than 1 million tonnes of Scope 1 and 2 greenhouse gases have been emitted.

¹ This statement is based on analysis of Scope 1 and 2 data reported in Moolarben's Annual Reviews.

The majority of Moolarben's Scope 1 emissions are from the use of diesel fuel (approximately 200,000 t CO₂-e per annum). Moolarben also has a very large Scope 2 (electricity) emissions footprint, routinely exceeding 100,000 t CO₂-e per annum. Given this, we would expect that the 'Greenhouse Gas Minimisation Plan' would contain measures to reduce diesel and electricity emissions. It does not discuss these issues at all, let alone propose and commit to abatement measures (which is obviously in breach of their conditions of consent). Moolarben's track record of reporting GHG emissions to the NSW Government is also poor. They provide an aggregate annual Scope 1 and 2 figure, but do not break that information down into fugitive, diesel and electricity emissions (as many of their peers do).

Key deficiencies in Moolarben's proposed abatement measures for the expansion project that must be clarified prior to NSW IPC assessment and determination

1. Scope 1 diesel emissions - no clear strategy to reduce these emissions at the current operation nor at the proposed expansion.

Yancoal says - at Appendix J of the expansion project EIS - that it "would investigate the potential to replace standard diesel fuel with biodiesel as B10 or B20, subject to ensuring that engine warranties, efficiencies or maintenance requirements are not compromised." In their advice on the project, NZEM suggests that renewable diesel,

“having different chemical properties to B10 or B20, may be a better alternative” and “should be investigated”. Meanwhile Yancoal Australia - in their [YANCOAL ESG REPORT 2023](#) - appear to be contemplating neither. They do discuss the problem of GHG emissions from the combustion of diesel fuel (noting that this is increasing at Moolarben) but make no mention at all of either ‘biodiesel’ nor ‘renewable diesel’. Yancoal - instead - say they are actually focussed on an additive supplied by Ampol:

“The Corporate Procurement Team has been working with our major fuel supplier to examine opportunities to reduce diesel consumption. One potential option for Yancoal is to introduce Ampol Amplify HD Diesel across all open cut operations. ... Ampol Amplify HD diesel is not a fuel substitute, but an additive that increases engine efficiency, which, in turn, reduces the volume burnt in HMEs. It has been trialled across several industries, including mining. Ampol have quantified that, on average, it reduces diesel fuel burn by 3.9%.”

Given that NSW is not on track to meet GHG targets and that the existing mine produces substantial diesel emissions per annum (with no diesel abatement measures in force at present in their GHG Minimisation Plan), now is not the time to extend this regulatory failure to the proposed expansion.

2. Scope 2 electricity emissions - no clear strategy to reduce these emissions at the current operation nor at the proposed expansion.

Reducing or eliminating Scope 2 electricity emissions by purchasing and/or generating renewable energy is clearly a reasonable and feasible abatement measure. Whitehaven Coal are implementing this measure at their mines. Yancoal does not even mention electricity emissions in its GHG Minimisation Plan. In regard to the proposed expansion, their proposal offers very little progress. They pledge (Appendix J of the EIS) that:

MCO would investigate whether it is reasonable and feasible to reduce Scope 2 greenhouse gas emissions associated with on-site electricity use at the approved Moolarben Coal Complex (e.g. evaluation of sourcing a proportion of site electricity from renewable sources).

Moolarben’s own [peer review of their GHG abatement proposal \(Nov 2022\)](#) found that a “corporate Power Purchase Agreement (PPA) for the partial or complete supply of renewable electricity for the life of the open cut extension should be possible” if the “existing contractual arrangements allow”. Before assessment of Scope 2 abatement measures goes any further, Yancoal must clarify whether or not their existing contractual arrangements are consistent with upgrading their electricity supply to

100% renewable energy. If they intend to power their mine with renewable energy, they should provide evidence that they can and will, to support their claim.

3. Moolarben has failed to propose best practice abatement measures.

Without Scope 1 and 2 abatement measures being adequately described in a GHG Mitigation Plan, neither DPHI nor the NSW IPC will have enough information to make informed decisions.

To be clear, the draft EPA Guide - as we read it - requires Moolarben to provide details of Scope 1 and 2 measures: 1) are they best practice?; 2) how effective will they be?; 3) “where best practice is not proposed to be adopted, provide a robust, verifiable justification”; and 4) “for projects with scope 1 and 2 emissions exceeding 100,000 t CO₂-e per year at any time over the operational life of the project, mitigation assessments must be verified by an independent expert review.”

The little detail that Moolarben has provided is not fit for purpose.