

11.2.2.5. ECDEV - 02/03/2022 - Energy from Waste

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Authorised by Director of Economic Development & Environment

Reference

Minute 21–206 - Ordinary Meeting of Council – 27 September 2021

Summary

To advise Council of the draft of the *Protection of the Environment Operations (General) Amendment (Thermal Energy from Waste) Regulation 2021* (Draft Regulation).

Commentary

The Energy from Waste Infrastructure Plan is a relatively new Plan by the NSW Government which defines where new thermal waste to energy facilities can and cannot proceed. The Plan identifies four specific precincts in regional New South Wales as the locations to host these operations:

- West Lithgow Precinct
- Parkes Special Activation Precinct
- Richmond Valley Regional Jobs Precinct
- Southern Goulburn-Mulwaree Precinct

The West Lithgow precinct encompasses the Mount Piper Power Station and nearby lands extending to Blackman's Flat in the east and the outskirts of Portland to the West (see plan below).



While Wallerawang was not included in the mapping for inclusion as one of the precincts, the Plan includes the following text:

The existing facilities in the West Lithgow/Wallerawang precinct and associated infrastructure will be able to service Greater Sydney and surrounds and utilise existing energy and transport infrastructure and will provide regional jobs and economic growth to Lithgow.

Prior to the announcement of the Energy from Waste Infrastructure Plan, Energy Australia and Re Group had proposed an Energy Recovery Project as a standalone development proposal involving the construction of an energy recovery boiler and storage facility to generate steam for integration with the Mount Piper Power Station. It is understood that this specific proposal is not proceeding.

At its Ordinary meeting of 27 September 2021 Council resolved to **oppose** the NSW Government's Energy from Waste Infrastructure Plan. Submissions were made to this effect. But also, this Council's administration has been liaising with the administration of the other 3 councils within the Plan to gather more information about the key aspects of EfW.

The NSW government has now released, and is seeking feedback on, a consultation draft of the *Protection of the Environment Operations (General) Amendment (Thermal Energy from Waste) Regulation 2021* (Draft Regulation). Consultation will close on Sunday 20 March 2022 at 5pm.

The Draft Regulation essentially places a legal framework around the Infrastructure Plan and, if made, would give effect to the Government policy.

A link to all the material is provided [Energy recovery facilities \(nsw.gov.au\)](https://www.nsw.gov.au/energy-recovery-facilities). The Energy from Waste Infrastructure Plan-2041 and Draft Regulation are also attached.

As outlined in the Energy from Waste Infrastructure Plan, the Draft Regulation restricts new energy from waste operations and infrastructure to four designated precincts (subject to limited exceptions). One of these exceptions appears to be former mine sites or former thermal electricity generation sites, identified on a map or specified in a subsequent notice published by the EPA in the NSW Government Gazette. Outside these areas, energy from waste will only be permitted if the facilities use waste, or waste-derived feedstock, to replace less environmentally sound fuels to generate energy at the site, and where that energy is used to power industrial and manufacturing processes on-site.

The door appears to be open for facilities on former electricity generation and mines sites but it appears that this would be subject to an additional process and they are not included in the precincts "as of right." It has also been put to the four councils' officers that other precincts will only be considered in future reviews of the Plan – perhaps five years hence.

What has become known about EfW since this matter last came to Council

Since the announcement of the Infrastructure Plan numerous representations have been made by this Council to the Deputy Premier, Minister for the Environment, Environment Protection Authority and Department of Regional NSW. In response, Regional NSW and the EPA arranged a question-and-answer session with the NSW Chief Scientist. A roundtable forum was also organised by the to discuss how economic benefits may be derived from hosting such facilities, primarily through the establishment of synergistic industries and businesses.

From briefings received from the Chief Scientist, the scientific evidence appears to mount a case that the facilities are safe and can be operated safely. It was also put to the four councils' participants in the workshops that the facilities produce comparatively less emissions than, for example, a coal-fired power station and less greenhouse emissions than landfill. But the reality

is, because of the absence of an effective information and engagement with the public, this is not universally accepted.

Public apprehension is also understandable because the Plan will prohibit the facilities across NSW in all but the four precincts, and so call on these four local government areas' communities to host this activity on behalf of NSW. The Plan does this on the premise that there are positive economic benefits from these facilities which would not be realised to the same extent, if they were located in the Sydney basin, hence the regional locations. The concept underpinning this is that the investment and potential to generate power would stimulate and incentivise other development and create jobs in related industries.

Taking a position on the Draft Regulation

The exhibition of the Draft Regulation is a process that Council should involve itself in. There are two reasons for this. Firstly, the Regulation may be imposed without Council shaping the outcomes on behalf of the city. Secondly, the administration has learned more about EfW and the potential that may flow from such an activity.

Whilst it would be a significant step for Council to remove its current opposition to the infrastructure plan, based upon the information that has since come to light, the potential economic and employment benefits warrant serious regard.

Councillors will no doubt be aware of the continuing pattern of coal fuelled power stations bringing forward their closure dates. While Mt Piper is the newest such power station, and therefore most likely to operate furthest into the future, the Council is already focused on diversifying the economy. Economic transition is not easy in regional settings. One aspect which can assist is the existence of a niche sector of the future. There is evidence that EfW can catalyse such a sector if businesses can be agglomerated around such facilities (complementary energy initiatives such as hydrogen and high CO2 dependent industry, manufacturers and other high energy users requiring electricity at a stable price)

Interestingly, if the economic benefit of Energy from Waste facilities is through the establishment of nearby synergistic industries, then the precinct surrounding Mt Piper could benefit from being opened up to also include the former Wallerawang power station precinct which has been identified as an area of high potential value to Lithgow if appropriately re-developed. The site also has the benefit of a spur rail line facilitating material being shifted to the site by that mode rather than by trucks.

This interest of including the former power station site in the Plan has been formally expressed to the NSW Government by the owners, Greenspot. Council subsequently requested and received a presentation outlining the interest and potential construction and employment benefits to the Lithgow local government area and surrounds. Greenspot's submission is that the surrounds of the former Wallerawang power station should be included as this would allow the potential investment to proceed (it was suggested that the value of the investment could be as much as \$700M). Greenspot's request of Council is attached to the business paper. It is important to highlight though that **this is just a concept** which will require significant environmental and planning work, and the preparation of an environmental impact statement and a development application which would be State Significant Development. Prior to the release of the Energy from Waste Infrastructure Plan, such a process could have occurred.

The inclusion of the Wallerawang site would not only have the potential for construction and ongoing employment but more importantly could act as a catalyst for other synergistic

enterprises taking advantage of potentially cheaper and more reliable electricity prices. The same potential would exist across the entire West Lithgow precinct.

Should Council support this view, then it would involve a change in position in relation to the blanket opposition previously expressed by Council. Furthermore, little is known about the community views of the local and wider Wallerawang community, which are a very important consideration. That being said, inclusion of the site in the infrastructure plan is only a first step, as a full-blown environmental assessment and publicly transparent development application process would need to subsequently occur for any specific development on the site.

It should be strongly noted that any position of qualified support could never be at the expense of environmental and public health considerations. However, all the research and evidence into the strict requirements for such facilities and their long-standing proliferation globally indicates that these issues can be effectively managed. This will of course always be subject to debate, particularly to those who may be philosophically opposed to such facilities.

Improving the offer for Lithgow beyond what is in the Draft Regulation

Notwithstanding the above, it is the case that the four local government areas within the Plan will carry the load of this issue on behalf of NSW – they will be host cities. Presently, there is no commitment from the NSW Government to programs and funding to assist in delivering a larger economic uplift from EfW. This is a shortcoming and we have asked for affirmative action in this regard.

There is also the case, we argue, for a royalty or levy sourced from the generators of waste. The GMs of the four councils have been arguing this case. Each of the four areas are challenged to provide core services to their community and to equip them for the future. In our case, we also need to economically diversify. Such a levy would help to give some financial capacity for each city to work to deliver local community infrastructure, and economic initiatives targeted at attracting development which is complementary to EfW to the city. Of course, it is also reasonably expected that any proponent for a EfW facility would be called upon to make local contributions to offset their particular local impact. In short, if local government areas are to host such facilities, then it would be vital that ongoing and enduring contributions are made for the benefit of each community.

As commented elsewhere in this report, there is also the need for the NSW Government to undertake a sustained community consultation and engagement program in relation to EfW.

Finally, Lithgow is understandably proud of the role that it has and continues to play in supporting the state and national economy by the provision of stable, bulk power. But in the 21st century there is also an existing and growing negative stigma being applied to places and businesses that combust resources for energy. EfW involves combustion and will attract this negative perception. If EfW is to be undertaken in the city, it will be critical to manage the perception that is cast. This will require, we argue, that the carbon consequences be addressed to the most contemporary of standards. It is expected that it will be argued that EfW is more acceptable than the greenhouse gas emissions from landfill. This is true, but it is not, in itself, a sufficient justification. Proponents and governments (including council) should work on initiatives to compound the potential carbon reduction benefits ie., reduce landfill/use rail for waste transport/create energy/produce green hydrogen/retrofit diesel trains to hydrogen/utilise or sequester CO₂ created from combustion etc., This aspect will require

sustained work by Council over many decades and, again, this relates back to the case for a royalty or levy.

Influencing the outcome (being at the table to achieve the best outcomes)

At this stage of the process, there appears to be a certain air of inevitability in relation to the government's position on the energy from waste infrastructure plan. The question for Council is whether it should maintain its opposition or seek to contribute in the process so that it can be confident that it has made every effort to ensure genuine enduring benefit while not compromising health and environmental considerations. Inclusion in, or of, a precinct does not make approval of an individual facility a fait accompli. It provides a mechanism whereby facilities may be brought to the table for planning consideration and any mention of a potential future plant on a site is only in concept form at this stage.

Finally, an additional attachment will be provided following the publication of the business paper. This was not ready prior to the finalisation of the business paper. It is to consist of correspondence from Greenspot and a copy of the presentation provided to Councillors which required adjustment as some of the content contained private information.

Policy Implications

Whilst not policy in the context of Council's policy register, the Council does have an adopted position of opposing the NSW Government's Energy from Waste Infrastructure Plan.

Financial Implications

- Budget approved - Nil
- Cost centre - Nil
- Expended to date - Nil
- Future potential impact - Nil

Legal and Risk Management Implications

Nil at this stage

Attachments

1. Draft EFW Regulation [**11.2.2.5.1** - 5 pages]
2. Energy from waste infrastructure plan [**11.2.2.5.2** - 11 pages]

Recommendation

THAT a submission be made on the draft of the *Protection of the Environment Operations (General) Amendment (Thermal Energy from Waste) Regulation 2021* that includes the following:

- Council retains its concerns in relation to the lack of consultation in selecting a site at Lithgow.
- The NSW Government be requested to deliver an extensive community consultation and engagement program around EfW.
- Council indicate that whilst it removes its blanket opposition to the energy from waste infrastructure plan this is conditional upon the government building in mechanisms to ensure economic benefit flows through to communities.
- Council requests that the NSW Government provide a dedicated mechanism whereby the government provides investment attraction support for enterprises seeking to locate in the vicinity of Energy from Waste Facilities.
- Council requests that the NSW Government provide funding for any required infrastructure to support the establishment of enterprises seeking to locate in the vicinity of Energy from Waste Facilities.

- Council not oppose the inclusion of the site and surrounds of the former Wallerawang power station as a precinct within the energy from waste infrastructure plan, subject to further targeted community consultation occurring.
- A requirement for Energy from Waste Facilities to make ongoing contributions to host Local Government Areas based on tonnages processed at the facility.
- The plan be accompanied by a framework to ensure that the carbon consequences of EfW are dealt with by materially compounding the carbon reduction benefits – going well beyond a landfill vs EfW offset argument
- A specific requirement of Greenspot that Council's non-opposition to inclusion of their site as a precinct is conditional upon further extensive community consultation and agreement of a long term enduring royalty being paid to Council, should any future development proposal proceed, which council may use at its discretion on infrastructure, community facilities, programs or ongoing operations.
- While Council no longer has a blanket opposition to inclusion in the infrastructure plan and draft regulation, it maintains its rights to comment and if necessarily oppose individual developments if it is of the view that environmental, planning, health or any other impact outweighs the benefits of a specific project.