

3 November 2022

NSW Environment Protection Authority
6 Parramatta Square
10 Darcy Street, Parramatta NSW 2150
Parramatta NSW 2150
climatechange.review@epa.nsw.gov.au

Dear NSW Environment Protection Authority,

RE: Submission in response to draft Climate Change Policy and draft Climate Change Action Plan: 2022-2025

I refer to the NSW Environment Protection Authority's (EPA's) draft Climate Change Policy and Climate Change Action Plan (2022-2025) that is currently open for public comment till 3 November 2022. Orica supports the strong regulation required to protect both the environment and community from the impacts of climate change, and provides the following feedback regarding specific Proposed New Actions presented in the Climate Change Action Plan:

Climate change mitigation and adaptation plans (proposed New Action 2(b))

Proposed New Action 2(b) outlines the requirement for current environment protection licensees to progressively prepare, implement and report on licensee specific Climate Change Mitigation and Adaptation Plans (**CCMAPs**), with an initial focus on the largest greenhouse gas (**GHG**) emitters.

Orica supports this proposed new action. However, the EPA should consider aligning reporting obligations associated with CCMAPs to existing environment protection licence obligations such as Annual Returns, rather than enforcing a separate reporting obligation. This approach would reduce the regulatory and administrative burden on people and businesses while enhancing efficiencies and streamlining compliance.

Non-enforceable sector specific emission reduction targets (proposed New Action 7)

Orica notes that the sector specific targets will not be enforceable but will be designed to influence and provide regulatory signals for different sectors to reduce GHG emissions in line with the NSW Government's commitment to achieve net zero GHG emissions by 2050.

Orica also notes that the Commonwealth Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) has recently conducted two rounds of consultation regarding proposed reforms to the Federal Government's Safeguard Mechanism scheme. Whilst Orica supports the use of site-specific emission intensive values in calculating a Safeguard Mechanism baseline, one option under consideration is the establishment of industry average benchmark emission intensity values.

If a non-enforceable sector specific emission reduction target was to be adopted by EPA; consideration should be given to:

- Aligning sector specific emission reduction targets with industry average benchmark emission intensity values (if adopted by the Safeguard Mechanism).
- The rate of sector specific emission reduction should align with the year-on-year reductions adopted by the Safeguard Mechanism.
- The GHG emissions baseline year utilised to calculate the rate of GHG reductions should be consistent with that utilised in the Safeguard Mechanism.
- Reporting requirements should align with requirements under the federal *National Greenhouse and Energy Reporting Act 2007* (NGER Act) to remove potential duplication of GHG reporting.
- GHG emissions thresholds currently applied in the Safeguard Mechanism should be adopted for EPA licensees to participate in any reporting obligations generated by the scheme.

Progressively place greenhouse gas emission limits and other requirements on licences for key industry sectors (Proposed New action 9)

Orica supports the progressive introduction of greenhouse gas emissions limits on a sector wide basis, following consideration by the EPA to the social, economic, and environmental costs and benefits associated with complying with the proposed GHG limits. However:

- GHG environment protection limits should not exceed the requirements applied by the Safeguard Mechanism.
- The impact of applying GHG environment protection limits on emissions-intensive, trade-exposed (**EITE**) facilities should be considered from an international context to not disadvantage and reduce the competitiveness of local manufacturing compared to both higher GHG intensive imported and interstate products.
- The expansion of the current load-based licensing scheme to include GHG emissions should be approached with caution, with analysis conducted by the EPA to quantify the cost-benefit of introducing further cost on local manufacturing, carefully considering any impacts on competitiveness or duplication of GHG related costs already captured by the Safeguard Mechanism.
- Ensure that adequate consultation is conducted with the mining industry on proposed emissions vehicles standards, to ensure that timing of the proposed policy is reasonable and in line with average fleet turnover rates. Orica supports the "grandfathering" of both

existing non-road diesel machinery and already ordered new non-road diesel machinery, from complying with EPA Tier 4 emissions standards by 2023.

- Environment protection licences that primarily relate to remediation activities should be excluded from this licensing requirement. Soil and groundwater remediation technologies are often energy intensive with few opportunities to directly reduce emissions. Whilst assessment of the best available technology should include consideration of GHG emissions, the primary consideration needs to be addressing the contaminants of concern, which represent a higher material risk to the environment and the community if not remediated. Of clear relevance, some contaminants are more difficult to remove from soil and groundwater than others, they may require more equipment, chemicals, and consume more energy.

Thank you for the opportunity to provide a submission. Orica welcomes further opportunities to discuss the proposed changes in the future. If you have any questions about Orica's submission, please contact Mel Cheesman, Head of Government and Regulation (mel.cheesman@orica.com).

Yours sincerely,



Paul Evans
Vice President
Corporate Affairs and Sustainability