



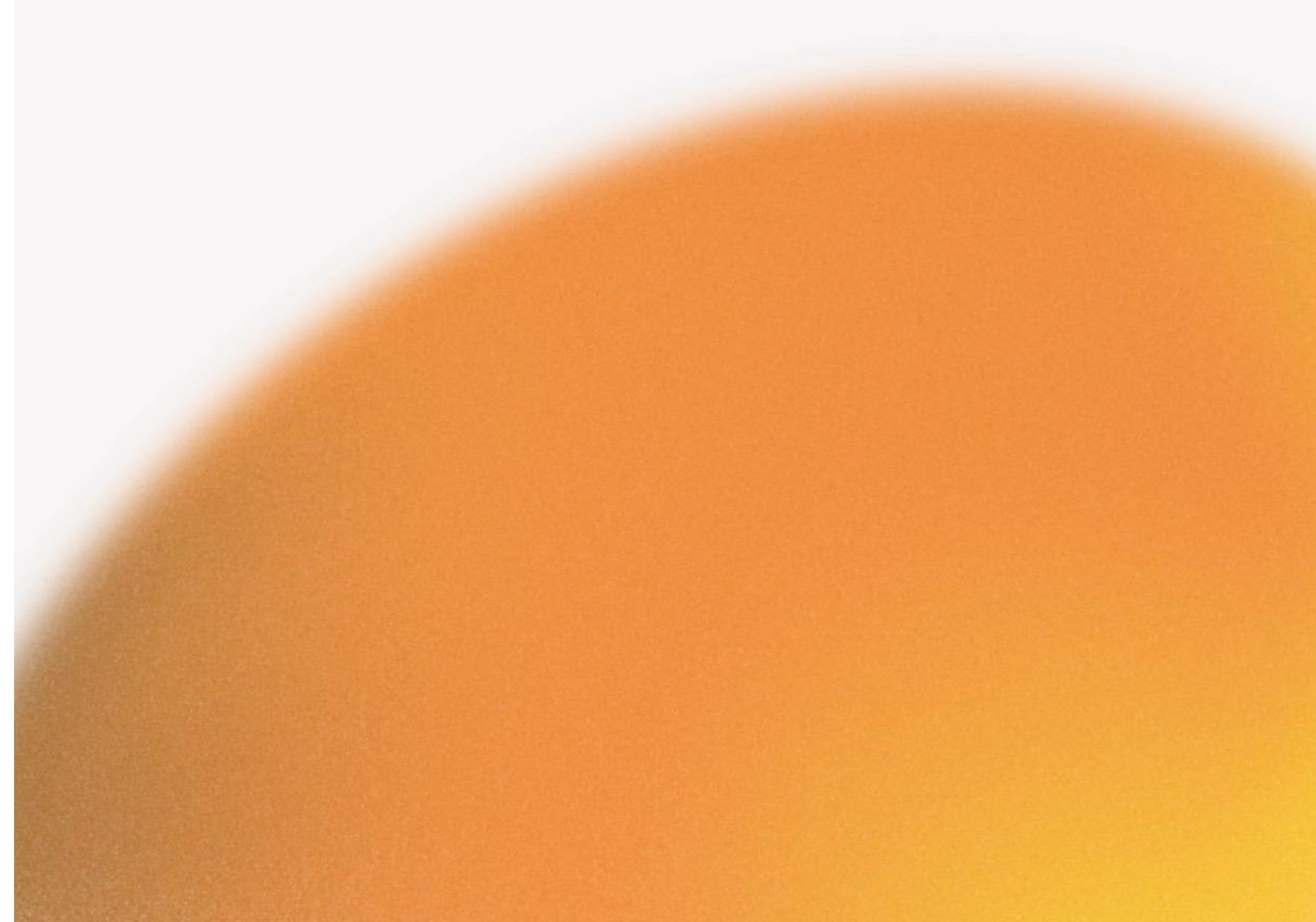
Australian
Industry
Greenhouse
Network

AIGN submission

NSW Environment Protection Authority

Proposed licensee requirements for large emitters in NSW

October 2025



1 Summary

The Australian Industry Greenhouse Network (AIGN) welcomes the opportunity to provide comment on the NSW Environment Protection Authority's (EPA) consultation on requirements for licensees to reduce emissions and improve environmental outcomes for operations.

National consistency and coordination to reach net zero

Australia's transition to net zero is best facilitated by a streamlined and consistent climate policy approach across jurisdictions. This includes working through the Energy and Climate Change Ministerial Council, coordinating across jurisdictions to promote investment, improving project approval pathways, and deferring to national policies where appropriate (such as the National Greenhouse and Energy Reporting Scheme, the Safeguard Mechanism, and the new climate-related financial disclosure framework).

Climate and decarbonisation goals

Provide flexibility for licensees to meet their Climate Change Mitigation and Adaptation Plan obligations through mandatory national reporting, if applicable, allow flexibility in setting targets, ensure sensitive commercial information is respected, and align the EPA's requirements with ASX listing rules.

Coordinated interjurisdictional consultation

AIGN strongly supports better coordination between jurisdictions on consultation to align the various government agencies seeking feedback on the same and/or interrelated policies. Well-aligned, iterative and multi-stakeholder consultations would foster more effective policy outcomes.

2 Introduction

The Australian Industry Greenhouse Network (AIGN) is an association of industry and business organisations representing a broad cross-section of the Australian economy, including many of the nation's largest energy producers, energy users, and exporters. Several AIGN members have significant operations in New South Wales.

Our members are committed to achieving net zero emissions in Australia in line with the Government's policy and the objectives of the Paris Agreement, which aims for a coordinated global effort to urgently address climate change.

AIGN supports policy approaches that are effective, economically efficient, and equitable, facilitating a smooth transition for all sectors of the economy.

We believe a harmonised approach across federal, state, and territory jurisdictions is essential to achieving our emissions reduction targets while maintaining investment stability and minimising sovereign risk. The transition to a net-zero economy is complex and ambitious, requiring collaborative management and open dialogue. AIGN corporate members are on the front lines of this transition; association members are valuable sources of expertise on the specific needs and challenges of their respective industry sectors as they move toward a net-zero future.

3 Nationally consistent approach

3.1 Coordinated consultation

The consultation program over the last several months has been very crowded, including federal processes such as the Productivity Commission inquiries, transition planning guidance, the NEM Review, elements of the Guarantee of Origin Scheme, parliamentary inquiries and multiple state consultations. This convergence stretches stakeholders' capacity to engage.

Coordinated interjurisdictional consultation processes would help align the various government agencies seeking feedback on the same policy and/or interrelated policies. AIGN advocates for more aligned, iterative, and multi-stakeholder consultation processes to enhance engagement, streamline consideration of cross-cutting issues, and foster robust, effective policy outcomes.

3.2 Streamlined and consistent approvals

A successful transition to a net zero economy in line with the Paris Agreement requires an unprecedented scale of project development. Project approvals pathways need to be reformed to streamline the approval, construction and operationalisation of projects.

We encourage the NSW Government to coordinate closely with other jurisdictions through existing mechanisms such as the Energy and Climate Change Ministerial Council (ECMC) to focus on establishing the enablers of a successful transition before imposing enforceable emissions reduction requirements on industry.

The EPA can promote streamlining and investment by coordinating with state/territory and federal counterparts and colleagues to rationalise and improve approval timelines to align with investment timeframes.

A consistent approach across jurisdictions, developed with industry and community stakeholders, can reduce duplication, promote transparency, and support genuine decarbonisation.

3.3 Based on the national reporting and safeguard mechanism

Under a coordinated approach, all jurisdictions would ensure harmonisation with national greenhouse gas regulation, including using information and understanding the compliance costs and objectives of the National Greenhouse and Energy Reporting Scheme (NGERS) and Safeguard Mechanism.

NGERS is an internationally recognised emission and energy reporting framework. The reformed Safeguard Mechanism has legislated emissions reduction targets for large industrial facilities in line with their proportionate share of Australia's emissions reduction goals.

These legally enforced obligations to decarbonise and manage emissions should be recognised within state-based requirements as part of a streamlined, nationally consistent approach to transition to net zero.

Licensees in NSW that are already subject to national compliance greenhouse gas reporting and reduction targets should not face additional state-level emissions reduction obligations. These facilities are already demonstrably aligned with Australia's national greenhouse gas emissions reduction targets.

3.3.1 Carbon leakage

The Safeguard Mechanism includes a Trade-Exposed, Baseline-Adjusted (TEBA) provision to address the potential for compliance to increase production costs and affect the trade competitiveness of entities operating in Australia relative to international competitors.

In addition, an independent Carbon Leakage Review has been conducted, and advice has been handed to the Government to assess the sufficiency of the current policy approach to addressing carbon leakage risk in the medium to long term.

Carbon leakage is a global problem being addressed at the national level through an aligned national policy framework. Additionally, sub-national obligations would

complicate and possibly compromise the effectiveness of measures to address carbon leakage.

4 Climate and decarbonisation goals

AIGN acknowledges that this consultation process focuses on ensuring large emitters in NSW are contributing meaningfully to the state's emissions reduction targets.

We note that the guiding principles of the *NSW Climate Change (Net Zero Future) Act 2023* require the NSW Government to take early action on climate change and to do so in a fiscally responsible way that promotes sustainable economic growth and ensures consistency with environmental objectives. The guiding principles also stipulate appropriate consultation with stakeholders.

AIGN strongly encourages the EPA to adjust its overall approach to fulfilling its climate change obligations so that it aligns with the Act's guiding principles. AIGN members operating in NSW are willing to share their expertise on the impacts of the proposed requirements on licensees and to work on improving alignment with the national policy framework.

4.1 Decarbonisation at facilities

The proposal would require licensed facilities in NSW to prepare detailed Climate Change Mitigation and Adaptation Plans (CCMAPs). These plans would include setting targets aligned with state objectives and providing ten-year forward forecasts of how these targets will be achieved, detailing mitigation actions, delivery schedules, and contingency measures.

The development of long-range emissions forecasts is complicated, given the inherent uncertainty in technology development, market dynamics, and regulatory settings.

While AIGN and its members support transparent and credible climate action, these requirements oblige facilities to place extensive information into the public domain, raising concerns about commercial sensitivity and the ability to ensure credibility.

This approach does not harmonise with how most organisations are structured and governed. Corporate climate strategies and targets are typically developed at the enterprise or portfolio level, reflecting the integrated nature of business operations and investment planning. Imposing facility-level targets places obligations at a level of granularity that is ill-suited to managing what is, fundamentally, a global atmospheric challenge.

Setting targets at the enterprise level, where strategies can be more effectively managed and coordinated with global emissions reduction efforts, emphasises the importance of a national approach to emissions regulation (see section 3).

Requirements to provide ten-year forecasts risks revealing commercially sensitive information. For listed companies, this could be inconsistent with ASX listing rules and should be removed from CCMAP requirements.

Also, this approach is largely duplicative of the federal Treasury Climate-Related Financial Disclosure requirements.

To promote policy alignment, the EPA could consider allowing licensees to meet their CCMAP obligations through their AASB-S2 mandatory climate-related financial disclosure reporting requirements under the Corporations Act, if they report under this standard.

5 Publication content and frequency

The proposed requirements oblige licensees to publish CCMAPs every three years. A guide sets out the requirements for inclusion. It allows existing disclosure requirements to be used (for example, information submitted under the Commonwealth Government's new climate-related financial disclosure framework) with addenda where necessary.

Closer scrutiny of the requirements reveals that no existing disclosures fully harmonise with the EPA's requirements, which often require greater specificity. CCMAPs, therefore, represent a substantial additional reporting burden, given the time and attention that would be necessary to supplement existing reports.

The EPA is encouraged to confer with federal and state colleagues to harmonise reporting requirements and the use of existing data sets with the ultimate aim of reducing the overall regulatory burden.

AIGN recommends that the EPA harmonise its annual reporting requirements with data already submitted to national processes, such as annual emissions reporting to the Clean Energy Regulator, and under the AASB S2 standard for climate-related financial disclosures.

6 Balancing ambition and viability

The EPA proposes to mandate that absolute emissions reduction targets align with the NSW Government's decarbonisation timeline, without the option to use emissions intensity or other performance-based measures.

The policy objective needs to decouple economic growth from emissions growth.

Absolute targets do not create the conditions for increases in production to meet demand nor incentivise the adoption of growth through emissions efficiencies (for example, for the manufacture of commodities and materials needed to support the transition, such as cement, steel, and critical minerals). This is a profound economic impact that must be considered. If enablers for industrial decarbonisation are not

available, some facilities may be forced to reduce production to achieve absolute emissions reduction targets.

There are legal and reputational risks to address when considering the targets framework and enforcement, such as changes in market conditions, technology readiness or infrastructure constraints.

This situation may force businesses into a regulatory bind that could complicate transparent, credible planning. A more effective and fair approach could be to allow licensees to demonstrate contribution through intensity-based targets or continuous improvement metrics that reflect both production realities and the broader policy context.

7 Conclusion

Thank you for the opportunity to provide input to the EPA's consultation on proposed licensee requirements for large emitters in NSW.

AIGN supports a policy approach that promotes cost-effective emissions reduction across the whole economy and enables investment to be channelled toward emissions reduction activities with streamlined, efficient administration that avoids duplication.

Australia's decarbonisation pathway can enable the economy to remain internationally competitive. It should promote innovative technologies and strengthen strategic resources and manufacturing industries, maintaining a thriving economy while transitioning to net zero emissions in line with our obligations under the Paris Agreement.

AIGN supports policy coherence across governments and urges greater coordination through bodies such as the ECMC to achieve streamlined regulatory processes and policy frameworks that promote the broader Australian transition to net zero.

We are committed to constructive engagement with the EPA and welcome the opportunity to participate in further discussions.