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Proposed Climate Change Licensee Requirements

AGL Energy (AGL) welcomes the opportunity to provide feedback to the NSW Environment Protection Authority (EPA)'s Proposed Climate Change Licensee Requirements consultation draft, including the Climate Change Mitigation and Adaptation Plans (CCMAPs): Proposed Mitigation Requirements consultation draft (proposed requirements).

At AGL, we take our decarbonisation responsibilities seriously and recognise the significant role we can play in helping Australia reach its climate commitments. AGL's second Climate Transition Action Plan (2025 CTAP), published in August 2025, builds on commitments previously made in our 2022 CTAP, by charting a pathway to achieving our ambition of being net zero for Scope 1, 2 and 3 emissions by 2050, and setting additional commitments relating to emission reductions, our portfolio rebuild and other initiatives. Key commitments in our [2025 CTAP](#) include targeting a full exit from coal-fired generation by the end of FY35 and an ambition to add 12 GW of new renewable and firming capacity by the end of 2035.

AGL strongly supports the NSW Government's commitment to achieving net zero emissions by 2050 and its interim targets set out in the *Climate Change (Net Zero Future) Act 2023*, as well as work underway to ensure that NSW has access to cheaper, more reliable electricity supplies. The NSW electricity sector has explicit policies in place to reduce emissions including the NSW Government's Electricity Strategy (DPIE 2019) and Electricity Infrastructure Roadmap (DPIE 2020) which are designed to enable the orderly transition to renewables as existing coal-fired power stations retire.

We therefore believe that the NSW EPA is taking a sensible approach in focusing on developing greenhouse reduction targets and pathways in sectors where there is no explicit policy in place to reduce emissions and where there are significant opportunities to influence emissions reductions, as outlined in the NSW EPA Climate Change Action Plan 2023-2026 (Action Plan).

There is significant policy and regulatory reform underway at the federal level, particularly around environmental laws, sectoral plans and updated emissions reductions targets. The national 2035 target will require deeper cuts in emissions across all sectors, and the introduction of new policy and regulations to address this at a federal level will likely overlap with state actions. Ensuring alignment with these policy reforms will be essential to avoid duplicative processes and requirements.

In this submission, we provide feedback on each of the proposed requirements, highlighting the following key points:

This submission's key points are summarised as follows

- Overlapping actions in Australia's climate policy landscape across state and federal government and regulators, including across departments within these organisations, is leading to increasing administrative burden and complexity, making it increasingly difficult for companies navigating their compliance obligations. **We recommend that federal policies and frameworks take precedence where applicable, and that the EPA align its own requirements with these rather than introducing new obligations that may duplicate processes.**

- Any greenhouse emissions limits on licensees need to be considered alongside reliability and security obligations on power system facilities, and broader work across government, to avoid unintended consequences and impacts across the electricity markets and for consumers. **The EPA should consider the broader energy transition and planning in defining its proposed requirements.**
- There are fundamental concerns around accuracy and commercial sensitivity in relation to the requirement to forecast and publish emissions out 10 years, and public disclosure of such forecasts may be misleading and of limited utility. **We urge the EPA to reconsider the value of this requirement amid these concerns.**
- Many organisations have existing obligations to report on business climate resilience and set emissions targets, with comprehensive modelling and processes in place for setting these targets. The requirement to set and disclose emissions reduction goals that align to the NSW emissions reduction goals is not aligned with these other obligations on organisations, and the publication of these goals will likely be misinterpreted by the market. **We urge the EPA to offer a more flexible approach that allows organisations to set and report emissions goals at an enterprise level, rather than for a specific asset, and to allow use of existing reporting, transition plans and emissions reduction targets to satisfy CCMAP requirements to avoid duplication and regulatory burden.**
- When considering actions to improve accuracy of greenhouse gas emissions, **the EPA should focus on areas where there are material gaps and inaccuracies in information and data**, rather than areas where data and measurement are already substantively accurate.
- In our view, insufficient information and clarity has been provided in the consultation materials to fully understand the implications and obligations for licensees and for the EPA. **We suggest that more work is required by the EPA, in collaboration with industry, to define terms, clarify objectives, and ensure that implications of the proposed requirements are well understood prior to implementation.**

More clarity required on requirements and definitions

We believe more clarity needs to be provided around the proposed requirements, particularly definitions. For example, it's unclear from reading through the consultation papers how the EPA is defining a Safeguard Mechanism facility, and whether it intended to cover all facilities covered by the Safeguard Mechanism regardless of whether these facilities hold liability. The definition is important as some facilities may technically be covered under the Safeguard Mechanism but hold no liability. The electricity sector for example is treated uniquely under the Safeguard Mechanism with a single sectoral baseline, currently set at 198 million tonnes CO₂-e¹. Individual baselines do not apply to grid-connected electricity generators unless this baseline is exceeded, which is not expected. Further clarification will ensure licensees better understand their reporting obligations and timeframes.

AGL also has some specific feedback on definitions in the glossary of the Proposed Climate Change Licensee Requirements document, as outlined in the Appendix to this submission. The EPA's proposed requirements would benefit from clearer definitions to ensure that licensees are fully aware of the proposed requirements and their applicable timing.

Fundamental to the proposed requirements is the inclusion of both Scope 1 and 2 emissions within the emissions threshold. It's unclear what the purpose is, and benefits are, of the inclusion of Scope 2 emissions when they are the Scope 1 emissions of other assets and not within direct control of covered facilities. Including Scope 2 emissions leads to double counting of emissions and increases complexity of reporting Scope 2 emissions through dual accounting methods (market-based and location-based). We suggest that as

¹ Refer to the National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015

Scope 2 emissions are the Scope 1 emissions of other assets included in the scheme, Scope 2 emissions should be excluded from the threshold.

We'd also like to raise that the proposed requirements may unintentionally capture facilities that are no longer operating, for which reporting of emissions would not be useful. As stated in the consultation paper, the requirements apply to facilities that each emit 25,000 tonnes or more of scope 1 and scope 2 emissions of carbon dioxide equivalent (CO₂-e) per year in any year over the previous three financial years. In specifying the previous three financial years, facilities that may have closed within the last three years may still be required to report to the EPA, when their emissions are no longer over the stated threshold. We suggest that the EPA clearly state that an exemption applies for assets that are closed but still have an Environmental Protection Licence (EPL).

Annual Climate Change Emissions Report

As noted in the consultation materials, the NSW EPA will require licensees to report greenhouse gas emissions to help inform decision-making and improve transparency. However, there are insufficient details provided in the consultation materials to understand what exactly is wanted, in what form the information is required to be provided, and how the information is intended to be used. Providing further clarification would allow licensees to better understand their reporting obligations and provide more valuable and informed feedback to improve the proposed requirements.

AGL, like many other large organisations, already reports, or will be required to report, emissions under several frameworks such as the Australian Sustainability Reporting Standard AASB S2 and the National Greenhouse and Energy Reporting (NGER) Act. While we are supportive of efforts to improve transparency around emissions, we would like to emphasise the need to streamline reporting obligations to avoid duplicative processes and additional regulatory burden.

We note that the EPA has already considered this and has stated that for NGER facilities, it will just be a matter of providing the relevant facility's NGER report. We also understand that the EPA intends to set up a digital solution such as an API to retrieve information directly from the Clean Energy Regulator in the near future, which is a positive step to streamlining requirements and reducing burden on organisations. However, it's important to note that the information outlined in the proposed requirements is different to information reported under NGER, and therefore it is not as simple as just forwarding on the relevant facility's NGER report to satisfy these proposed requirements. For example, emissions intensity and energy intensity reporting requirements outlined in the 'Appendix: Draft requirements' are currently not required for facilities reporting under NGER. Not every facility produces a 'unit of raw commodity' and as such an intensity cannot be calculated in the manner outlined in the appendix. Additionally, we note that the NGER accounting methods for production and consumption may end up with numbers that do not meet the EPA's expectations and may result in unintended outcomes such as an LNG storage facility 'producing' large volumes of natural gas. As such, further guidance on calculation methodologies needs to be included to ensure that numbers reported to the EPA are fit for purpose.

The proposed requirements also outline the need for a text description of why emissions have changed. We encourage the EPA to consider the most efficient and low impact approach for retrieving this information, which we suggest could include a materiality threshold above which organisations would need to provide an explanation of change. A template provided by the EPA of what they require for each facility would be useful.

We'd also like to highlight that there is a lack of consistency between an EPL and NGER boundary, which may have implications for the EPA's proposed emissions reporting obligations. It's unclear whether the EPA has considered that the boundary of an EPL may not align to the boundary of a facility as required to be reported under the NGER Act, and what an organisation should do in such a case where there is a difference between the two. We suggest that the EPA undertake a process to identify differences in reporting boundaries, and their associated emissions, to understand the implications and how reporting onus can be minimised. The



EPA may want to set a threshold for boundary differences, so that only ‘significant’ differences warrant further consideration of additional reporting.

AGL believes that the EPA’s proposed timeframe for annual emissions reporting, being in February each year, is sensible considering NGER and Safeguard Mechanism reporting requirements. It’s our understanding that annual emissions reporting requirements to the NSW EPA under existing EPL conditions will be superseded by the newly proposed requirements, which we support to minimise duplicative processes and requirements. However, we don’t believe the proposed requirements in their current form are in a state to commence in 2026, as insufficient information and clarity has been provided to fully understand the implications and obligations for licensees and for the EPA. Additionally, the lack of sufficient detail makes it difficult for industry to provide meaningful feedback and assist the EPA to develop a framework that is fit for purpose. We suggest that more work is required by the EPA, in collaboration with industry, to define terms, clarify objectives, and ensure that implications of the proposed requirements are well understood prior to implementation.

Climate Change Mitigation and Adaptation Plans

We note that Action 5(b) of the Action Plan states that guidance for preparing CCMAPs will be designed to ensure it “does not duplicate existing requirements”. However, the requirements laid out in the proposed CCMAPs, such as emissions goal setting and 10-year forecast emissions, are not consistent with how organisations such as AGL operate. Given that many organisations such as AGL have existing requirements to model and report on business climate resilience (e.g. under AASB S2), we urge the EPA to offer a more flexible approach that allows for organisations to use existing reporting to meet the proposed CCMAP requirement, to avoid duplication and administrative burden. Refer to the following sections for further detail.

Regarding proposed timeframes for the CCMAPs, we have some concerns given that organisations such as AGL have pre-existing and established comprehensive processes backed by detailed modelling for setting emissions targets, such as under Climate Transition Action Plans, where the timelines and content are not necessarily aligned with what the NSW EPA is proposing. The latest AGL CTAP was released this year and the next due in 2028. This is not aligned with the EPA’s proposed timeframe of October 2026 for Safeguard Mechanism facilities and coal mine facilities, nor is it aligned with the October 2027 timeframe for other facilities captured by the proposed requirements. Requiring organisations to produce a separate CCMAP in different timeframes is unreasonable and burdensome.

We’d also like to call out that proposed adaptation requirements under CCMAPs may overlap with requirements under federal frameworks such as the Security of Critical Infrastructure (SOCI) Act, which the EPA will need to consider and avoid being too prescriptive in their proposed adaptation requirements. At present there is insufficient information available in the consultation materials to understand the extent of any overlap and the implications of any such overlap. For entities covered under both SOCI and the NSW EPA’s proposed requirements, we suggest that SOCI requirements take precedence.

Emissions Goals

Most organisations set emissions reduction goals at a company level or other organisational or operational boundary level to allow some flexibility across specific assets in meeting these goals. AGL’s emissions targets and coal generator closure plans are set out at a company level and across our portfolio of generators across the National Electricity Market (NEM), as outlined in our CTAP. They are set by considering what is required to reach our target of Net Zero by 2050, balancing a responsible transition with the need to reduce emissions. Our targets factor in the likely impact of the energy transition, allowing for changes in operation so that customer demand is met reliably and safely, noting that reliability of assets can vary with age. The importance of power system reliability is also highlighted in the Greenhouse Gas emission Licence Limits section below.

The setting and disclosure of emissions reduction goals that align to the NSW emissions reduction goals are a significant additional onus on businesses, and the publication of these goals will likely be misinterpreted by the market. We suggest that the EPA allow organisations to set and report emissions goals at an enterprise level rather than for a specific facility, recognising that it may make more sense to make deeper emissions cuts at



some facilities over others, with the facility level plans therefore not accurately representing a company's emissions reduction commitments in their entirety. We urge the EPA to offer a more flexible approach that allows organisations to use existing reporting, transition plans and emissions reduction targets to satisfy CCMAP requirements to avoid duplication and regulatory burden.

Additionally, it would be beneficial to define an 'emission goal', how it is distinct from ambition and targets, and the level of rigour required in outlining a goal. This would promote standardisation and comparability between entities' reporting.

10-year emissions forecasts

There are fundamental questions around accuracy and commercial sensitivity in relation to the requirement to forecast and publish emissions out 10 years. It's incredibly difficult to accurately forecast long-term, particularly as the operating profile of our assets and their associated emissions will vary in response to factors outside our control such as broader electricity market needs as the energy transition progresses. The energy mix and energy demand within the NEM, as well as operational constraints such as planned and unplanned outages, will impact operation profiles of, and emissions arising from, our assets, and flexibility of our assets will become increasingly important. Additionally, breaking down this forecast by greenhouse gas type, activity type and activity stage is particularly difficult.

Further, the publication of this data could be misconstrued by the public. Disclosure of this information in the public domain would outline almost exactly anticipated production volumes for generation assets and may be interpreted by the market as guidance, the level of detail of which we do not usually disclose as it may be misleading particularly with such a long forecast.

We urge the EPA to reconsider the value of this requirement, particularly given the lack of accuracy in longer-term forecasts. At a minimum, the requirement to publish long-term emissions forecasts in a public document should be removed, for reasons outlined above.

Specific mitigation actions

AGL supports the EPA developing guidance for each sector, leveraging sectoral plans at a federal level, but note barriers to the deployment of mitigation actions e.g. rollout of renewables is delayed by various factors. It is important to allow flexibility in approach as each business is unique with unique challenges. Sufficient timing and consultation with industry will be essential.

Emissions measurement

AGL supports accurate greenhouse gas emission reporting and its important role in helping to understand whether Australia is meeting its obligations under the Paris Agreement and the Global Methane Pledge. However, it's critical that measures taken by the NSW EPA to improve reporting accuracy consider broader work underway across various levels of government to avoid duplicative processes and reduce overall costs.

We understand that the EPA is focusing on fugitive emissions from coal mines and that facility-level measurement requirements are considered a longer-term action, with implementation to take place once regional networks have collected several years of data and are well-established. We emphasise that when considering actions to improve accuracy of greenhouse gas emissions, the EPA should focus on areas where there are material gaps and inaccuracies in information and data, rather than areas where data and measurement are already substantively accurate.

We understand that the federal Department of Climate Change, Energy, the Environment and Water has established a Fugitive Methane Expert Panel tasked with investigating fugitive methane emissions measurements. It would be beneficial to understand how the EPA's emissions measurement initiatives interact with this piece of work, as well as other streams of action such as possible changes to the NGER framework.



Greenhouse gas emission licence limits

We seek clarification on the EPA's stated intent to introduce limits on emissions under existing and future EPLs in the long term. Imposing limits on thermal power station licences, that don't consider the limited options for emissions reductions open to them, could impact the ability of that generator to supply its local market when needed, and could have a destabilising effect on the grid and impact electricity prices. Any greenhouse emissions limits on licensees need to be considered alongside reliability and security obligations on power system facilities, and broader work underway across government, to avoid unintended consequences and impacts across the electricity markets and for consumers. The EPA should consider the broader energy transition and planning, and thoroughly consult with industry, in defining its proposed requirements.

We look forward to continued engagement on the proposed requirements as well as further guidance around sector-specific actions.

Should you have any questions in relation to this submission, please contact Casey Barkla-Jones at cbarkla@agl.com.au.

Yours sincerely,

AGL Energy

About AGL

At AGL, we believe energy makes life better and are passionate about powering Australian life. Proudly Australian since 1837, AGL delivers around 4.6 million² gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia. AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind and hydro, and batteries and other firming and storage technology. We are building on our history as one of Australia's leading private investors in renewable energy to be a leader in the transition to a lower emissions and smart energy future in line with the goals of our Climate Transition Action Plan. We'll continue to innovate in energy and other services to enhance the way Australians live, move and work.

² Refer to AGL's [ESG Data Centre FY25](#)



Appendix

Specific feedback regarding the following definitions outlined in the glossary of the Proposed Climate Change Licensee Requirements document:

- 'Carbon dioxide equivalent': does not specify which global warming potentials (GWP) should be used but refers to a specific GWP for methane. We suggest that a reference to the required NGER GWPs be made here.
- 'Greenhouse gas': does not align with the definition used in NGER reporting and may cause confusion, particularly the inclusion of water vapour and ozone as greenhouse gasses. It is suggested that the definition align to the NGER definitions.
- 'Emissions intensity': specifies that the metric includes only scope 1 emissions, however the Appendix: Draft Requirements merely states "...tonnes of carbon dioxide equivalent per tonne of raw material produced..." Given the requirement to include scope 2 elsewhere, this implies total scope 1 and 2 emissions would be included. Note that by excluding scope 2, the metric will not show decarbonisation of processed reliant on electricity or activities to reduce electricity uses in these processes.

In addition, we have noted that regarding setting Scope 3 goals, the proposed mitigation requirements reference the Corporate Emissions Reduction Transparency (CERT) report, which is no longer active. We suggest removing these references as they are no longer relevant.