Submission RE. Draft EPA Climate Policy and Action Plan

Do you have any general comments on the EPA's draft Climate Change Policy and Action Plan?

- Commend the NSW EPA for recognising carbon dioxide and other greenhouse gases as pollutants and committing to industry-specific targets for emissions reduction. This is a critical first step in enabling appropriate regulation and reduction of emissions across industries and protecting the community from worsening climate impacts. However, the draft EPA policy has a significant gap in its treatment of pollution from new fossil fuel projects. There is a need for greater clarity on how this will apply to the approval of new coal and gas fossil fuel projects. The statement in the Action Plan that targets will 'guide and inform' planning and licencing decisions, but not translate into consent or licensing conditions, leaves the door open for industries and operators to exceed targets.
- Will there be a consistent framework adopted across sectors to track and report on emissions and to standardise the determination of emissions boundaries? Need to ensure the process is fair and equitable, and that clever accounting cannot be employed to mask emissions and create a loophole for industries and operators to exceed targets
- The draft Policy and associated Action Plan provide a good basis however there is very little detail to support the plan and how this is going to be achieved. We note that the EPA support and guidance for councils is in development, including guidance around the development of CCMAPs and PIRMPs. The success of council working with EPA will be determined by whether this advice is fit-for-purpose, how often requirements will be updated, and how these will build on existing guidance around climate adaptation plans and pollution management plans. How will councils be consulted in the development of these resources?
- Detailed consultation is requested as implementation of Pollution Reduction Programs to enforce compliance could result in local water utilities unable to fund or deliver improvements. Climate change challenges are complex and need to be supported by all levels of government to ensure the financial sustainably of utilities now and into the future.
- Consultation needs to be realistic and outcomes based upon cost benefit and capacity to pay, as some utilities may not have the capacity to upgrade facilities or the staff to manage these facilities without long term financial and non-monetary support. Regulation needs to consider how a community will fund, deliver manage these changes over the life of the assets.
- Any strengthening of regulatory approach needs to consider the Better Regulation principles and cost benefit of environmental requirements as detailed in the NSW Government Guide to Better Regulation. It is noted that the NSW EPA has committed to these principals and that cost benefit would be explicitly considered at a high level with a Regulatory Impact Statement for major regulatory changes.
- Promote investment in innovation in the water sector – there is an opportunity for EPA to take leadership in research and development in the water sector in a similar manner to the waste sector – developing scientific partnerships in this space to assist the industry to promote innovation in managing climate change impact rather than approaching the issue from a regulatory perspective.
- As a NSW water utility, Shoalhaven Water annually reports on its performance under the compulsory National Performance Reporting (NPR) scheme. Some of the indicators reported under the NPR include greenhouse gas emissions, electricity consumption and generation, as well as a suite of other water quality indicators. The EPA's proposed climate change mitigation and adaptation plan reporting may be able to be linked to the NPR scheme to avoid duplication for local Council's in reporting the same plant emissions profiles under various programs.
- Like many other organisations Shoalhaven City Council is in the process of adopting a Sustainability and Climate Change Policy, with a net zero target of zero operational emissions by 2035, and a 50% reduction by 2028. This policy and ongoing action by Shoalhaven City Council, including the implementation of Council's Energy Strategy, demonstrates our commitment to managing climate change. Regulation and management of these risks is a whole of government activity that should be supported and managed at all levels without punitive action to enforce requirements.
- Any proposed EPA programs and grant funding to decarbonise licensed Council facilities such as WwTPs would be welcomed by Shoalhaven Council, but understandably very difficult to achieve by nature of the existing plants in operation. Most of the 13 WwTPs in operation across the Shoalhaven LGA utilise the intermittently decanted extended aeration (IDEA) process and deep

open sludge lagoons (per the adopted state government standard designs). Being open to the outside air, these treatment processes are unable to capture direct Scope 1 emissions (e.g. methane and nitrous oxide) which escape and are factored into the high GHG emissions calculated for these plants. The wastewater train and sludge components both generate direct methane emissions. Operational improvements to the treatment process may help somewhat to reduce GHG emissions, but ultimately there are no existing feasible technological solutions to reduce the majority of direct emissions from these treatment plants. This only leads Shoalhaven Council to consider carbon offsets to be able to achieve its net-zero targets, particularly at its smaller facicities. Carbon offsets should be given more of a focus in these EPA documents as for many local Councils they will be the only economical and practical option to achieve emissions targets and/or EPA set limits.

- It is felt that Councils have little guidance on methodology for assessing Cost Benefit for climate change related projects, particularly valuing the intangible benefits. For this reason a guide should be provided so a consistent assessment approach can be adopted.
- Shoalhaven Water is concerned that the inclusion of Climate Change related actions to its Sewerage Scheme licences (which have not traditionally been the purpose of such licences) by way of PRP's potentially exposes it to significant penalties.

Comments on initiatives or actions that should be included in the plan?

- Page 9 of Action Plan re. *water and soil quality* - this section notes the impacts of organic waste and leachate. How will other risks, such as regulation of pesticide use and the potential for cascading impacts on water quality, human health, and biodiversity be considered?
- Page 35 of Action Plan – *sector targets will inform (not dictate) licence requirements* – the statement that sector targets will only 'guide and inform' planning and licensing decisions is concerning, this undermines the purpose of these targets and leaves the door open for industries and operators to exceed these targets.
- C8 - *Regulate short-lived climate pollutants from our licensees* – beyond establishing non-road diesel engines and equipment emissions standards, is there any intention to regulate black carbon and other particulate pollution from road diesel engines? Noting that improved vehicle emissions standards would aid in the transition to EVs and low-carbon vehicles in line with the goals and targets of the NSW Electric Vehicle Strategy, and noting that many other countries have introduced diesel truck exclusion zones in city centres to prevent air pollution and associated health impacts.
- N2 - *Require and support our regulated community to develop and implement plans to minimise emissions and exposure to climate risks* – for consistency, accuracy, and fairness, will a standardised approach be developed/applied to measure emissions and set emissions boundaries, to ensure that creative accounting cannot be used to under-report or disguise emissions? There is a strong need for a consistent framework that can be applied across sectors to calculate and report emissions.
- N2(B) *Progressively require our licensees to prepare, implement and report on climate change mitigation and adaptation plans* – standardised CCMAP will be useful however outcomes will depend on the quality and appropriateness of guidance for councils and other licencees, it is difficult to comment at this stage.
- N2(C) /N7 / N8 - *Partner with DPE to seek to ensure climate change is being adequately addressed by proponents of activities we'll regulate, and that approvals contain appropriate conditions/ Develop a series of greenhouse gas emission reduction targets and related pathways for key industry sectors we license, to help guide our regulatory effort/ Prepare or adopt climate change mitigation guidance for key industry sectors we license, including the performance outcomes we seek* – These primarily discuss emissions reduction, however how will proposed new coal and gas/fossil fuel projects which will introduce new emissions be considered in this process? Need to ensure that planning requirements and emissions targets discourage new fossil fuel projects, rather than enabling them.

What support do you need to reduce your greenhouse gas emissions and or implement any relevant inform and plan or mitigation actions in the Action Plan?

- Shoalhaven Water is Shoalhaven City Council's Water Utility and currently owns and operates 13 wastewater treatment plants (WwTPs) throughout the City. As a NSW water utility, Shoalhaven Water annually reports on its performance under the compulsory National Performance Reporting (NPR) scheme. Some of the indicators reported under the NPR include greenhouse gas emissions, electricity consumption and generation, as well as a suite of other water quality indicators. The EPA's proposed climate change mitigation and adaptation plan reporting may be able to be linked to the NPR scheme to avoid duplication for local Council's in reporting the same plant emissions profiles under various programs.
- The NPR scheme relies on an Excel-based calculator to measure GHG emissions from WWTPs and is based on the similar NGERS tool/method. Having used the NPR emissions calculator for several years, Shoalhaven Water is of the opinion that it is prone to various interpretations and potentially large sources of errors. In its simplest 'user-friendly' format, the NPR wastewater emissions calculator is susceptible to significantly over-estimating GHG emissions from WWTPs during very wet years when inflows to the plants are higher, but predominantly comprised of stormwater ingress and not additional 'methane producing sewage influent'. For the EPA to consider progressively placing GHG emission limits on licences for key industry sectors, it would be prudent to initially establish a solid and accurate GHG emissions reporting method to ensure comparability and repeatability. A consistent framework adopted across all government and business sectors for assessing and reporting greenhouse gas emissions is needed.
- It is felt that Council's have little guidance on methodology for assessing Cost Benefit for climate change related projects, particularly valuing the intangible benefits. For this reason a guide should be provided so a consistent assessment approach can be adopted.
- Greater support is needed to identify and adopt efficient and cost-effective methodologies/technologies to address scope 1 emissions from waste-water treatment and landfill. Most of the 13 WwTPs in operation across the Shoalhaven LGA utilise the intermittently decanted extended aeration (IDEA) process and deep open sludge lagoons (per the adopted state government standard designs). Being open to the outside air, these treatment processes are unable to capture direct Scope 1 emissions (e.g. methane and nitrous oxide) which escape and are factored into the high GHG emissions calculated for these plants. The wastewater train and sludge components both generate direct methane emissions. Operational improvements to the treatment process may help somewhat to reduce GHG emissions, but ultimately there are currently no existing feasible technological solutions to reduce the majority of direct emissions from these treatment plants. For Council and the State to achieve our net zero targets, there is a need for innovation and investment in technology to address this gap and reduce exposure to the significant costs of carbon offsets.

What support do you need to build greater resilience to climate change risks and or implement any relevant adaptation actions in the Action Plan?

- Support or funding for councils to access climate risk assessment platforms such as XDI to enable a cross-council analysis of climate risks to important assets – particularly water treatment plants which present pollution risks under climate change and extreme weather events.

Are there existing actions you are already required to take (either due to Australian or NSW government policies, financial requirements or similar), that you think the EPA needs to better consider to avoid unnecessary duplication or regulatory inconsistencies?

- Risk assessments – tidal and coastal inundation as part of Coastal Zone Management Plans

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