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NSW Environment Protection Authority
via climatechange.review@epa.nsw.gov.au

To the NSW EPA,

Veolia is a global leader in water, waste and energy management. The group has nearly 220,000 employees worldwide, including 7,000 employees in Australia and New Zealand across 300 locations. With more than 170 years of experience, Veolia makes a significant contribution to Australia, bringing quality investments, technology, and know-how, with over \$3.75 billion in annual revenue, circa \$300m invested as BAU every year, as well as several multi-billion-dollar projects.

Veolia welcomes the opportunity to provide input to the **NSW EPA's Climate Change Licensee Requirements**. While we support climate action in principle, we believe the proposed framework contains fundamental flaws that make it unsuitable for implementation at this time. Specifically, we recommend that waste management facilities should be excluded from these requirements until the Federal Government has resolved the Safeguard Mechanism policy position for landfills, which is currently under review and scheduled for completion in 2026-2027.

Summary:

- **Waste services are essential public infrastructure.** We manage society's residual waste responsibly, but we are *takers*, *not makers* of most emissions and cannot control input volume, timing or composition. Disproportionate or inflexible obligations risk pushing waste into unregulated channels.
- Illegal dumping, unmanaged stockpiles, and diversion to unregulated operators **could increase—not decrease—total emissions**, with additional environmental and public health consequences.
- **Cut emissions at the source:** mandate and enforce FOGO separation and invest in processing (e.g., AD); maintain support for high-capture LFG and cogeneration—policy overlap that erodes **investment certainty** will slow abatement.
- **Align with Commonwealth** settings: don't pre-empt Safeguard landfill review; allow recognition of >75% LFG capture where evidenced; address ACCU method changes, tight credit supply and clarify treatment of **non-ACCU** offsets.



- Fix **offset design inequities**: cross-EPL offsetting risks double-counting and favours incumbents; EfW's exclusion from Safeguard **Cost Containment Measure** exposes it to volatile offset prices, distorting choices toward landfill.
- Take a **proportionate, performance-based** approach and complete a full Regulatory Impact Assessment, including ACCU price impacts and flow-on **cost-of-living** effects for councils and households.

Waste management facilities are essential public services

Waste disposal and treatment are essential public services that protect communities from environmental and health harms—including water and soil contamination, amenity impacts, and increased risks of disease transmission. Unlike industrial processes that generate emissions through direct production choices, the waste sector primarily accepts emissions generated upstream, by citizens and businesses.

Waste managers do not control the volume, timing, or composition of waste inputs, and therefore cannot fully control the emissions those inputs generate—whether in landfill or during energy recovery. If a large landfill or Energy from Waste (EfW) facility shuts down, the waste and its associated emissions still exist—it does not disappear.

In this sense, we are takers, not makers of most emissions. We caution against equating our facilities with discretionary industrial emitters when it comes to enforceable targets or abatement actions.

In particular:

1. **Lack of input control**: Waste providers do not choose what waste is generated. Packaging design, food overproduction, product lifespans, and consumer behaviour all influence what arrives at our gates. Once received, our job is to mitigate harm—often in the context of legacy infrastructure, public health imperatives, and limited alternatives.
2. **We manage emissions others create**: Methane from landfill is a product of decomposing organic matter, most of which enters the waste stream despite upstream opportunities for avoidance or diversion. Similarly, EfW facilities recover energy from residual waste that cannot otherwise be recycled. The emissions from these activities represent the environmental cost of society's consumption and disposal practices—not the waste sector's operating model.



3. **Perverse outcomes of over-regulation:** If regulatory obligations become disproportionately burdensome or inflexible, they risk driving waste out of the regulated system entirely. Illegal dumping, unmanaged stockpiles, and diversion to unregulated operators could increase—not decrease—total emissions, with additional environmental and public health consequences.

Too much focus on site-based emissions risks misses the bigger picture. Waste infrastructure operates as an integrated network, where facilities perform shared and complementary roles. Landfills and EfW facilities are part of a broader system that manages the consequences of upstream behaviour and often prevents worse environmental outcomes—such as long-haul waste transport, uncontrolled dumping, or unmanaged decomposition. **Therefore, the EPA should apply a systems lens to mitigation—encouraging network-level planning across facilities and recognising avoided emissions and shared functions—rather than penalising individual sites in isolation.** We also seek clarity on S3.3 regarding any “government-developed, industry-specific emissions-reduction trajectories”, including timing and how these will be developed.

While we support transparency and reporting obligations, including Climate Change Mitigation and Adaptation Plans (CCMAPs) and annual emissions data, we expect the EPA NSW to take responsibility for publishing aggregated sector data and to publicly state the clear environmental purpose of these requirements, ensuring they deliver genuine climate outcomes rather than serving as symbolic policy measures.

How to reduce landfill emissions

Ultimately, **the most effective way to reduce landfill emissions is to prevent the most problematic materials—namely, food organic and garden organic (FOGO) waste—from entering landfills in the first place.** We urge the EPA to ensure mandated organics separation and collection are backed by enforcement and investment in FOGO processing capacity, such as anaerobic digestion. Complementary measures, such as increasing landfill levies or adjusting waste pricing signals, can further encourage diversion, recycling, and recovery—delivering far greater emissions reductions than downstream treatment alone.

The waste sector has demonstrated significant investment appetite for high-capture landfill-gas (LFG) systems under the Australian Carbon Credit Unit (ACCU) Scheme, with facilities achieving steady emissions reductions through energy recovery and innovative abatement and circular economy technologies. At Woodlawn Eco-Precinct, excess heat from bioreactor engines is harnessed to keep aquaculture water at ~28 °C for onsite barramundi farming—a cogeneration approach that maximises abatement and circular outcomes. Future projects—including advanced LFG capture systems, cogeneration



facilities, and integrated circular economy initiatives—depend on predictable returns from ACCU generation and clear regulatory pathways.

However, overlapping or inconsistent new requirements risk undermining the commercial certainty that enables these investments by eroding:

- trust in tier 1 jurisdiction regulatory frameworks, and
- confidence in associated incentives such as carbon credit generation.

This regulatory uncertainty will increase the investment risk profile for future carbon abatement projects.

A proportionate approach should target poorer-performing sites and the long tail of emissions, not penalise leaders already delivering material abatement and co-benefits. In parallel, facilities are implementing climate-adaptation measures (e.g. stormwater and flood resilience, progressive capping to reduce fugitive risk, fire-risk management, and heat-stress protocols) and can do more under a clear, stable framework. We propose the EPA adopt performance-based standards with tiered expectations that lift underperformers while preserving investment certainty for best-practice sites.

Conflicts between federal and state policy

We also note there appears to be a lack of clarity in how the proposed NSW EPA requirements align with existing and evolving Commonwealth climate policy frameworks—particularly those affecting landfills and carbon markets. To ensure policy coherence and avoid unintended consequences, further consideration and consultation are needed in the following areas:

- **Safeguard Mechanism – landfill policy under review:** While landfills are currently included under the Safeguard Mechanism, the Commonwealth Government has committed to reviewing their treatment ahead of the broader Safeguard Mechanism review scheduled for 2026–2027. Until this process is finalised, NSW should avoid duplicating or pre-empting federal policy on landfill emissions. Proceeding prematurely risks inconsistency and regulatory misalignment.
- **NGERS – capped capture efficiency:** Under the National Greenhouse and Energy Reporting Scheme (NGERS), landfill gas capture efficiency is generally capped at 75%, which limits the capacity of landfill operators to fully account for actual performance improvements. By contrast, IPCC-based modelling platforms allow up to ~90% capture for mature, well-capped sites, subject to evidence. We ask the EPA to recognise higher demonstrated capture rates in planning and



compliance where robust data support them.

- **ACCU Scheme – new landfill gas method impacts:** The proposed changes to the landfill gas method under the ACCU Scheme—if adopted—will significantly increase project baselines and reduce crediting potential over time. This will both raise costs and lower returns for landfill gas capture projects, making them less viable. Facilities may be penalised under the CCMAP or Large Emitter frameworks despite genuine operational improvements, further exacerbating the challenge of implementing genuine climate change mitigation and adaptation activities.
- **Carbon market pressures:** Imposing full offset requirements on large emitters at a time of tightening ACCU supply could distort Australia's carbon market. With constraints on Human-Induced Regeneration (HIR) and Native Forest from Managed Regrowth (NFM) project eligibility, fewer carbon abatement contract exits, and slow federal progress on new crediting methods, ACCU prices are expected to rise significantly around 2028. This will affect the cost of compliance across the economy, not just for waste operators. In the context of waste management in NSW, this would ultimately result in impacts to the ratepayers, increasing the cost of living of New South Wales residents.
- **Recognition of non-ACCU offsets:** The CCMAP guidance is currently unclear on whether and how non-ACCU carbon credits will be accepted. It is also unclear who will be responsible for accrediting these credits against the legislated Offsets Integrity Standards. This ambiguity introduces risk and uncertainty for licensees seeking to invest in high-quality abatement outside the ACCU framework.

We urge the EPA to engage more closely with the Commonwealth schemes and market settings before finalising requirements for the waste sector. Greater alignment will support market integrity, policy efficiency, and more practical emissions reduction outcomes.

Complications and concerns around the use of emissions offsetting

The EPA's proposal to allow companies to offset emissions from one site through their other EPLs sparks concerns about market equity and environmental integrity.

This framework effectively creates two classes of market participants: established operators with existing EPLs who can offset across their portfolio, and new entrants who cannot. Such a framework could drive artificial consortium structures where companies are forced to seek partnerships solely to access offsetting flexibility, distorting natural market dynamics and potentially undermining genuine environmental objectives.



Questions also remain about whether the same EPLs could be used repeatedly to offset emissions across different projects, raising concerns about the potential for double-counting emissions reductions. This regulatory workaround creates unnecessary complexity, particularly given that many EfW projects operate under Special Purpose Vehicle (SPV) structures where companies like Veolia may only hold minority shareholdings.

Most concerning are the reputational risks this approach presents. Rather than demonstrating a genuine commitment to emissions reduction, this strategy could be perceived as regulatory circumvention, opening participating companies to accusations of greenwashing and damaging public trust in both the regulatory system and the companies involved.

The proposed regulations may also create a fundamental inequity within the waste sector through their interaction with the Safeguard Mechanism's Cost Containment Measure (CCM). This measure allows "responsible emitters of safeguard facilities that exceed their baseline may be eligible to purchase Australian carbon credit units (ACCUs) from us under the cost containment measure," with prices indexed to "the consumer price index plus 2%" annually.

This creates two distinct classes of waste facilities with dramatically different compliance costs:

Landfill facilities (like Woodlawn bioreactor) operate under facility-specific baselines and can exceed them, making them eligible to purchase price-controlled ACCUs through the CCM when needed.

Energy from Waste facilities, however, are likely classified under the sectoral baseline for Electricity Generators. Because sectoral baselines are not expected to be exceeded, EfW facilities cannot access the CCM and must purchase offsets at volatile market prices.

This regulatory classification appears to be a technical artifact that ignores the fundamental waste management function of EfW facilities. Despite performing the same essential public service—managing society's residual waste—EfW facilities face significantly higher and more unpredictable compliance costs than their landfill counterparts.

The consequences of this disparity are severe:

- **Project viability:** The combination of market price volatility and inability to access price-controlled offsets creates prohibitive financial risk, potentially making EfW projects unfinanceable compared to landfill alternatives



- **Perverse environmental outcomes:** Higher compliance costs for EfW could discourage waste diversion from landfills, undermining broader waste management and emissions reduction goals
- **Cost-of-living impacts:** Unlike landfill operators who can manage offset costs through the CCM, EfW facilities must pass unpredictable market pricing directly to councils and ratepayers
- **Market distortion:** This creates an artificial competitive advantage for landfills over EfW within the waste management sector, potentially skewing investment decisions based on regulatory arbitrage rather than environmental merit

This inequitable treatment within the same sector highlights the need for the EPA to either advocate for EfW facilities to access the CCM or develop alternative mechanisms that ensure comparable compliance cost certainty across all waste management infrastructure.

The need for a comprehensive regulatory impact assessment

Lastly, we believe a comprehensive regulatory impact assessment should be undertaken before these new regulations are implemented. This should include:

- **Detailed modelling of how increased demand for ACCUs could affect market prices and the commercial viability of existing carbon abatement projects**—particularly in the waste sector, which has been a key supplier of landfill gas ACCUs.
- **The cumulative cost burden on essential public infrastructure**, including landfills and EfW facilities, must be evaluated carefully. Flow-on effects to households and local governments, such as increased waste management charges and cost-of-living impacts, also warrant thorough analysis.

Without this due diligence, there is a real risk that regulatory complexity and compliance costs will divert resources away from practical emissions reduction initiatives and toward administrative reporting, undermining the very objectives of the policy.

The waste sector is committed to climate action and transparency. Veolia supports efforts to better understand and reduce emissions across the economy. But we urge the EPA to tailor its approach so that it reflects the distinct realities of waste acceptance, treatment, and disposal. A nuanced, systems-based framework will better serve NSW's emissions targets—and avoid unintended consequences.



Thank you again for the opportunity to provide feedback. Should you have any questions or require clarification on our submission, please be in touch with [REDACTED]

A handwritten signature in black ink, appearing to read 'R Kirkman'.

Yours faithfully
RICHARD KIRKMAN
Chief Executive Officer

Survey questions

Part 1 - Proposed Climate Change Licensee Requirements

What are your views on the EPA's proposed climate change requirements for existing licensees?

While we support climate action in principle, we believe the proposed framework contains fundamental flaws that make it unsuitable for implementation at this time. Specifically, we recommend that waste management facilities should be excluded from these requirements until the Federal Government has resolved the Safeguard Mechanism policy position for landfills, which is currently under review and scheduled for completion in 2026-2027.

Our concerns about how the proposed requirements will affect landfill and energy-from-waste (EfW) operators include:

- **Lack of differentiation for biogenic emissions:** Grouping unavoidable biogenic emissions (e.g. methane from decomposing waste, CO₂ from biomass combustion) with fossil-based emissions is misleading and punitive. These emissions are a structural problem inherent to managing society's residuals.
- **Perverse disincentives for essential infrastructure:** Landfills and EfW facilities are core to a functioning waste system. Penalising high-emitting but system-critical infrastructure risks discouraging investment in public-good services. Modelling of the proposal's possible impacts on Woodlawn ARC shows



significant cost burdens that may threaten project viability.

- **Fails to recognise system benefits:** EfW reduces landfill dependency and displaces fossil fuel energy. Methane capture at landfills avoids potent GHG emissions. The framework needs to recognise these avoided or abated emissions. Without recognition of lifecycle benefits, operators may divert resources to compliance rather than effective abatement.

The requirements also create regulatory inconsistency with existing federal frameworks. For large emitters (>100,000 tCO₂-e annually), the EPA should recognise the federal Safeguard Mechanism as the primary framework to avoid duplication and conflicting obligations.

It should be noted that the SGM threshold of 100kt CO₂-e is for “Covered Emissions” which are scope 1 emissions from non-legacy waste only, so this excludes emissions from waste that was landfilled before 2016. Covered Emissions are non-legacy waste emissions, emissions from the combustion of landfill gas, and emissions from fuels used to operate equipment at the landfill site. The EPA threshold of 100kt CO₂-e is all scope 1 and scope 2 emissions. This basic inconsistency adds a great deal of complexity to the treatment of projects under the frameworks.

The framework also needs to better account for projects in development phases versus operational facilities. The requirement to complete mitigation plans for yet-to-be-approved projects creates uncertainty and potential waste of resources.

Significant questions remain around the role of ACCUs and non-ACCU carbon credits, including:

- The mechanism for assessing and accrediting non-ACCU carbon credits requires definition
- Double-counting provisions for ACCUs need clear guidelines, particularly regarding legacy versus non-legacy waste emissions
- The interaction between sold ACCUs and reported emissions requires clarification

The lack of comprehensive modelling on ACCU supply and demand impacts, particularly given the significant cost implications, is concerning.

Finally, clarity is also needed on how requirements apply across multiple EPLs held by different entities within the same corporate structure.



Are the EPA's proposed timeframes for annual emissions reporting and CCMAPs suitable in light of NGERs and Safeguard Mechanism reporting obligations?

Requiring separate CCMAPs on top of NGERs and Safeguard reporting creates duplication. The NSW EPA should consider accepting NGERs data and Safeguard Mechanism reporting as compliant for overlapping CCMAP sections.

The NSW EPA should also allow companies to submit consolidated climate disclosures where they already report under recognised frameworks (e.g. TCFD, IFRS S2).

In addition:

- the three-year update cycle may not align with other regulatory reporting requirements or business planning cycles.
- significant questions remain around the timing between Large Emitters Guideline requirements and CCMAP implementation.

Part 2 - Climate Change Mitigation and Adaptation Plans: Proposed Mitigation Requirements

What are your views on the EPA's proposed mitigation requirements for licensee CCMAPs?

The requirements are too narrowly focused on site-based emissions. Waste infrastructure functions as an integrated system. The EPA should apply a systems lens to mitigation and focus efforts on **network-level mitigation plans** across facilities, recognising shared functions and avoided emissions.

The requirements should also recognise existing federal frameworks and mitigation strategies. For example, Woodlawn ARC already falls under the Safeguard Mechanism's sectoral baseline for electricity generators, which effectively manages emissions through grid decarbonisation.

The EPA should consider recognising existing schemes—such as NGERs, the Safeguard Mechanism, AASB S2/IFRS S2 disclosures, TCFD-aligned reporting, SBTi transition plans, and public net-zero strategies—as meeting CCMAP requirements, since they already include inventories, commitments, and risk analysis. Requiring bespoke CCMAPs risks duplicating work without improving outcomes.



The preference for NSW-derived ACCUs for offsetting purposes also risks significant market distortion and raises constitutional concerns. This policy will artificially increase demand for NSW-derived ACCUs at a time when supply may already be constrained by the Safeguard Mechanism, potentially driving up prices and creating supply shortages. Such geographic restrictions could disadvantage NSW facilities compared to interstate competitors who can access broader carbon credit markets, undermining the efficiency of Australia's national carbon market.

Moreover, this preference may contravene Section 92 of the Australian Constitution, which provides that 'trade, commerce, and intercourse among the States...shall be absolutely free.'¹ By creating a regulatory preference that effectively restricts or discourages the use of carbon credits generated in other states, the EPA may be imposing an impermissible barrier to interstate trade. This could expose the regulation to constitutional challenge and create legal uncertainty for licensees seeking to comply with offsetting requirements.

A nationally consistent approach that recognises high-quality carbon credits regardless of their state of origin would better serve both environmental objectives and constitutional requirements, while maintaining market efficiency and competitive equity across jurisdictions.

Lastly, we have strong concerns that publishing 10-year emissions forecasts could expose commercially sensitive information and is subject to factors outside operators' control. Specifically, these forecasts inherently reveal business growth plans, capital investment strategies, and market expectations, which could be exploited by competitors to gain unfair market advantages. The projections may also contain assumptions about customer contracts, waste volumes, and market share that would undermine competitive positioning if made public, potentially affecting contract negotiations and business development opportunities.

Additionally, public forecasts create legal and reputational exposure if actual results differ due to external factors such as changes in waste generation patterns, economic conditions, or regulatory frameworks—factors that are beyond operators' direct control but could lead to accusations of misleading disclosure or poor performance management.

A possible solution is that only aggregated trajectories or high/low bands are published alongside disclaimers acknowledging uncertainty and allowing updates.

¹ https://www.aph.gov.au/About_Parliament/Senate/Practice_and_Procedure/Constitution/chapter4



What additional assistance or resources do licensees need to assist them to compile a CCMAP?

- Detailed guidance on the interaction between various reporting frameworks and regulatory schemes (NGERS, Safeguard, CCMAP) and support in determining which framework takes precedence.
- Technical guidance on approved measurement methodologies, particularly for fugitive emissions
- Clear frameworks for distinguishing between legacy and non-legacy waste emissions
- Resources for modelling and forecasting ACCU availability and pricing
- Assistance in developing sector-specific approaches that recognise waste management's unique challenges
- Additional grant funding beyond the current \$100k cap to reflect variation in project costs and abatement potential.