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22 November 2022

Our Ref: HW2022-750/18/2.001

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

To whom it may concern,

Draft Climate Change Policy and Action Plan 2022-2025 – Public Consultation

I refer to the recent public consultation regarding the draft Climate Change Policy and Action Plan developed by NSW Environment Protection Authority (EPA). Hunter Water welcomes the opportunity to provide feedback regarding these documents.

Hunter Water is a NSW state owned corporation, providing water and wastewater services to a population of approximately 600,000 across Greater Newcastle and the Lower Hunter. Climate Change presents significant challenges to the way we manage our water and wastewater infrastructure. As a business we understand the need to be resilient to climate change and deliver solutions that can deal with future uncertainty so that we can continue to deliver safe and reliable water services to our communities.

In recognition of the need to play our part in mitigating climate change, and maintain affordable services for our customers, we have a target to achieve net zero operational emissions by 2035. We have set an interim target of an 80 per cent reduction in scope 1 and 2 emissions by 2030, compared to 2005 levels, subject to affordability in the context of our overall investment program.

We have identified a range of measures to assist us in reducing and offsetting our emissions, and we will continue to develop our Net Zero Roadmap. Examples of what we are doing now to reduce our emissions include:

- Investing more than \$15 million in renewable energy generation
- Improving energy efficiency by upgrading assets and/or making operational changes
- Developing and implementing sustainable water and wastewater practices
- Collaborating with researchers to explore ways to reduce emissions from wastewater treatment

We would welcome a discussion with the EPA regarding the attached feedback. Should you require any further information regarding this submission, please contact Daniel Livingston on 02 4979 9465.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Lauren Randall".

Lauren Randall
R/Manager Sustainable Wastewater

Reducing greenhouse gas emissions

Hunter Water requests to be consulted on the identification of key industry sectors, the proposed targets and future emissions limits. It will be crucial that any future targets and limits are evidence based and feasible and industry sectors are supported to pursue mitigation and adaptation that is fit for purpose and cost effective.

The policy could benefit from greater clarity the type of emissions included (i.e., which of Scopes 1, 2, 3). Hunter Water has a thorough understanding of its operational (Scope 1 and 2) greenhouse gas emissions footprint. Currently, around 80% of our total (Scope 1 and 2) emissions are from electricity use, largely from the operation of our wastewater treatment facilities. We consider there is high potential for reduction of these scope 2 emissions, through actions by Hunter Water to reduce grid electricity consumption as well as the anticipated electricity grid decarbonisation.

Most our Scope 1 emissions are from treatment processes or from our fleet vehicles, which are likely to require more complex and costly abatement over longer timeframes. Over the coming decades, our scope 1 emissions are projected to increase, as a result of increased population growth and servicing demands.

Like many organisations, Hunter Water has found Scope 3 emissions more difficult to accurately measure and control. We would encourage the EPA to provide consistent regulatory pressure on all entities within their regulatory control to reduce their own operational (Scope 1 and 2) emissions by restricting the scope of the Climate Change Policy and Action Plan to Scope 1 and 2 emissions rather than limiting any organisation's scope 3 emissions.

The draft Climate Change Policy and Action Plan appear to be focused on licensed facilities. Although Hunter Water has a number of Environment Protection Licences (EPLs) with the NSW EPA for water and wastewater treatment facilities, almost half of our operational emissions are from activities that are not subject to an EPL, such as pumping drinking water around our network. It is recommended the EPA adopt a systems approach and provide regulatory instruments and incentives that support and promote efficient allocation of resources to reduce overall organisational emissions, not just those within the boundary of a licensed premises.

Hunter Water welcomes the EPA's commitment to consider allowing the use of offsets in certain circumstances, for example to abate fugitive wastewater treatment emissions which are likely to prove challenging, at least in the near term. Offsetting at an organisational level is expected to be more efficient than offsetting at a facility level, due to economies of scale and project management/ administrative efficiencies.

We also want to highlight potential trade-offs between tightening effluent quality limits for wastewater treatment plant discharges and the resulting increase in emissions associated with treatment plant upgrades to meet those load and concentration limits. While the additional energy requirements for advanced treatment processes can be provided from renewable energy sources, at a cost, the embodied carbon emissions associated with the upgraded infrastructure, including manufacturing and transport of consumables such as membranes and chemicals, can be difficult to avoid. We encourage the EPA to take a holistic approach to these trade-offs when setting effluent quality and greenhouse gas emission limits.

Climate Change Adaptation

Hunter Water has extensive experience managing climatic and weather-related extreme events and we are committed to increasing our resilience to climate change. We're embedding climate change adaptation into our planning to ensure we are in the best position possible to respond to future uncertainties.

Hunter Water welcomes the EPA providing guidance for key industry sectors preparing Climate Change Mitigation and Adaptation Plans (CCMAPs). Any future requirement to prepare and report on CCMAPs should be fit for purpose and align with, rather than duplicate, existing plans and reporting frameworks.