

3 November 2022

Climate Change Review Team
NSW Environment Protection Authority
Via email: climatechange.review@epa.nsw.gov.au

RE: Public Consultation on the draft Climate Change Policy and draft Action Plan 2022-2025

Delta Electricity welcomes the opportunity to provide comment on the EPA's draft Climate Change Policy and draft Action Plan 2022-2025. Delta is the owner and operator of the Vales Point Power Station and is a member of the Australian Energy Council (AEC). Delta endorses the submission made by the AEC on behalf of its members regarding the draft Climate Change Policy and draft Action Plan.

Vales Point is a coal-fired power station providing a reliable supply of 24-hour baseload electricity. The electricity generator is located on the NSW Central Coast, with installed capacity of around 1,320 megawatts. Our generators produce around four per cent of the electricity needed by consumers in the National Electricity Market, comprising all states and territories except WA and NT.

In the draft Climate Change Policy, the EPA has taken into account planned coal-fired power station closures. While expected closure dates for various coal-fired generators have been published, there may be a requirement for some generators to stay in service for shorter or longer than forecast, subject to the pace of transition, in order to provide energy security and reliability. The EPA Climate Change Policy needs to allow for this flexibility so as not to create energy instability.

The draft Action Plan 2022-2025 presents a number of proposed actions to be taken by the NSW EPA over the next 3 years. Delta's comments on a couple of the new actions follow:

- New action 7 – develop a series of greenhouse gas (GHG) emission reduction targets and related pathways for key industry sectors

The EPA draft action plan states that it intends to align with or complement existing approaches, where appropriate, and that it is unlikely to focus its initial efforts in setting emission reduction targets for the electricity sector. Delta welcomes the recognition that the electricity sector already has its GHG reduction regulated by the Commonwealth. However, the commitments in the draft Action Plan should exclude facilities that are covered by the Commonwealth Government's comprehensive National Greenhouse and Energy Reporting (NGER) scheme requirements for reporting and limiting GHG emissions.

- New action 9 – progressively place GHG emission limits and other requirements on licences for key industry sectors

The NGER scheme already sets sectoral and facility limits for GHG emissions. The NSW EPA should not seek to duplicate reporting on licences for GHG emissions where a facility is already covered by Commonwealth legislation and regulations.



The proposal outlining the potential for emission intensity (EI) limits is problematic and would divert attention away from mass emission limits. For example, coal-fired power station EI will always trend up slightly over a 5 year period, being the time between major maintenance outages when efficiency is restored and EI drops down again. EI also varies with capacity, increasing at lower load operation (when total mass GHG emissions are lower). Such a scenario is likely for coal-fired generators as the transition to renewables progresses. Setting EI limits will not necessarily lead to lower total GHG emissions, which is the more important metric from an environmental perspective.

Vales Point operates in the National Electricity Market and competes against other, more intensive GHG emitters in other state jurisdictions. The EPA should consider the impact of applying any limits on NSW businesses that may impede national competitiveness and introduce the potential for driving down GHG emissions generated in NSW while increasing GHG emissions in total.

The EPA has included a reference in the draft Action Plan 2022-025 for the potential to use the load-based licensing (LBL) scheme in future for applying a price to GHG emissions. NSW is the only Australian jurisdiction that currently charges substantive LBL fees for pollutant emissions. This already puts Delta at a commercial disadvantage compared to its coal-fired competitors in Queensland and Victoria. An expansion of the LBL scheme in NSW would potentially threaten the viability of NSW generators at a time when it may be crucial to stay in business to ensure energy security and reliability for NSW. Additional LBL charges may result in an outcome where it could increase total GHG emissions, albeit generated in other state jurisdictions. Accordingly, any price setting for GHG emissions should be coordinated at a national level.

Delta would be pleased to discuss the draft Climate Change Policy and draft Action Plan 2022-2025 further with the NSW EPA. Please contact the undersigned at justin.flood@de.com.au.

Yours Sincerely,

Justin Flood
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