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Draft NSW Clean Air Strategy

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission to the NSW Department of Planning, Industry and Environment's ('Department') consultation on the Draft NSW Clean Air Strategy ('Draft Strategy').

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia, sell gas and electricity to over ten million homes and businesses, and are major investors in renewable energy generation.

The AEC supports the development of a Clean Air Strategy for New South Wales. While air quality in New South Wales, and across Australia, ranks among the best in the world, good future management and planning is necessary for this to be maintained in a manner that is both environmentally and economically responsible. The electricity sector continues to play its role in this regard, reducing its emissions over time while simultaneously helping to facilitate an orderly transition to low-carbon generation. It is important the Draft Strategy enables, rather than disrupts, the orderly transition that is already underway.

Our submission provides some high-level comments on the Draft Strategy, especially as it relates to the electricity generation industry.

Scope

The Department should clarify the scope of the NSW Clean Air Strategy. The emission types that the Strategy covers should be consistent with the scope of similar frameworks, namely the National Environment Protection Measures and the National Clean Air Agreement, which exclude purely greenhouse gases, such as carbon dioxide and methane. While the Strategy can complement initiatives like the Net Zero Plan, it should be made clear this document only covers local pollutants to avoid regulatory confusion.

Noting the above, it is unclear if implementation of initiatives like the Emissions Intensity Reduction Program will be pursued through the NSW Clean Air Strategy or the Net Zero Plan. The AEC encourages the Department to demarcate clearly that carbon policy is part of the Net Zero Plan.

Enabling an orderly transition

There are five coal-fired power stations currently operating in New South Wales, which do so in strict compliance with the limits and controls specified in their licences and the enabling *Protection of the Environment Operations* ('POEO') Act. These five stations will be progressively phased out over the next two decades as they reach the end of their technical life and will be replaced by a mix of renewable generation, gas, and storage. In the meantime, these stations serve as a consistent source of dispatchable power that supports, rather than hinders, the transition to variable renewable generation that is underway, and in which the NSW Government has committed to via its Electricity Infrastructure Roadmap.

It is important to emphasise the critical role these stations still play in providing reliable and affordable electricity to New South Wales.

It is anticipated the Department will receive pressure from some stakeholders to implement additional pollution controls on these electricity generators. These arguments rely on the practices in some countries overseas and tend to overlook Australia's (and New South Wales') uniquely fortunate situation of geographically dispersed emissions sources, and low sulphur coal. The World Health Organisation has recognised the importance of governments considering local circumstances to avoid setting air standards that result in high compliance costs for minimal health benefit.¹ Furthermore, the high costs of these retrofits alongside the shrinking lifespan of coal-fired power stations, means such retrofits are unlikely to be commercially viable and could disrupt the orderly transition towards low-carbon electricity that is currently underway in the sector.²

Regulatory reviews

The AEC welcomes the scheduled periodical review of the POEO Clean Air Regulation this year. Our members are committed to maintaining compliance with the emissions limits contained in the POEO Regulation and their respective power station licences and look forward to consulting with the NSW EPA on any proposed changes it puts forward.

In this respect, we note that the Draft Strategy has stated that 'air quality management in New South Wales is guided by national health-based standards for priority pollutants set under the National Environment Protection (Ambient Air Quality) Measure (the Air NEPM)'.³ The Air NEPM was recently varied to introduce new air quality standards for assessing general population exposure. When issuing the variations, the National Environment Protection Council acknowledged concerns raised from multiple stakeholders that state regulators appeared to be misunderstanding the intent of the Air NEPM by adopting its standards as prescriptive regulatory standards for their jurisdictions. The Council has sought to clarify that 'the standards in the AAQ NEPM are not intended to be applied as an environmental standard by regulators without consideration of regulatory impacts in their jurisdictions'.⁴ We encourage the Department and NSW EPA to follow this intent when undertaking its regulatory reviews.

Leveraging beneficial coal ash re-use

While the AEC welcomes the stated intent of the Department to support businesses like cement manufacturing in reducing their industrial emissions,⁵ we do reiterate that carbon-focused initiatives are better achieved through the Net Zero Plan to maintain regulatory consistency.

Notwithstanding this, the AEC encourages the Department to consider the viability of coal ash to achieve carbon reductions via its Emissions Intensity Reduction Program. Coal ash can be beneficially re-used for a variety of construction activities, including the making of bricks, lightweight aggregate

¹ World Health Organisation, Air Quality Guidelines for Particulate Matter, Ozone, Nitrogen Dioxide and Sulfur Dioxide, Global Update 2005, Summary of Risk Assessment, 2006, page 7.

² WSP, 'Considerations for Retrofitting Emissions Control Systems in Australian Coal Power Plants', September 2020, <https://www.energycouncil.com.au/media/dtyjfdh/addendum-and-report.pdf>.

³ NSW Government, 'NSW Clean Air Strategy 2021-30 – Draft for Consultation', Department of Planning, Industry and Environment, March 2021, p2.

⁴ National Environment Protection Council, 'Key changes to the Ambient Air Quality Measure agreed by Ministers April 2021', April 2021, p2, <http://nepc.gov.au/nepms/ambient-air-quality/variation-ambient-air-quality-nepm-ozone-nitrogen-dioxide-and-sulfur>.

⁵ NSW Government, 'NSW Clean Air Strategy 2021-30 – Draft for Consultation', Department of Planning, Industry and Environment, March 2021, p27.

and concrete. The ability of coal ash to serve as a partial substitute for cement in the making of concrete deserves particular attention because it has a significantly lower emissions footprint and is still technically sound.

The AEC would welcome support being put in place to encourage greater uptake of coal ash re-use products. With a view to driving the development of a circular economy, the AEC believes it is worthwhile for the Department to facilitate consultation between regulatory bodies, electricity generators and key stakeholders in the recycling and construction sectors to build collaboration and identify solutions that can maximise the re-use value of coal ash.

Any questions about this submission should be addressed to Rhys Thomas, by email to Rhys.Thomas@energycouncil.com.au or by telephone on (03) 9205 3111.

Yours sincerely,



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