

Submission in response to the Draft NSW EPA Climate Change Policy and Action Plan

Who is Yancoal?

- Yancoal Australia (Ltd) is an Australian coal producer and exporter that owns, operates or participates in 11 coal mines across NSW, Queensland and Western Australia, and directly employs around 4,400 people, primarily in regional areas.
- In 2021, Yancoal sold coal to 19 countries in 2021 (unable to export coal to China since October 2020, in line with China's non-import stance) and contributed \$8.3 billion to the Australian economy.
- Yancoal is listed on the ASX and HKSE.
- Yancoal recognises the need to transition to a lower carbon economy and that it has a role to play in both managing greenhouse gas emissions and continuing to supply high quality coal to meet ongoing global demand during the transition.
- Yancoal prepares annual Environmental, Social and Governance (ESG) reports that include climate change related disclosures in line with global reporting frameworks such as the Taskforce for Climate-Related Financial Disclosures (TCFD).
- Yancoal owns, operates or participates in 7 coal mines in NSW and, through its subsidiary companies, holds 10 different Environment Protection Licences (EPLs) issued under the NSW *Protection of the Environment Operations Act 1997*.
- All 7 NSW coal mines have development consent or project approvals which include conditions to implement reasonable and feasible measures to minimise the release of greenhouse gas emissions.
- All 7 NSW coal mines also report emissions under the Federal *National Greenhouse and Energy Reporting Act 2007* (NGER Act) and 3 of these sites are further regulated under the Safeguard Mechanism.

Our Submission

Yancoal notes and supports the submission of the NSW Minerals Council (NSWMC), of which it is a member. Aligned with NSWMC's submission, Yancoal wishes to emphasise the following key concerns with the EPA's draft *Climate Change Policy and Action Plan*.

Yancoal is concerned that:

- The policy and action plan should complement and not duplicate actions that are already being taken by the Federal Government. In particular, facilities covered by the Safeguard Mechanism should be exempt from any additional State-level emissions reduction targets.

- The responsibility for climate change policy and actions currently rests with multiple NSW Government agencies, and therefore it is paramount that there is an integrated, whole of government approach with one nominated lead agency.
- The policy and action plan targets high-emitters on the basis that they have the most capacity to minimise emissions. The coal mining sector is one of the most emissions-intensive sectors, however it is also one of the most difficult-to-abate. Further abatement should not come at the cost of making the NSW coal sector uncompetitive in the global market.
- The NSW coal mining sector has a strong track record of research, development and implementation of “reasonable and feasible” emissions reduction technologies. Its ability to make further step-change reductions in the short-term is limited by the commercial viability of new emerging technologies and the practicality of implementing these at existing operations.
- The proposed requirement for new large non-road diesel machinery at all NSW coal mines to meet US EPA Tier 4 emission standards (or better) by 2023 is out of step with the shift to outcomes-based regulation. The EPA should take a technology-neutral approach and avoid prescriptive requirements.
- Proposed sector-specific emissions targets may be a transparent and swift mechanism to implement emissions reductions. However, given the emissions variability across the coal mining sector, a one size fits all approach may be too simplistic.
- The requirement to prepare and implement Climate Change Mitigation and Adaptation Plans (CCMAPs) should not be applied unilaterally. This will just increase the administrative burden. Most EPL holders have existing reports and management plans that already include (or can easily be adapted to include) this information instead of preparing an entirely new plan.

Yancoal supports:

- **A clear regulatory framework and coordinated climate change action across the NSW Government.** This is critical for EPL holders to make long-term investment decisions in NSW.
- **Cost-effective decarbonisation.** New abatement technologies must be commercially viable and cost-competitive with due recognition of practical lead times for implementation.
- **Additional funding for further innovation and research to lower barriers to entry.** Yancoal welcomes the NSW Government’s recent announcement of grant funding to support decarbonisation projects in the mining and manufacturing industries under the High Emitting Industries Program.
- **Evidence-based, fair and equitable emission reduction targets across the entire NSW economy.** Yancoal agrees that it is not feasible for all sectors of the NSW economy to reduce their emissions at the same rate given the varying cost and lead times required to implement mitigation measures. A staged regulatory approach is an equitable approach.
- **Using offsets to meet net zero targets.** Carbon credits have an important role to play in delivering both State and Federal emissions reduction objectives, and should be made available to all EPL holders to assist with meeting targets if further abatement is not commercially viable.
- **The EPA’s commitment to engage with EPL holders and better understand what proactive steps have already been undertaken to address climate change.** It is important to recognise what the mining sector and individual EPL holders are already doing in terms of mitigating the effects of climate change and publicly reporting on these actions (e.g. TCFD reporting). The policy and action plan should avoid duplicating these existing efforts.