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17 October 2025

ATTENTION: Tony Chappel, Chief Executive Officer, NSW EPA
RE: **Climate Change Licensee Requirements**
FROM: Jacob Welch, Group Sustainability Manager, Teys Australia; Ross Sharrock, Group Environment Manager; Veneta Chapple, General Manager Corporate Affairs
EMAIL: [REDACTED]
PHONE: [REDACTED]

Dear Mr Chappel,

Teys is a vertically integrated meat processing business operating feedlots, processing sites (abattoirs), value add facilities (preparing consumer packaged or ready to eat product), and a consolidated cold store, located across QLD, NSW, VIC and South Australia. This includes two processing sites (Tamworth and Wagga Wagga) and a feedlot (Jindalee at Temora) in NSW. Teys directly employs approximately 4500 people across Australia and approximately 1200 in NSW Operations.

Under the current EPA proposed threshold for the changes to licensing, of 25,000 tonnes or more of CO₂-e direct and indirect emissions (scope 1 and scope 2) per annum calculated from an average of the last 3 years, the Wagga Wagga site is likely to trigger the threshold. The Jindalee site is likely to trigger the threshold at some point in the future (based on head count guidance in EPA documentation), as the facility has recently undergone an expansion increasing the potential capacity from 17,000 head to 30,000 head.

Teys thanks the EPA for the opportunity to provide feedback on the proposed **Climate Change Licensee Requirements** accessed by Teys at <https://yoursay.epa.nsw.gov.au/climate-change-licensee-requirements>.

Teys refers to the following documents in making this submission:

- The *NSW EPA webpage* <https://yoursay.epa.nsw.gov.au/climate-change-licensee-requirements> generally.
- The *NSW EPA Webpage* <https://yoursay.epa.nsw.gov.au/climate-change-licensee-requirements> section dealing with *NSW EPA Proposed Climate Change Requirements – Information for agricultural licensees* specifically.
- The document *Proposed Climate Change Licensee Requirements CONSULTATION DRAFT July 2025* sourced at <https://hdp-au-prod-app-nswepa-yoursay-files.s3.ap-southeast-2.amazonaws.com/4217/5452/7883/25p4604-proposed-cc-licensee-requirements-for-consultation.pdf> on the 25/09/2025.
- The document *Climate Change Mitigation and Adaptation Plans: Proposed Mitigation Requirements CONSULTATION DRAFT July 2025* sourced at <https://hdp-au-prod-app-nswepa-yoursay-files.s3.ap-southeast-2.amazonaws.com/3117/5452/8011/23p4608-ccmap-proposed-mitigation-requirements-for-consultation.pdf> on the 25/09/2025.

Summary of Teys Position and Requests on Proposed Changes

- **Consistent national policy is required to address emissions.** Teys does not support a state-by-state approach to target setting or the regulation of emissions.
- **Targets must acknowledge sector and site-specific constraints.** Targets at a facility level must be set with reference to a clear and established technology pathway which will be sector and site specific. These targets may not align with state targets for every facility or sector.
- **Offsets Policy:** The NSW EPA needs to recognise offsets as a legitimate abatement tool and should not constrain their geographic origin within Australia.
- **Capture of facilities should be based on a 2025FY baseline.** The EPA's proposed threshold trigger of 25,000 tonnes CO₂e Scope 1 and 2, in any of the previous three financial years, is not equitable to business who have acted and invested in emission reduction activities prior to the release of the NSW EPA's proposed requirements.
- **A clear method for Scope 1 biogenic emissions is required.** The EPA documents are not clear in how biogenic Scope 1 emissions from feedlots are to be calculated to determine feedlot facility capture or estimation of emissions from feedlots. The EPA must articulate a consistent methodology for estimation of enteric methane production from licensed facilities based on the National Greenhouse Inventory methodology.
- **License mandated technology specific approaches to emission reduction will be expensive for the NSW economy.** Teys does not support regulated technology specific approaches to emissions reduction at any sites which are likely to result in very high costs per unit of abatement and higher operating costs for businesses.
- **The proposed changes will result in duplication in emissions reporting across programs.** The proposed changes are likely to impose additional duplication in reporting requirements. Teys request EPA rely on existing emissions reporting instruments to reduce reporting burden on businesses.

Teys Key Actions in Relation to Emissions

Teys have taken or are taking the following key actions to reduce emissions from NSW Feedlot and Processing Sites since 2010:

- Installed covered anaerobic lagoon systems at both Tamworth and Wagga including automated flaring systems to capture and combust methane, which reduce wastewater methane emissions by 100%.
- Installed biogas recovery, conditioning, transfer and combustion systems on boilers at both Tamworth and Wagga which reduce natural gas use and associated Scope 1 combustion emissions by approximately 40%.
- Installed a 2 MW PV solar plant at the Tamworth facility connected 'behind the meter' to the plant high voltage electrical system, which offsets electricity use and associated Scope 2 emissions at the site by 25%.
- Installed flash steam recovery to reduce heat loss from boiler steam and condensate loops and improve boiler efficiency. Both sites have also installed and maintained boiler control and combustion technology including stack economisers, O₂ trimming, and automated TDS and bottom drum blowdown control.
- Installed energy efficiency lighting at both Tamworth and Wagga with staged replacement of lighting with high efficiency LED lighting in production and external parts of the plant.
- Reducing emissions intensity of beef through increased feedlot capacity which has significantly lower emissions footprint than grass fed beef. Jindalee Feedlot is now more than

22% below national average on grass and grain combined and 30-40% lower on emission intensity than grass fed beef.

- Teys has initiated a beef on dairy feeding program which reduces time in backgrounding operations prior to lot feeding and reduces age at processing, with significant reduction in Scope 3 emissions from enteric methane over the production cycle.
- Teys has hosted and/or supported ongoing work in relation to feed additives for feedlot cattle production. The business has previously supported atmospheric chamber and feedlot scale trials and Jindalee and is currently conducting a trial (at Condamine QLD) across 12,000 head for an *Asparagopsis* derived product. The purpose of the trial is to determine the impact of the feed additive on performance on feed versus a control group. The outcomes of the trial will inform the Teys approach to feed additive selection and use across feedlot sites in QLD, NSW and VIC.

Detail of Key Points

Consistent national policy is required to address emissions

Tey's position is that:

- An effective response to climate change relies on a consistent national approach administered at a federal level.
- State based legislation sets up a patchwork of (different or duplicated) regulatory requirements relating to emissions across state jurisdictions and at Federal level.
- The *Proposed Climate Change Licensee Requirements CONSULTATION DRAFT July 2025* omits significant detail which is required to prepare a Greenhouse Gas Assessment or prepare and execute a Greenhouse Gas Mitigation Plan, or to carry out financial planning for business operations.

Tey's understands the regulatory framework and events leading to the NSW EPA proposed changes to licensee requirements in relation to carbon emissions, and appreciate the context provided by the NSW EPA in relation to this in the draft documents.

State based regulation may limit the scope of new developments where there is uncertainty around what operational or capital cost implications will exist for businesses. These costs may be related to future regulated 'technology specific' control measures, or purchase of offsets where a technology solution does not exist. Without clarification, this might delay or change investment decisions by businesses in NSW.

Similarly, state based regulation may result in businesses moving some proportion of production to another state or to redirect new investment from one state to another, which would defeat the purpose of the proposed licensing changes.

The various documents offered by the EPA for consultation appear to rely on other aspects of the policy framework that are yet to be developed or finalised, including the licensing conditions policy, sector emission targets, guidance on best practice and the General Greenhouse Gas Assessment Guide. Without these components of the policy framework available to review it is difficult to assess the overall implications of the proposed changes (and difficult to provide a fulsome response to the changes).

Without a consistent national approach to regulation of emissions, the proposed changes add to the already complex patchwork of state and federal legislation and set up the potential for restriction of economic activity and growth in NSW by restricting or relocating development or expansion of facility production.

Targets must acknowledge sector and site-specific constraints

Teys position is that:

- Any legislation or regulation needs to carefully consider the currently available sector and site technology pathway and emissions impact when considering setting facility specific targets and the alignment of these targets with state targets.
- Any legislation or regulation needs to carefully consider the currently available technology pathway and emissions impact when considering the role of offsets in emissions reduction.
- Some facilities (and sectors) may not be able to achieve real zero, or net zero, without purchase and surrender of external offsets, and these should be considered as a legitimate abatement mechanism under the proposed changes without constraints.
- Teys position is that the location of the generation of such offsets should not be constrained to NSW. Whether a certified offset is generated from a project delivering carbon reduction or capture outside NSW is immaterial to addressing the issue of global CO₂ concentrations and therefore to the overall objective of the proposed licensing changes. This proposed requirement appears to set up an inconsistent and fragmented approach to emissions reduction nationally.

The EPA are clear in the consultation documentation in broadly acknowledging sector and site-specific constraints on achieving staged abatement or net zero. In other parts of the guidance the documents, the EPA implies alignment of targets and greenhouse emission performance with NSW targets at a facility level.

There appears to be inconsistency in EPA messaging in the consultation draft between acknowledgement of sector specific constraints, and alignment of facility targets with state targets, as well as constraints on the use of offsets (offsets which would be required where there is no feasible site pathway for on-site emission reduction).

The documents imply that the purchase and surrender of offsets may not be accepted as a legitimate emissions reduction under proposed changes. In the *Proposed Climate Change Licensee Requirements CONSULTATION DRAFT July 2025*, page 8:

The Safeguard Mechanism only applies to facilities that have very large emissions. It does not require facilities to outline their plans to reduce emissions in the future or to adapt to climate change. The scheme also does not require onsite emissions reductions, as it does not limit the number of offsets and Safeguard Mechanism Credits that can be used to meet a baseline.

The focus on the location of generation of offsets in the consultation documentation, if implemented, has the potential to distort the operation of the national carbon market, that exists to drive abatement projects across Australia, including in NSW, and to provide for consistent and cost-effective emissions abatement options for project proponents.

Capture of facilities should be based on a 2025 financial year baseline

Teys position is that:

- The NSW EPA should use a baseline anchor of FY25 for threshold triggers using the latest NGERs reporting data.

The EPA's proposed threshold trigger of 25,000 tonnes CO₂e, Scope 1 and 2, in any of the previous three financial years penalises businesses that have invested in emission reduction activities, and have fallen under the proposed threshold, prior to implementation of the proposed requirements. Teys recommends that the EPA set an anchor to the most recent NGERs emissions data in FY25 to fairly and equitably capture facilities under the proposed requirements.

A clear method for Scope 1 biogenic emissions is required

Teys position is that:

- There needs to be consistency and feasibility for all facilities reporting on biogenic methane emissions.
- Scope 1 biogenic emissions should be estimated using the methodology set out in DCCEEW (2025) *The National Inventory Report 2023*, consistent with national calculation methodologies.

The draft consultation documents are not clear in relation to biogenic scope 1 emissions being included in assessment of the capture of facilities over the proposed threshold or emissions reporting requirements. Teys believes the head numbers identified in the ***Proposed Climate Change Licensee Requirements CONSULTATION DRAFT July 2025*** indicate the EPA intends to include this component of emissions.

There is currently a multitude of proposed emissions estimation techniques for feedlot biogenic Scope 1 emissions and Scope 3 emissions from cattle breeding and backgrounding operations (both required as part of climate related disclosures under the changes the Corporations Act and the Australian Sustainability Reporting Standard - ASRS). If the EPA is to include Scope 1 enteric methane in calculations of emissions totals by a licensed facility (it IS NOT currently included under NGERs but IS included under the ASRS), then a clear methodology needs to be identified for the estimation of emissions.

If the NSW EPA does not stipulate an estimation technique, then estimation techniques used by licensees will vary. As a result, estimates of emissions for similar operations will vary in accuracy and rigour.

The lack of current guidance in relation to this aspect of emissions estimation is problematic when considered in conjunction with the timelines proposed for implementation in ***Proposed Climate Change Licensee Requirements CONSULTATION DRAFT July 2025*** page 16-17. A facility captured under the proposed scheme would need to report emissions (including Scope 1 biogenic) for the 2025-2026 financial year. This means the facilities are currently in their reporting period. If the EPA determine a consistent methodology for estimation of emissions that has data requirements not currently captured, then the licensee will not be able to apply the estimation technique stipulated by the NSW EPA.

Scope 1 biogenic emissions should be estimated using the methodology set out in DCCEEW (2025) *The National Inventory Report 2023* at <https://www.dcceew.gov.au/sites/default/files/documents/national-inventory-report-2023-volume-1.pdf> which uses the estimation technique set out in *Assessment of the Australian Feedlot Enteric Methane Inventory equation* (de Almeida and Cowley 2024) and *Evaluation of*

methane prediction equations for Australian feedlot cattle fed barley and wheat-based diets (de Almeida *et al* 2025).

This methodology, which is based on a meta study of atmospheric chamber measurements demonstrating a previous significant (x 2.44) overestimation of emission from cattle on feed from previous estimation techniques, should also be applied in determining capture of facilities under the proposed licensing changes. This methodology has been accepted by DCCEEW for incorporation into the most recently published *National Greenhouse Inventory 2023*.

Technology specific approaches to emissions reduction

Teys position is that:

- Abatement should be achieved using market-based methods not via the imposition of technology specific measures, no matter how ‘tailored’ such measures are to specific sites.
- If a market-based method is legislated it should be at a federal level not at a state level.
- Electrification of process heat or other poorly considered technology specific approaches will result in extremely high per unit abatement costs, imposing significant capital expenditure and higher operating costs onto industry.

Teys is concerned about the type of ‘*decarbonisation ... technology, processes or emission actions*’ to be imposed by the EPA in the feedlot or manufacturing sector. In the ***Proposed Climate Change Licensee Requirements CONSULTATION DRAFT July 2025 Section 3. Specific mitigation actions*** the Agency states that:

The EPA will develop targeted mitigation requirements for industry sectors to implement specific technologies, processes or emission actions by specific dates.

In a consultation meeting with the EPA prior to this submission, electrification of process heat was offered as an example of a possible mandated technology solution. The Teys business consistently receives general messaging from various state and federal government departments in relation to electrification of process heat as a decarbonisation technology. Teys highlights to the EPA that electrification of process heat will only result in a reduction in total emissions if, and when, the emissions factor for grid supplied electricity in NSW falls by a further 65% to match the emissions factors for liquid or gaseous boiler fuels (e.g. natural gas). Immediate electrification of process heat (steam production) at Teys sites would more than triple the total emissions generated from steam production based on current emissions factors for gas and grid supplied electricity.

Teys does not believe an electrification approach is possible without extremely high abatement costs due to local DNSP network constraints and consequent upgrade requirements that are often outside of an organisation's control. In addition, the capital costs for an electrode steam boiler can be up to 10 times the cost of a gas boiler, paired with an energy cost that is 3 times higher per gigajoule (\$20 per GJ for natural gas vs \$60 per GJ for electricity). This example, offered by the EPA, reinforces Teys position that a mandated technology specific approach is likely to result in expensive abatement and higher operating costs for business in NSW.

Additional costs for abatement per tonne carbon will ultimately be passed on to consumers of NSW produced food and goods, negatively impacting the NSW economy. Widely accepted economic modelling for the last 20 years, and various reports commissioned by Federal and State governments both in Australia and overseas, have identified market-based carbon pricing approaches as the most efficient abatement method AND that

prescriptive technology methods are likely to result in very high costs per unit abatement.

Teys believe NSW EPA's signalling of future plans to mandate specific technologies across licensed sites is unlikely to be effective, due to the high variation in site conditions which impose constraints in relation to decarbonisation technologies (whether or not the EPA acknowledges the constraints in the consultation documentation).

As a specific hypothetical example, if the EPA mandated an electrode boiler coupled with an in front of the meter power purchase agreement (PPA) for renewable energy purchase, real local network constraints and/or constraints on the availability of suitable PPA providers, which are both outside the control of the licensee, may prevent compliance with the condition imposed on the licensee.

Duplication of Reporting

Teys position is that:

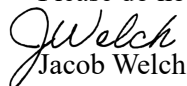
- EPA's proposed requirements add duplication of reporting which is already completed through other compliance instruments.
- Teys encourages the EPA to align with existing reporting frameworks to reduce administrative burden on industry e.g. NGERs and ASRS disclosures

The proposed changes will require duplication of reporting of emissions. Teys will be required, with these changes, to report separately the same aspects of energy use or emissions through state administered NPI programs, federally administered NGERs, state or local planning approval conditions, ASRS, and EPL returns under future EPA licensing changes.

The NSW EPA's suggestion that data sharing processes will be able to be put in place between the Clean Energy Regulator and NSW EPA, is not borne out in Teys experience by the current duplication of reporting required under existing state and federal programs which require energy or emission reporting.

Teys has already made significant investments to reduce emissions across our NSW facilities. Teys supports practical, nationally coherent climate policy that reduces emissions at least cost, preserves competitiveness, and drives credible, verifiable outcomes. We welcome further discussion and are available to work with the EPA on refining the proposed guidance.

Please do not hesitate to contact me if you have any questions or require further information.


Jacob Welch

Group Manager Sustainability



Ross Sharrock
Group Environment Manager

