UPPER HUNTER MINING DIALOGUE

NSW MINING

Upper Hunter Mining Dialogue

WEBINAR SERIES

UNDERSTANDING THE SAFEGUARD MECHANISM AND EMISSIONS REPORTING

12 August 2026

HOUSEKEEPING

Please keep your microphone muted and your camera off.

The session is being recorded and will be uploaded on the Dialogue website.

If you have any questions during the presentation please type them into the chat function in Zoom.

There will be time at the end of the session to answer questions. Please raise your virtual hand and come off mute.

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A key focus area of the 2024 Community Forum was greenhouse gas emissions, and better understanding the reporting requirements for the mining sector.

Both NSW and Commonwealth Government have legislated emissions targets, with programs developed to map progression towards these targets.

At a NSW level, emissions data is reported on the Net Zero Emissions Dashboard both at a LGA level and by industry sector.

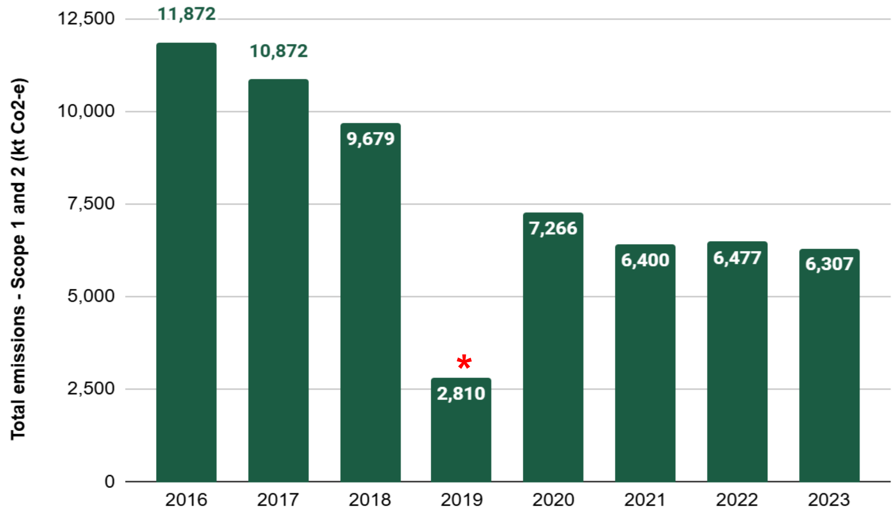

Figure 1: *Total Scope 1 and Scope 2 emissions for Singleton, Muswellbrook and Upper Hunter Local Government Areas. Data has been accessed from the NSW Net Zero Emissions Dashboard.*

** In 2019 a large "negative emissions" was recorded in the LULUCF category which resulted in lower overall emissions.*

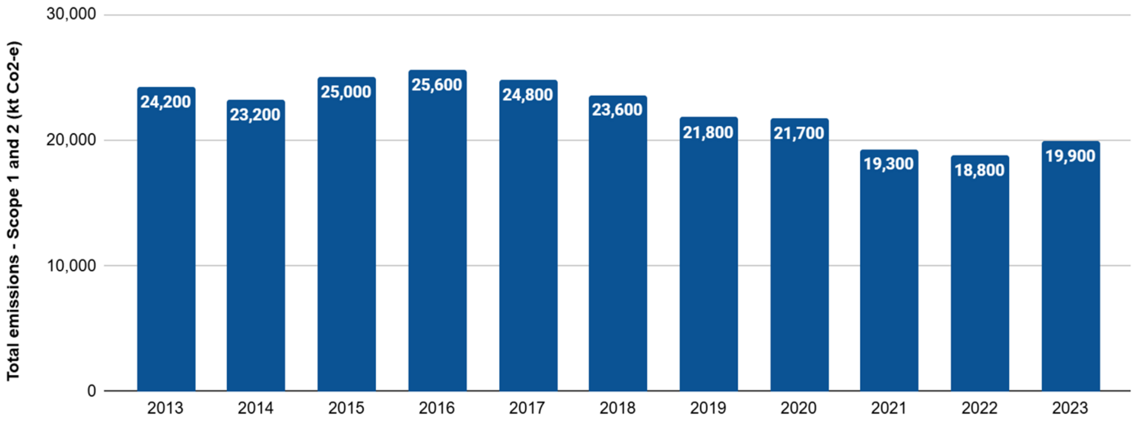

Figure 2: *Total Scope 1 and Scope 2 emissions mining in NSW. Data has been accessed from the NSW Net Zero Emissions Dashboard.*

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Patrick Passey

DIRECTOR, SAFEGUARD MECHANISM

DCCEEW

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Australian emissions accounting

NGER provides the measurement framework for Australia's national accounts and the Safeguard Mechanism.

National Greenhouse & Energy Reporting system

National framework administered by the Clean Energy Regulator.

- Companies report emissions and energy each year.
- Legislated methods make results comparable.
- Data supports national accounts, policy and the Safeguard Mechanism.

KEY REPORTING TRIGGERS

Facility ≥25,000 t CO_2-e or ≥100 TJ

Group ≥50,000 t CO_2-e or ≥200 TJ

What gets counted?

1 SCOPE 1

Emissions released by activities at the facility.

Fuel combustion • fugitives • process emissions

2 SCOPE 2

Emissions from imported electricity used at the facility.

Reported as scope 1 by the generator.

NGER covers scope 1 + scope 2

Which gases?

Six greenhouse-gas groups are reported

CO_2 carbon dioxide

CH_4 methane

N_2O nitrous oxide

SF_6 sulphur hexafluoride

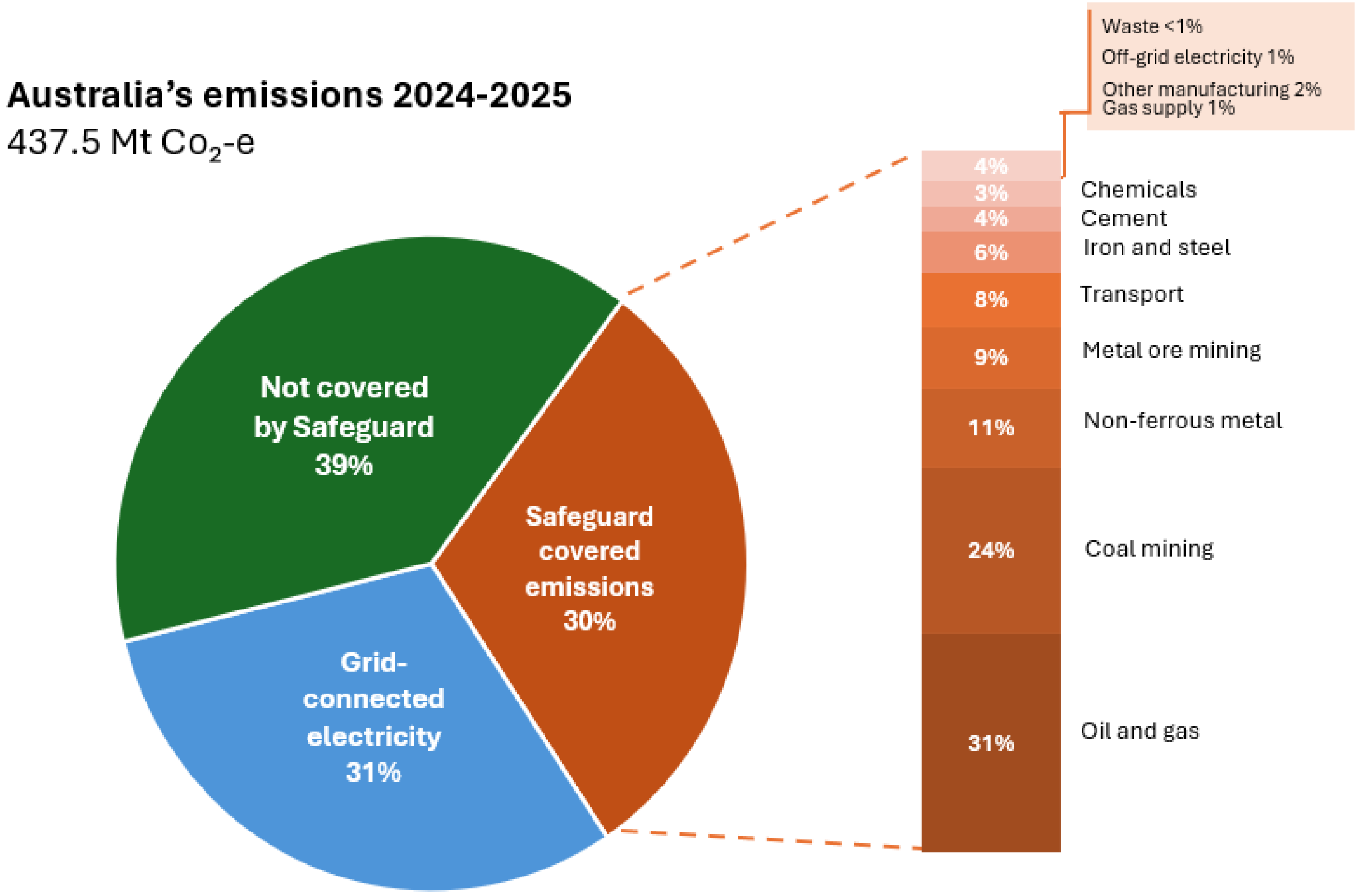
HFCs* hydrofluoro-carbons

PFCs* perfluorocarbons

Gases can be added together → CO_2-e using global warming potentials

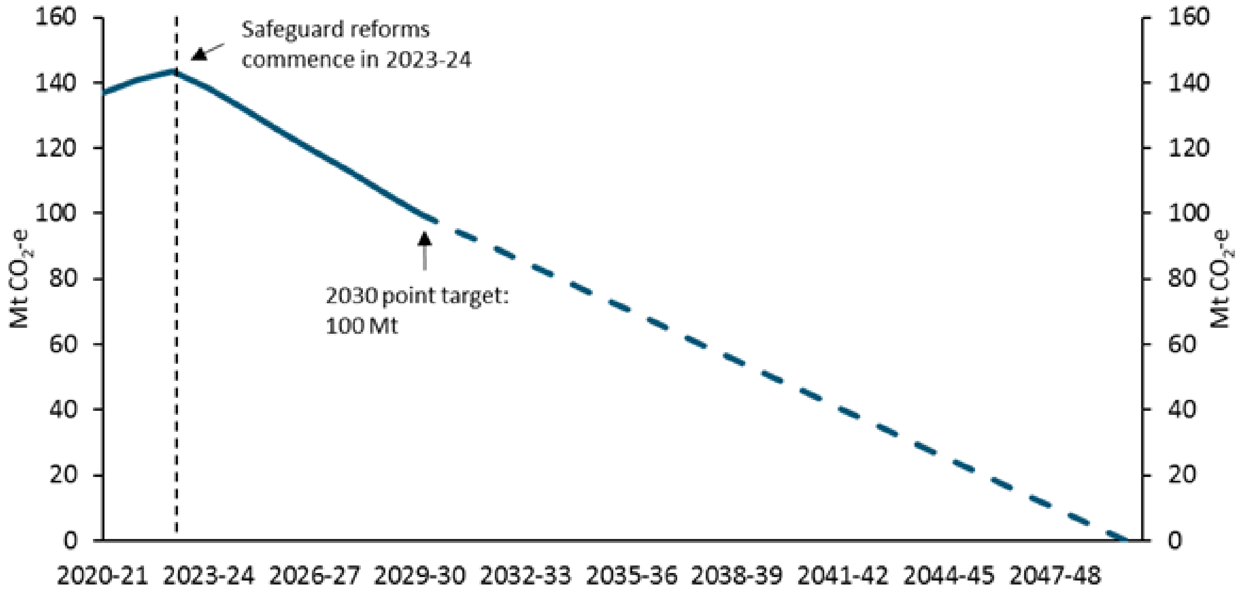
What is the Safeguard Mechanism?

- Scheme commenced in 2016.
- Scheme reformed from 1 July 2023.
- It is Australia's primary policy to reduce emissions from Australia's resources and industrial sectors.
- Applies to facilities that emit scope 1 emissions of over 100,000 tCO_2-e/yr
- Sets limits ('baselines') on facility emissions
- Baselines decline over time, consistent with Australia's climate targets



Consistent with Australia's emissions reduction targets

- Covered facilities will deliver a proportional share of Australia's 2030 climate target of 43% below 2005 levels by 2030 and net zero by 2050.
- To achieve this, net emissions from all Safeguard facilities (total emissions – offsets) should not exceed:
    - 100 million tonnes of CO_2-e in 2029-30 and
    - 1,233 million tonnes in total over the decade from 1 July 2020 to 30 June 2030.
    - Zero tonnes of CO_2-e from 2049-50, and
- Safeguard targets are legislated. The responsible minister has a duty to ensure rules are set appropriately to achieve these goals.
- **Baselines will decline 4.9 per cent each year to 2030**
- 2035 targets have now been set – 62-70% reduction with 2030-2035 decline still to be determined.



Calculating baselines

PRODUCTION-ADJUSTED BASELINE

Annual production × emissions intensity = facility baseline

Example EI unit: tonnes CO_2-e emitted per tonne of ROM coal

EXISTING FACILITIES

EI blends site-specific and industry-average values

STARTS CLOSE TO

site-specific EI →

TRANSITIONS IN 2030 TO

industry-average EI

ROM COAL INDUSTRY AVERAGE

0.0653 t CO_2-e / tonne of ROM coal

NEW FACILITIES

BEST PRACTICE

Baselines use emissions intensity values set at international best-practice levels.

ROM COAL BEST-PRACTICE VALUE

0.00592

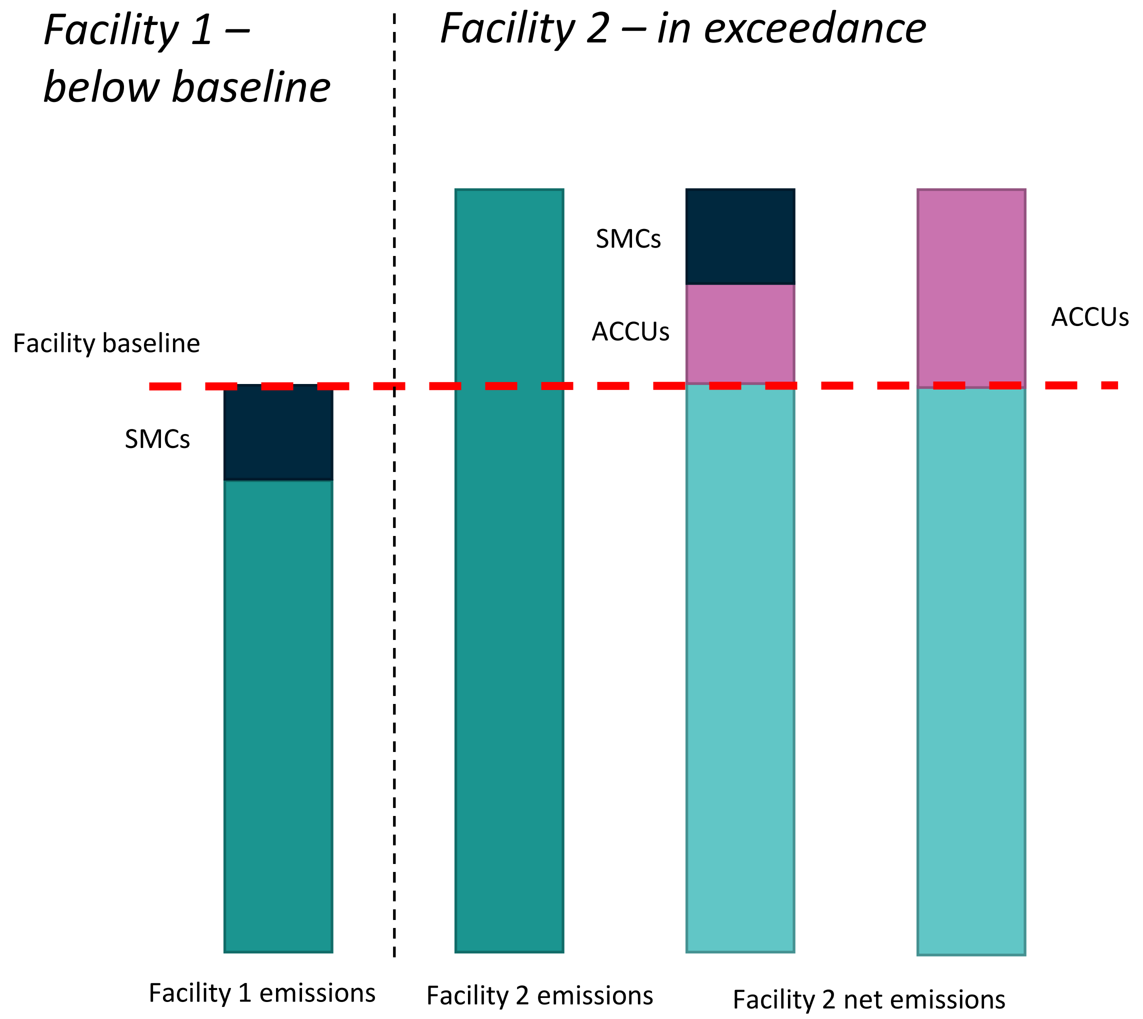
t CO_2-e / tonne of ROM coal

4.9% **annual baseline decline**

Following the 2023 reforms • each year to 2030

Safeguard Mechanism credits and Australian Carbon Credit Units

- Safeguard Mechanism facilities with emissions below their baselines in a given financial year can generate **Safeguard Mechanism Credits** (SMCs)
- Facilities can surrender SMCs to meet their own compliance obligations, sell these credits to other Safeguard facilities to meet their compliance obligations, or **bank** them for future use.
- Facilities also have the option to purchase and surrender **domestic offsets** – in the form of Australian Carbon Credit Units (ACCUs), to meet their compliance obligations.
    - The use of ACCUs reduces compliance costs, particularly for facilities with limited or costly abatement options
- ACCUs are produced outside the scheme and each ACCU represents a tonne of emissions either sequestered or avoided.
    - Most ACCUs are produced by the land or waste sectors.
- Other compliance options include borrowing arrangements, and use of multi-year monitoring periods.



Trade Exposed Baseline Adjusted arrangements

Facilities can apply for a TEBA determination that provides a lower baseline decline rate for 3 years.

TEBA Determination

Non-manufacturing Facilities

Minimum baseline decline rate of 2% per year

Access to TEBA based on scheme cost as a percentage of facility **revenue**.

Manufacturing Facilities

Minimum baseline decline rate of 1% per year

Access to TEBA based on scheme cost as a percentage of facility-level **earnings before interest and tax (EBIT)**

To date 23 facilities have received TEBA status (all manufacturing)

Upper Hunter coal mines

2024-25 DATA - 13 FACILITIES

Baseline and emissions position by facility

Facility name	Owner	Baseline emissions number	Covered emissions	ACCUs surrendered	SMCs issued
Warkworth Mine	Warkworth Mining Ltd	763,046	1,064,719	**301,673**	
Bengalla Operations	Bengalla Mining Company Pty Limited	526,009	692,775	**166,766**	
Ashton Coal Mine (Underground)	ASHTON COAL OPERATIONS PTY LIMITED	194,109	682,780	**488,671**	
Hunter Valley Operations mine	HV OPERATIONS PTY LTD	630,086	670,583	**40,497**	
Bulga Coal Complex	BULGA COAL MANAGEMENT PTY LIMITED	692,463	585,235		**107,228**
HVY01 Hunter Valley Energy Coal - CCL Facility	Hunter Valley Energy Coal Pty Ltd	538,040	548,294	**10,254**	
United Coal Mine	UNITED COLLIERIES PTY LTD	270,767	488,260	**74,461**	
Ravensworth Operations	RAVENSWORTH OPERATIONS PTY LIMITED	295,410	331,739	**36,329**	
Mt Owen Glendell Complex	MT OWEN PTY LIMITED	188,003	223,994	**35,991**	
Mount Pleasant Operations	MACH Energy Australia Pty Ltd	239,365	221,984		**17,381**
Integra Underground Mine	HV Coking Coal Pty Limited	100,000	153,496	**27,500**	
Mangoola	MANGOOLA COAL OPERATIONS PTY LIMITED	174,392	143,013		**31,379**
Wambo Coal Mine	WAMBO COAL PTY LIMITED	193,130	139,316		**53,814**

2026-27 review of the Safeguard Mechanism

The review will assess whether the scheme remains calibrated to deliver Australia's emissions targets.

The review's scope was largely set in during the 2023 reforms and clarified in the Net Zero plan released in 2025

1 **Decline rate**

Set the baseline decline rate for 2031–35; the current rate is 4.9% to 2030.

2 **Incentivising onsite abatement**

Consider incentives for onsite abatement, including the use of ACCUs beyond 2030.

3 **Scheme coverage**

Review coverage arrangements, including lowing the 100,000 kt threshold.

4 **Trade-exposed facilities**

Test whether TEBA arrangements remain suitable for emissions-intensive, trade-exposed facilities.

Review timeline and process

A staged process from consultation to final settings.

07 AUG 2026 — 1

Consultation paper

Released for a six-week consultation period.

18 SEP 2026 — 2

Consultation closes

Formal submissions and engagement conclude.

END 2026 — 3

Government positions

Confirm positions with Government.

Q1 2027 — 4

Position paper

Release position paper and draft legislation.

Q2 2027 — 5

Final settings

Finalise the review and legislative package.

FORMAL CONSULTATION

Two complementary engagement channels

WORKSHOPS

Brisbane • Sydney • Melbourne • Perth • Virtual

TARGETED ENGAGEMENT

Smaller-group and one-on-one engagement

Consult → confirm positions → publish draft settings → finalise in Q2 2027

Australian Government
Department of Climate Change, Energy, the Environment and Water

Questions?

Contact us: patrick.passey@dcceew.gov.au / safeguard.mechanism@dcceew.gov.au

Questions?

Please raise your hand and unmute yourself to ask a question

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