

Submission
No 88

INQUIRY INTO 2024 ANNUAL REPORT OF THE NET ZERO COMMISSION

Organisation: Environmental Defense Fund

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Environmental Defense Fund submission to the NSW Inquiry into the 2024 Annual Report of the Net Zero Commission

Introduction

Environmental Defense Fund (EDF) is a global environmental NGO operating in more than 30 countries. We provide comments here in response to the NSW Joint Standing Committee on Net Zero Future's inquiry into the 2024 Annual Report of the Net Zero Commission (NZC). Our comments focus on the resources sector (i.e section 2.6 of the Annual Report).

NSW is not on track to meet its legislated emissions targets

NSW has legislated targets to cut emissions 50% on 2005 levels by 2030, 70% on 2005 levels by 2035, and to net zero by 2050 (per *The Climate Change (Net Zero Future) Act 2023* (NSW) (CCNZF Act)). However, NSW emissions budgeting is on a precipice, with over a dozen coal mine expansions in the planning pipeline (some of which are very large) posing a risk to climate targets.

NSW is currently not tracking well against its targets. The NZC Annual Report notes that 'unless faster and more significant progress is made, the target for 2030 will not be achieved, the 2035 target could be out of reach, and the challenge of meeting net zero by 2050 may become more difficult'. The NZC notes the significance of resource sector emissions in this problem: 'there are pressures for increased emissions associated with new coal mining projects (extensions and expansions of existing mines), with a sizeable pipeline of projects that have been submitted for consideration and determination through the planning process.' (page 11)

Approving these projects would allow the coal sector to eat into the carbon budget of other industries, either forcing those industries to decarbonise more rapidly, or sacrificing the state's emissions targets. The NZC says 'any emissions increases associated with extended or expanded projects would require all other sectors to make greater emissions reductions if the state is to meet its emissions reduction targets. The emissions increases pose a major challenge for the state's regulatory arrangements' (page 12).

In light of these concerns, EDF considers it appropriate for NSW to establish a policy of phasing-down coal mining on a timeline that allows the state to meet its 2030, 2035 and 2050 targets. EDF makes the following recommendations.

Recommendations

1. The NSW Government should request a specific, dedicated report from the NZC on the risks that fossil fuel expansions pose to NSW climate targets, to be completed by June 2025, and the coal phase-down trajectory that would allow the state to meet all of its decarbonisation targets. Approvals of new coal expansions or modifications should be suspended until the NZC has provided that advice.
2. For all proposed major coal mine expansions or modifications, the NZC should be asked to provide specific advice and make recommendations, taking into account the determined coal phase-down trajectory, as provided for in section 15(3) of the CCNZF Act.

Responsibility for meeting interim climate targets is not clearly assigned

The CCNZF Act assigns responsibility for meeting the net zero by 2050 target to the Minister and Premier, but does not assign responsibility for the interim 2030 and 2035 targets to any government official. This should be addressed, so that government has clear responsibility for meeting those interim targets and aligns its decisions and carrying out of functions with the targets.

Recommendation

3. A regulation under the CCNZF Act should be created that places a duty on either the Minister, Premier or key planning decision-makers to meet the 2030 and 2035 targets and to consider direct and downstream emissions in the context of the Paris temperature goals (as per the purpose of the Act in section 3).

NSW coal mines are not utilising available abatement options

NSW has the largest number of highly methane intensive underground coal mines in Australia, but these mines are not currently required to install well-proven, mature methane abatement technologies. While the Minns Government has indicated a commitment to regulating methane from coal mines via state pollution licences, there has been no implementation of changes to effect that commitment.

The EDF report in the attached report ‘Coal Mine Methane: an overview for investors’ highlights how the vast majority of coal mine methane can be abated using proven technology that is cost-effective. The IEA estimates that 90% of abatable coal mine methane would cost \$20/tonne CO₂-e or less to mitigate (using a global warming potential of 100 years). EDF’s report provides analysis on various forms of coal mine methane abatement and the associated marginal costs (slides 11-12). We urge the Inquiry to consider this analysis in its deliberations.

In particular, EDF urges consideration of requiring regenerative thermal oxidisers (RTOs) at underground mines, given this is a proven form of methane abatement that can operate with low methane concentrations. We understand that others have provided materials on RTO technology to the Committee. We urge mandatory requirements for such abatement devices through environmental protection licences. We also urge the government to establish an inventory of the emissions from all decommissioned coal mines in the state and to introduce regulations to require abatement of those emissions.

Recommendation

4. The Minns Government should introduce requirements for all coal mines to install best available methane abatement technologies within the next two years, or introduce a strong performance standard or levy (complementary to the Safeguard Mechanism) which incentivises mines to take up this technology.

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