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Proposed Climate Change Licensee Requirements Consultation Draft

Snowy Hydro welcomes the opportunity to comment on matters raised in the *Proposed Climate Change Licensee Requirements Consultation Draft and the Climate Change Mitigation and Adaptation Plans: Proposed Mitigation Requirements Consultation Draft*, released for consultation by the NSW Environment Protection Authority. Snowy Hydro is a large renewable energy generator in the National Electricity Market (NEM), with assets across NSW, Victoria and South Australia. We are committed to facilitating the transition of the NEM to net zero while enhancing the network's reliability and providing dispatchable energy to meet market demand.

Snowy Hydro understands the importance of climate and greenhouse gas emissions reporting and the implementation of climate mitigation and adaptation measures. However, we are concerned about a number of aspects of the proposed Climate Change Mitigation and Adaptation reporting requirements for large emitters in NSW, as detailed below.

While we support the intent of this licensee requirements, there are significant concerns in its current form. These requirements create duplicative and conflicting regulatory burdens which may lead to unintended consequences for NSW energy reliability. This submission details these concerns, focusing on the overlap with existing frameworks such as Australian Sustainability Reporting Standards (ASRS) and potential for these new requirements to constrain the essential firming assets required for firming the renewables while ensuring stability of the NEM grid.

The Transition of the NEM

The Australian Energy Market Operator (AEMO) 2025 Integrated System Plan (ISP) presents the results of detailed modelling and assessment by AEMO and provides the roadmap for the transition of the NEM to net zero by 2050. Coal-fired power stations are retiring, and this will continue in future with rapid reductions in coal-fired generation projected across Australia (Figure 1).

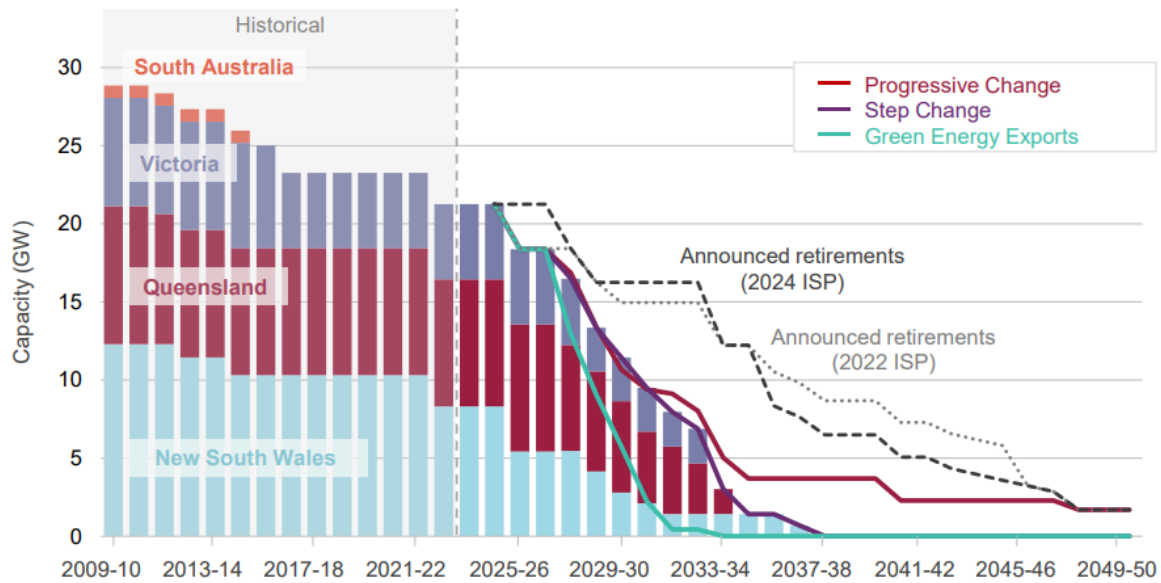


Figure 1. Coal Capacity, NEM (GW, 2009-10 to 2049-2050)

With the retirement of coal fired power stations, additional capacity is required. The ISP found that the NEM will need to almost triple its generating capacity by 2050, as variable renewable generation typically operates at less than full capacity (Figure 2).

The assessment found that renewable energy, firmed with storage and backed up by gas-powered generation is the lowest-cost way to supply electricity to homes and businesses as Australia transitions to a net zero economy. The ability to continue to generate, and develop additional, gas fired power stations is therefore essential to enable the closure of coal fired power stations and facilitate the transition to renewable energy in the NEM.

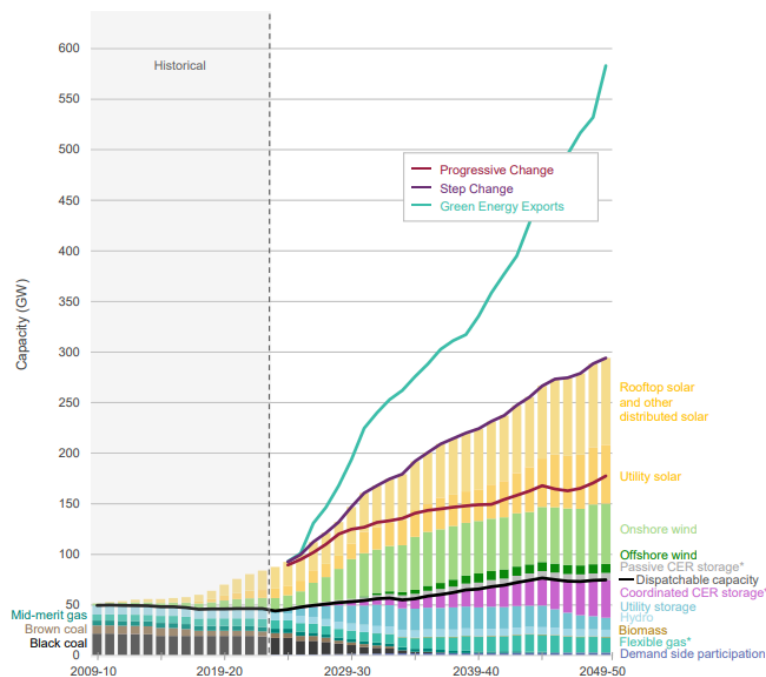


Figure 2. Capacity, NEM (GW 2009-10 to 2049-2050)

Our role in the NEM

Snowy Hydro owns and operates a range of generation assets in the NEM, including hydro, gas and diesel power stations. Snowy Hydro operates as both a peaking and a firming electricity provider.

As a **peaking operator**, Snowy Hydro's gas, diesel, and hydro generation assets can be quickly activated to meet sudden surges in electricity demand, typically during morning and evening peaks. The operating hours of these peaking plants are highly variable and dependent on market conditions and annual demands.

As a **firming operator**, Snowy Hydro provides reliable, on-demand electricity, complementing intermittent renewable energy sources like wind and solar. With increasing wind and solar integration into the NEM, there is a growing need for dependable backup energy when these renewables are not producing sufficient power. Snowy Hydro uniquely addresses this by absorbing and storing excess renewable energy through pumped hydro, and releasing it to generate power when most needed. Our gas and diesel generators are included in our portfolio to further contribute to grid reliability. AEMO's ISP indicates that additional gas fired generation will be required in future to ensure fast starting, dispatchable power is available to address intermittent shortfalls and longer renewable drought periods.

By balancing the variability of renewable energy sources, Snowy Hydro ensures a reliable and consistent electricity supply. Our generation activities supplement the network during high demand or when other renewable sources are underperforming, thereby reducing volatility and enhancing the overall reliability of the NEM. Ultimately, Snowy Hydro's firmed energy facilitates the closure of traditional base load thermal generation facilities and supports the integration of renewable energy into the NEM.

Snowy Hydro is incentivised to utilise lower emissions forms of electricity generation (i.e. hydro electricity) in our portfolio, and ensure efficiency of our gas and diesel assets, to minimise costs. Gas and diesel assets have a relatively high short run marginal cost (SRMC), incentivising operators such as Snowy Hydro to ensure efficient use of these assets, and prioritise use of renewable assets.

Annual Climate Change Emissions Report

Snowy Hydro acknowledges that the proposed annual climate change emissions reporting aims to avoid duplication for facilities that report emissions to the Clean Energy Regulator (CER). Nevertheless, Snowy Hydro reports scope 1 and 2 emissions, and energy consumption and production annually under the NGER scheme, with data by facility publicly available in the registers on the CER's website. The new Australian Sustainability Reporting Standards (ASRS) also require organisations to provide information on their scope 1, 2, and 3 emissions, metrics, and measures to improve.

The requirement to provide commentary around significant changes to emissions is not required by the CER under the NGER scheme, but the ASRS reporting would have information to such effect. Having an additional disclosure requirement will add to the reporting and compliance burden of organisations that already report detailed emissions information to other mandatory reporting frameworks and we do not support the introduction of another Climate Change Emissions reporting framework..

Climate Change Mitigation and Adaptation Plan Reporting Requirements and specific mitigation actions

Snowy Hydro acknowledges the importance of climate change action and transparent reporting to regulators and the public. However, there is an increasingly crowded reporting landscape and we recommend the NSW EPA consider how to avoid duplication of effort and ensure meaningful

data and information can be provided as part of the proposed Climate Change Mitigation and Adaptation Plan reporting requirements.

These requirements introduce unnecessary regulatory burden. Snowy Hydro is subject to a number of frameworks requiring detailed climate action planning and disclosures. In particular, under the Australian Sustainability Reporting Standards (ASRS), where we are mandated to disclose extensive, board-level information covering:

- **Strategy and decision making:** How we consider climate-related risks and opportunities in our business strategy, including disclosure of a detailed transition plan that sets how we will achieve our climate-related targets.
- **Risk management:** the process by which we identify, assess, and manage our material climate-related risks
- **Metrics and targets:** The specific metric and targets we use to measure and manage our performance, including our scope 1, 2 and 3 GHG emission.

These requirements for a separate state based "Climate change mitigation and adaptation plan" would require us to produce a similar set of information on strategy, risk management, and actions. This creates a direct and costly overlap, diverting resources from real practical work on decarbonization. We recommend that compliance with the national ASRS framework should be recognized as sufficient.

- We are concerned the proposed requirements will unintentionally undermine NSW's grid stability. As the market transitions, gas-fired generation provides essential firming to ensure a reliable and affordable electricity supply. Imposing rigid, state-based mitigation requirements on these critical assets could create operational constraints that directly conflict with the primary role of providing on-demand power, thereby risking the stability the NEM is designed to protect
- We strongly recommend that EPA confirm that a portfolio-based approach is permissible. Requiring facility-specific plans, rather than a holistics, portfolio-wide strategy, could lead to inefficient capital investment and suboptimal outcomes.
- The proposal creates significant conflict between public disclosers and the planning approval process. It could require a licensee to publicly commit to a mitigation measure that has not yet been assessed or approved under separate NSW planning laws. The EPA must provide clear guidance on how these regulatory processes will work to avoid commercial uncertainty for licencees.

10-year emissions projections

As a key provider of renewable energy and dispatchable energy in the NEM, Snowy Hydro's annual scope 1 and 2 carbon emissions are subject to significant fluctuation. This variability is directly linked to our role in ensuring grid stability, where our on-demand generation assets are dispatched to balance supply and demand. Additional factors, including transmission constraints, weather impacting availability of other renewables in the NEM, and water licences necessitate that our generation forecasting for each facility be dynamic.

While there are high-level projections for our future operations, this is highly commercially sensitive information that cannot be disclosed publicly.

While we do not have a Long-Term Energy Service Agreement with the Consumer Trustee and therefore have no obligations under Part 12 of the *Electricity Infrastructure Investment Regulation 2021*, we are committed to transparent reporting. Snowy Hydro is obligated under the Australian Sustainability Reporting Standards to establish and disclose our organisation-wide emission reduction targets. Organisational emissions targets will establish future emissions levels and targets. Even consolidated projections may open up confidentiality issues for smaller organisations with a limited type and quantity of assets.

Greenhouse gas emission limits on licences

As referenced above in this submission, our operations are directly linked to the needs of the market, and the greenhouse gas emissions limit for each asset is directly linked to the maximum licensed hours. We believe the new Australian Sustainability Reporting Standards (ASRS), requiring Scope 1, 2, and 3 emissions reporting, will be the effective driver of corporate behaviour on emissions reduction.

For this reason, we recommend the NSW EPA reconsider the proposed structure of the greenhouse gas emissions licences. As operators in the NEM, we require operational flexibility—our emissions naturally fluctuate based on generation requirements. We are concerned that facility-specific licences may limit essential firming capacity needed to support renewables and ensure energy security. We urge the NSW EPA to consider how licence conditions can maintain this flexibility. We recommend the EPA consider how the proposed greenhouse gas emissions licences may limit facilities ability to provide firming capacity, and how licence conditions may address this. For example:

- We recommend a portfolio based compliance approach, where an operator can meet its obligations across its fleet of assets. This will provide flexibility needed to ensure dispatchable power is available when required.
- Alternatively, could a sector-wide limit be set for greenhouse gas emissions for electricity generation, as currently occurs under the Safeguard Mechanism, to allow for flexibility and ensure rapidly dispatchable power is available when needed to support renewables.

We seek a licensing approach that effectively balances environmental responsibility with critical energy market flexibility.

Conclusion:

Snowy Hydro is concerned that the proposed Climate Change Licensee requirements will result in duplication of reporting effort under NGER and ASRS and operating hours restrictions and will not contribute to supporting the role of firming operations in the wider NEM decarbonisation, reducing carbon emissions, or to meaningful carbon emission reduction targets for our business.

- We strongly recommend the requirements are reviewed with consideration of firming infrastructure, so as to not place unnecessary operational limits on firming facilities which will impact decarbonisation of the NEM.;
- Consideration should be given to how generation variability would be captured by the reporting requirements. For example, Snowy Hydro operates flexibly (through generation and hydro pumping) to meet grid stability and market requirements. This results in significant variation of our scope 1 and scope 2 emissions throughout the year and between reporting years. This operational flexibility is essential to ensure stable, reliable and affordable electricity in the NEM and NSW.
- We are concerned about publishing 10 year emissions projections which may contain commercially sensitive information and/or include mitigation measures or commitments that are outside of licensed activities. Consideration should be given to the level of detail expected to be published in future emissions projections.

Snowy Hydro appreciates the opportunity to respond to the Proposed Climate Change Licensee Requirements Consultation Draft and the Climate Change Mitigation and Adaptation Plans: Proposed Mitigation Requirements Consultation Draft. Specific responses to consultation questions provided in the Proposed Climate Change Licensee Requirements Consultation Draft are provided in the table below.

Consultation questions

Question	Response
Can you suggest other existing plans similar to CCMAPs that the EPA could reference?	There are multiple national-level sustainability reporting frameworks in effect. • National Greenhouse and Energy Reporting Act (NGER) has been in effect since 2007 • Australian Sustainability Reporting Standards (ASRS) has been in effect since 2025 • National Climate Risk Assessment (NCRA) published in 2025 While only applicable to Commonwealth entities and companies, the Climate Action in Government Operations program led by the Commonwealth Department of Finance includes reporting requirements for Commonwealth companies such as Snowy Hydro. This includes Commonwealth Climate Disclosure Requirements, APS Net Zero reporting requirements and Australian Government Emissions Reporting Framework. Companies such as Snowy Hydro will fall under both the Commonwealth and the NSW climate change and emissions reporting requirements, and so the NSW reporting requirements should be designed to avoid duplication or inconsistency with existing requirements.
The EPA has heard from some licence holders that publishing 10-year emission estimates may reveal commercially sensitive information. Do you have any suggestions for how to meet the intent of this requirement without publishing commercially sensitive information?	We recommend deferring to Australian Sustainability Reporting Standards, which came into effect on 1 January 2025 and require entities to establish and disclose organisational emissions targets publicly as part of their Annual Report. This will remove any obligations of commercially sensitive information for specific assets being disclosed, but keeping licence holders accountable to monitoring and disclosing their organisation-wide emissions targets
Is there any additional information that would help licensees create their CCMAPs?	Templates would be beneficial to demonstrate the required information and level of detail expected. For example, if multiple facilities can be included in one CCMAP, could portfolio-wide mitigation measures be developed, as opposed to per facility? We also recommend further guidance is provided on how published mitigation measures will align with existing licence conditions and future approvals requirements (for example modifications or additional approvals). We should also be pursuing a consolidated approach to multiple reporting requirements. If

	any of the EPA's reporting requirements overlap with those existing already under the National Greenhouse and Energy Reporting (NGER) Act and the Australian Sustainability Reporting Standards (ASRS), EPA should defer to them.
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