

3 November 2022

NSW Environment Protection Authority
Locked Bag 5022
Parramatta NSW 2124

Draft Climate Change Policy and Action Plan- NSW Environment Protection Authority (EPA)

Dear EPA Climate Change Review Team,

Thank you for inviting Sydney Water to provide feedback on the NSW Environment Protection Authority's (EPA) draft Climate Change Policy and Action Plan.

We understand and acknowledge that the:

- draft Policy aims to support and drive cost-effective decarbonisation while implementing adaptation initiatives that build resilience to climate change risks
- Action Plan proposes a staged approach that ensures the EPA takes action that is deliberate, well informed and complement government and industry actions on climate change.

Sydney Water is also committed to minimising emissions and promoting climate resilience to prevent environmental harm. We hope to work in partnership with the EPA on any future climate change specific actions that relate to Sydney Water's operation. In this respect, Sydney Water supports a bespoke approach for key agencies; an approach we contend should apply to Sydney Water. We also support a tailored approach to regulation to prevent duplication of effort across multiple regulatory requirements and ensure the actions implemented are the most efficient and effective.

Sydney Water does seek further clarity on several topics in the final versions of the Policy and Action Plan. Attached for your consideration are detailed comments on both the EPA's draft Climate Change Policy (attachment 1) and Action Plan (attachment 2).

If you require additional information or clarification on any of our comments, please contact Anthony Knox on 0475 677 061 or anthony.knox@sydneywater.com.au.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Iain Fairbairn".

Iain Fairbairn
Head of Wastewater and Environment
Sydney Water

ATTACHMENT 1:

COMMENTS - DRAFT EPA CLIMATE CHANGE POLICY

Section	Page (Paragraph)	Comment
General		As a state-owned corporation, Sydney Water welcomes and supports greater opportunities to partner with the EPA to manage the potential risks of climate change and the interactions with water and wastewater services. Working co-operatively on strategic issues of importance to both organisations is consistent with the intent of the Memorandum of Understanding between the EPA and Sydney Water.
2. Policy Context – Key documents	9	Sydney Water supports using the NSW Net Zero Plan Stage 1:2020-2030 as the foundation for action on climate change. This plan processes have already been established to support addressing climate change action. A coordinated approach on climate change action will also have significant co-benefits for the environment.
2. Policy Context - The EPA's Role	10	Sydney Water notes there will eventually be a regulated framework to support reducing greenhouse gas emissions and building resilience. The challenge comes with how to balance conflicting priorities for other environmental outcomes and how regulatory measures relate to this. A clear example is how actions to improve water quality in beaches, rivers, creeks, and community supply dams (<i>EPA Strategic Plan 2021-24</i>) are driving more energy intensive wastewater treatment activities. This directly conflicts with aims to reduce greenhouse gas emissions. To balance conflicting outcomes the EPA will need to consider a multi-criteria framework that balances competing metrics. In this respect, the EPA will need to consider how it captures and records process changes, growth and decarbonisation of the grid. Sydney Water strongly recommends some flexibility in the setting of limits for any metrics.

Figure 2	13	<p>Sydney Water notes that in Figure 2 sewage treatment activities are included in the same category as landfill and other waste disposal, treatment, and processing activities. It is important to be proportionate in the regulatory approach across sectors. The EPA should then look at further activities in sectors where the amounts of emission may vary significantly. In these instances, the sectors should be broken down into sub sectors.</p> <p>As a side note, sending less organic waste to landfill cuts greenhouse gas emissions but also means the landfill generates less leachate, lowering the risk of soil and water being contaminated. Good quality compost made from organic waste improves soil health and helps to reduce and slow run-off. Further to our comments above about balancing completing objectives, the metrics should also capture and reflect synergistic benefits where multiple environmental outcomes are enhanced.</p>
3. Our Policy - Key pillars	15	<p>Sydney Water supports the key pillars to 'Inform and plan', 'Mitigate', and 'Adapt'. We suggest 'Enhance' would be a positive addition to signify the EPA's support of ongoing climate initiatives.</p> <p>Many of the approaches listed in this section are still emerging, so best practice is difficult to determine and regulate now. We support the expectation to understand the impacts of climate change on activities and reduce exposure first. This will require collaboration to ensure regulation addresses product, system, and asset level implications of climate resilience to drive environmental outcomes and consider economic impacts.</p> <p>We also recommend providing a visual representation of the pillars to improve readability of these policy positions.</p>
3. Our Policy – Inform and plan	15	<p>Sydney Water supports considering climate change in regulatory decisions. We are interested to explore how linkages will be made between regulatory actions and climate change. For example, when assessing material harm to the environment would this relate to the state of the receiving environment of pollution (e.g. higher water volume receiving and diluting pollutants therefore impact is less severe) or would it be more about the contribution to climate change impacts (e.g. an incident results in greenhouse gas emissions that may contribute to climate change impacts)?</p>

3. Our Policy - Mitigate	16	<p>Sydney Water requests clarification on how the definition of “regulated community” applies to water and stormwater services (e.g., water treatment, desalination plants, pumping stations etc. aren't subject to an EPL, but the EPA would still be the appropriate regulatory authority for public authorities). A whole-of-government approach is needed to ensure equal obligations and incentives for carbon emissions targets for all water sources including recycled water from wastewater, so that this does not create a barrier to integrated water cycle management. It is important to not duplicate effort or drive perverse outcomes for other environmental priorities.</p> <p>As a side note, Sydney Water has existing plans and targets related to climate change and we currently report greenhouse gas emissions related to our activities.</p>
3. Our Policy - Mitigate	16	<p>Sydney Water notes the discussions in the Policy around reducing emissions and net zero. However, there is currently no formal position on offsetting. Sydney Water seeks clarification on whether there will be a position on offsetting in the final Policy.</p>
3. Our Policy - Mitigate	16	<p>Sydney Water requests clarification on whether this policy is only intended to apply to scope 1 emissions as these are the pollutants regulated by the EPLs. If this is the case, we are concerned that the Policy will potentially exclude a lot of actions related to energy efficiency and cogeneration.</p> <p>We also want to further understand what is meant by “other requirements on licences” in the second dot point and what this means for key sectors (as well as which sectors this will apply to).</p>
3. Our Policy - Mitigate	16	<p>Sydney Water suggests that innovation, proven concepts, and approval by the EPA should be fast tracked and streamlined where possible. It is important that this is supported to enable the best outcomes.</p>
4. We're committed to engaging with our customers	17	<p>Sydney Water strongly supports effective engagement. We appreciate the EPA considering the existing and ongoing work of licensees already undertaking and hope this policy and action plan will enhance the opportunity to continue the positive initiatives contributing towards proactive and planned Climate adaptation and Mitigation.</p> <p>In this regard, we seek clarity and further detail on what the stakeholder engagement process will involve, such as measures of delivery engagement and how feedback will be incorporated into the final policy.</p>

ATTACHMENT 2:

COMMENTS - DRAFT EPA ACTION PLAN

Section	Page (Paragraph)	Comment
1. Setting the scene – Our Objectives	6	The water sector, particularly urban water utilities, implement significant actions that educate and support the community to address climate change through water conservation, particularly during drought (including industry and business customers). The water sector also works with industry on trade waste discharges to the sewer. Sydney Water suggests the EPA could consider opportunities to align with such education and customer activities.
1. Setting the scene – Our Objectives	6	Sydney Water advocates complementing existing policies and actions that are in place, rather than creating new or duplicate efforts. Sydney Water strongly recommends actions to develop knowledge to gain insights before determining regulatory pathways and action.
1. Setting the scene – We'll partner with other agencies	7	Sydney Water suggests when partnering with other agencies there should be a focus on innovation and supply chains to support climate change action.
2. Reading our action plan - Table 1	9	Sydney Water seeks clarity on whether the EPA is looking to attach value to co-benefits e.g. offset credits to co-benefits such as biodiversity or sequestration.

2. Reading our action plan - Table 1	9	Sydney Water agrees that there are multiple impacts of climate change, including impacts to Sydney's waterways and water supplies. Addressing multiple impacts will require integrated planning and clear information on the likely impacts and risks for coastal ecosystems and community assets. For example, we are aware of the strong evidence that estuaries are warming at twice the rate of oceans and the implications for water quality, and the interactions for managing wastewater and stormwater assets and quality.
2. Reading our action plan - Table 1	9	Sydney Water looks forward to improving 'circular economy' actions and facilitating beneficial biosolids use. We agree that effective irrigation with recycled water – and biosolids and compost application – improve soil health, water holding ability and improve carbon content of soils.
2. Reading our action plan - Our Actions will be staged	10	Sydney Water appreciates the complexity and evolving nature of climate change science. We support a staged approach to allow flexibility to account for new information. We hope to work in partnership with the EPA on any climate change aspects that relate to Sydney Water's operation. In this regard, we request a bespoke approach to our activities given our proactive approach on climate change.
3. Action plan pillar 1 – What is the NSW Government already doing?	13	Sydney Water suggests considering how the Action Plan relates to actions to increase resilience to water availability (variability and climate change) as set out in the NSW State Water Strategy and relevant regional strategies, including the Greater Sydney Water Strategy. We also suggest considering directions for infrastructure and communities in other relevant planning documents, such as the Six Cities Region Discussion Paper and State Infrastructure Strategy.
3. Action plan pillar 1 – New actions we'll take over the next three years 1	16	Sydney Water wishes to understand how climate change would be considered when taking compliance and enforcement actions. Would this relate to the state of the receiving environment of pollution (e.g. higher water volume receiving and diluting pollutants therefore impact is less severe) or would it be more about the contribution to climate change impacts (e.g. an incident results in greenhouse gas emissions that may contribute to climate change impacts)?
3. Action Plan Pillar 1 - New action 2 (a)	17	Sydney Water questions whether a mandatory survey is the best method of understanding climate change actions being taken. Sydney Water also seeks clarity on whether there will be one survey for an organisation or whether a survey will be required for each licence. The EPA may be able to look at NGERS and emissions

		to determine where the highest emitters are in NSW. Sydney Water already reports on its greenhouse gas emissions and this information is publicly available.
3. Action Plan Pillar 1 - New action 2 (b)	18	Sydney Water recommends that the EPA explore ways of ensuring they are not duplicating reporting requirements for licensees. Rather than invent a new reporting framework, the EPA should investigate how licensees already report on climate change related data. The EPA should then look to understand what is currently being reported and build on these existing reporting processes. This approach would ensure that duplication is avoided where possible.
3. Action Plan Pillar 1 - New action 2 (b)	18	Sydney Water would appreciate further detail on the CCMAPs and what they will likely address, especially when it comes to understanding how they may impact our submissions to IPART. There needs to be clear expectations around the information and management measures that will be required for these plans, especially if they will be a regulatory requirement in the future. We also seek clarification on the timing of staged implementation requirements for developing CCMAPs and existing pollution incident response management plans and how they will relate to each other.
3. Action Plan Pillar 1 - New action 2 (d)	21	Sydney Water supports the inclusion of pollution due to climate change in PIRMPs, but consideration needs to be given to what climate change assumptions are being used. The acute impacts of climate change in the short-term are hard to predict and plan for. The requirement for PIRMPs to address event-based issues is important and we support adaptation through this requirement. However, calculating different storm events/changing planning factors and assumptions is highly specialised work and within the water sector leading practices are still catching up to being able to articulate all the possible risks. Updates to PIRMPs will need to be ongoing
2. Action Plan Pillar 2 – Continuing action 4	27	There is significant opportunity for the wastewater sector to contribute to the net zero emissions from organic waste. Sydney Water suggests the Action Plan avoids creating barriers to accepting food waste from other sources to licenced sewage treatment systems. We recommend the Policy and Action Plan support application of a circular economy approach for water services - including opportunities to incorporate food production, organic waste processing, bio-energy production and water recycling in new or upgraded wastewater treatment facilities.

2. Action Plan Pillar 2 - Continuing action 6	29	Sydney Water supports "Continuing action 6: Develop and implement tailored behavioural change programs to encourage and enable greenhouse gas emission reductions". We would appreciate opportunities to consider how we can implement programs that enable more beneficial management of trade waste inputs to reveal market values.
2. Action Plan Pillar 2 – New action 7	32	Sydney Water would appreciate ongoing consultation to understand how the reduction targets and related pathways will be determined. We seek clarity on whether the EPA considers Sydney Water to be captured under the "key industry sectors".
2. Action Plan Pillar 2 – New action 7	33	Sydney Water understands that targets will be based on industry sectors as a whole but it remains unclear what and how this will be monitored. Sydney Water notes that if it is not enforceable it may not drive change.
2. Action Plan Pillar 2 – New action 7	35	We note that the proposed sector targets would not be translated directly into consent or licence conditions but are likely to guide and inform planning and licensing decisions. The Greater Sydney Water Strategy could be useful to guide sector targets for water services. It has an action to 'Develop a strategy and implementation plan to transition water services in Sydney towards a circular economy model to support delivery of the NSW Government's targets of net zero emissions by 2050 and to reduce emissions by 50% below 2005 levels by 2030, by July 2023.' Sydney Water has already developed a net zero carbon plan and we are implementing the plan, informed by our customer engagement.
2. Action Plan Pillar 2 – New action 8	36	Sydney Water supports the preparation of guidance material to provide an understanding of the EPA's expectations, as well as how industry sectors can meet these expectations.
2. Action Plan Pillar 2 – New action 9 Box 2	37	Sydney Water notes that Box 2 talks about metrics and how this may be in the form of a concentration or a load limit. Sydney Water also notes the mention of offsets. Sydney Water seeks further information on if and how offsets will be included under the Policy and Action Plan.

5. Action Plan Pillar 3	43	Sydney Water agrees that chronic impacts of climate change are already having significant and observable impacts on the reliability of rainfall in our catchments and on water quality. Sea level rise and high/low rainfall impact Sydney Water's core business. Sydney Water wishes to note that moves to a rainfall independent supply will require more energy intensive water supplies (even building more rainfall-dependent supply would have significant embedded energy and carbon impacts).
5. Action Plan Pillar 3 – New action 13	48	Sydney Water requests that the performance outcomes the EPA seeks are clear. This will require a lot of collaboration to understand their risk appetite across a range of different intensifying climate hazards.
6. Stronger regulatory responses we'll consider in the future	50	Sydney Water notes there is mention of potential consideration of market-based trading schemes such as offsets. The potential for green infrastructure approaches to wastewater treatment such as wetlands and nutrient offset schemes may have added benefits in terms of emissions sequestration, and Sydney Water recommends the EPA consider research underway in this area.