



3 November 2022

**Submission: NSW Environment Protection Authority Climate Change Policy and Action Plan 2022-25**

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure, connecting natural and renewable gas production to demand centres in cities and other locations across Australia. Offering a wide range of services to gas users, retailers and producers, APGA members ensure the safe and reliable delivery of 28 per cent of the end-use energy consumed in Australia and are at the forefront of Australia's renewable gas industry, helping achieve net-zero as quickly and affordably as possible.

APGA welcomes the opportunity to contribute to the New South Wales Government Environment Protection Authority (**EPA**) consultation on its draft Climate Change Policy (the **Policy**) and draft Climate Change Action Plan 2022–25 (the **Action Plan**).

APGA appreciates the New South Wales Government setting consistent regulatory frameworks for consideration of climate change, including in the work of the EPA.

APGA supports a net zero emission future for Australia by 2050 and supports the New South Wales Government's target of 50% emissions reduction on 2005 levels by 2030 and to achieve net zero emissions by 2050.

Accordingly, APGA supports the intent of a climate change framework for the EPA, and its intent to be consistent with the New South Wales Government's whole-of-government 2016 Climate Change Policy Framework. It is appropriate that the New South Wales EPA consider climate change implications alongside other environmental factors in its regulatory framework.

APGA is uncertain whether its members and their activities are within the scope of the proposed EPA Climate Change Policy and Action Plan, as the scope proposed within the strategy is not well defined. While the intent may be to target areas where there is presently a gap in regulation, this creates considerable room for interpretation.

This is also true where the EPA additionally leaves itself space for expanding on the actions with additional future regulation and potential enforcement.

We appreciate that, in drafting of Policy and Action Plan, the EPA has made efforts to acknowledge the breadth of existing emissions reduction regulation, and intends that

implementation will avoid unnecessary duplication. Were the scope of the Policy and Action Plan to apply to APGA's members, it would risk introducing overlap with existing regulations.

Overlap within the gas pipeline sector would include New Actions 7 and 9, which appear to duplicate and potentially extend the existing national Safeguard Mechanism. These Actions and New Actions 2b and 2c may impose additional measurement and reporting requirements which may not be complementary to other reporting requirements under existing emissions-related regulations.

APGA believes that the Policy and Action Plan would therefore benefit from a clearer scope. This would include definition of exactly which entities the EPA considers to be under its purview (such as those, and only those, with EPA licences), and closer consideration of the interactions with existing emissions-reduction regulations applying to these target entities.

In addition to national regulatory requirements such as the Safeguard Mechanism, there is considerable voluntary activity already underway in emissions reduction in the pipelines sector. The increased regulation proposed in the Policy and Action Plan risks conflicting with these efforts, potentially undermining or impeding voluntary action. This is of particular concern where actions and associated compliance may increase the regulatory burden of demonstrating how genuine emissions reduction activities achieve baseline and reporting obligations which are bespoke to New South Wales, especially if ill defined.

APGA also appreciates that the EPA intends to leave itself room to expand its reach in the future as deemed necessary. The potential scope of this extension of influence, however, is also not well defined. This can be seen in N7: "The EPA intends that over time, this work will help track progress in reducing emissions and identify where the EPA may need to exert more influence or additional regulatory effort". This uncertainty is problematic, risking negative impacts on investment in New South Wales through regulatory uncertainty and opening the possibility of unnecessary scope creep.

APGA considers it worth noting that customers can reduce emissions by transitioning from a higher-emission fuel source (such as coal) to natural gas. This can result in substantial overall emissions reductions for the customer. However, for the supply chains supplying the gas to the customer, this may result in an increase in the emissions associated with that supply chain, of a much smaller but not zero scale compared to customer emission reduction.

When considering targets, guidelines and performance measures, the EPA should ensure that the Actions do not intentionally or otherwise penalise increases in emissions which enable much larger decreases in emissions overall. A lack of recognition of this relationship risks achieving least cost decarbonisation for New South Wales energy customers.

APGA commits to continuing to work with the NSW Government and the EPA to help achieve a least cost net zero energy future and welcomes further engagement on issues mentioned above.

To discuss any of the above feedback further, please contact me on +61 422 057 856 or [jmccollum@apga.org.au](mailto:jmccollum@apga.org.au).

Yours sincerely,

A handwritten signature in grey ink, appearing to be 'JM' or 'J.M.', written in a cursive style.

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