



31 July 2026

To: New South Wales Independent Planning Commission (IPC)

**Re: [HVO North Open Cut Coal Continuation Project](#), EPBC No. 2025/10177; and
[HVO South Open Cut Coal Continuation Project](#), EPBC No. 2025/10176**

Thank you for the opportunity for the Institute for Energy Economics and Financial Analysis (IEEFA) to provide input on the proposed HVO North and South Open Cut Coal Continuation Projects.

IEEFA is an independent energy finance think tank that examines issues related to energy markets, trends, and policies. IEEFA's mission is to accelerate the transition to a diverse, sustainable, and profitable energy economy.

IEEFA has reviewed the DPHI [HVO Assessment Report Jun 2026](#) and associated documents. Our findings are detailed in this submission.

Thank you again for the opportunity to provide this submission (and to present at the Public Forum on 16 July). IEEFA would be happy to discuss any aspect of this submission further with the IPC if that would be of benefit to your determinations. Please contact Jonathan Teubner at jteubner@ieefa.org or 0438 400 250 in the first instance to arrange any such meeting.

Kind regards,

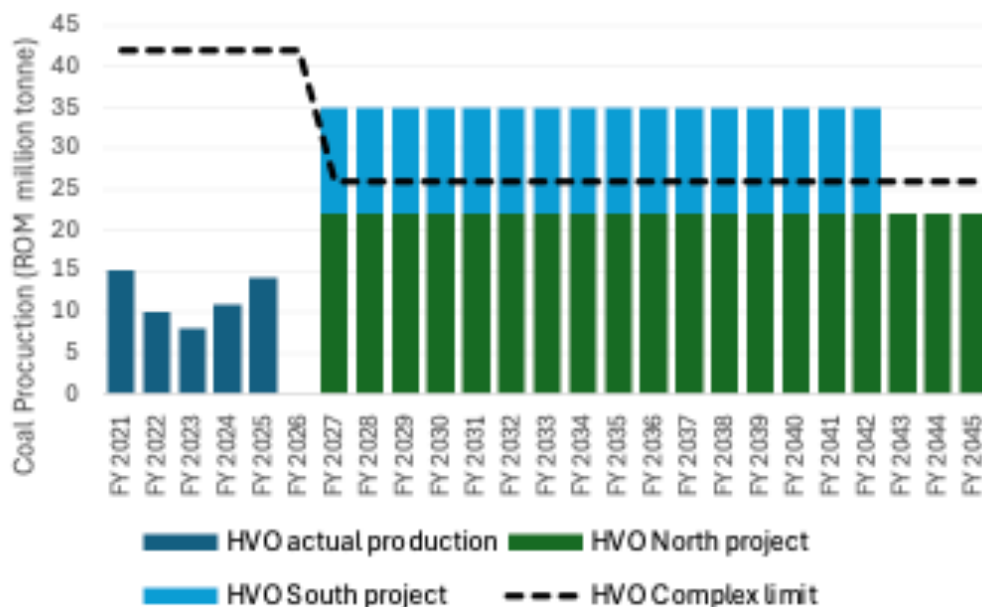
Jonathan Teubner, Lead Energy Finance Analyst, Australian Coal
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Project overview

The HVO North and South Coal Continuation projects are estimated to produce 429.3 million tonnes (Mt) of Run of Mine (ROM) coal, with 316 Mt of this being saleable coal over the life of the project between 2027 and 2045—90% (283 Mt) thermal coal and 10% (33 Mt) metallurgical coal. In FY2025, HVO produced 14.1 Mt of saleable coal, or 8% of NSW’s total coal production. This has increased from the historic range of 5-6%. The proponent is seeking approval for up to 22 million tonnes per annum (Mtpa) from North and up to 13 Mtpa from South, with a combined max extraction limit for the complex of [26 Mtpa](#) per year from 2027. This limit reduces slightly to 22 Mtpa for the final three years from 2043 to 2045 once HVO South ceases production; being the limit of HVO North production. If the projects are approved, they would account for 27% of NSW’s coal production capacity from 2027 to 2045, based on approved mining leases and production capacities.

Figure 1: HVO proposed production limits



Source: IEEFA analysis of HVO Production and Application data

The production levels sought for approval are significantly greater than current production levels. Recent IEEFA analysis has highlighted [market volume risks](#) and the reduction in [contracted rail](#) volumes to the Port of Newcastle, which raise concerns as to whether a company would choose to increase supply in a declining market. Australia’s historical comparative advantage in supplying the world with “high-quality” coal is eroding. Finding a replacement market for the long-serving Japan, South Korea, and Taiwan (JKT) premium thermal coal export market has been difficult. Meanwhile, coal production costs in Australia have risen dramatically. This has implications on the economic assessment of the projects which are assessed in more detail below. We also assess the long-term economic health of the project, given the combination of a declining market and increased costs, which places significant pressure on margin.



As highlighted by [Yancoal's recent announcement](#) to close its Ashton mine by early 2028, a license does not guarantee production, which will ultimately be driven by prevailing market economics. Note that this economic environment will also have an impact on the appetite to invest in emissions mitigation strategies, so a reluctance to commit to such strategies whilst seeking a circa 20-year production extension could indicate a lack of confidence in future market conditions providing an outcome which underwrites that investment.

Emissions

Project stated emissions

The following gross greenhouse gas (GHG) emissions are estimated by the proponent over the life of the projects:

- Scope 1 – 15.1Mt carbon dioxide equivalent (CO₂e)
- Scope 2 – 0.2 Mt CO₂e
- Scope 3 – 793.8 Mt CO₂e

Based on reported [2005 greenhouse gas emissions for NSW](#), the total Scope 1, 2, and 3 emissions estimated by the proponent would represent 80% of NSW's targeted emissions between 2027 and 2045. The proponent states it will offset 5.595 Mt of emissions using Australian Carbon Credit Units (ACCUs) over the life of the project at a total cost of \$541 million, with an assumed cost of \$81 per ACCU, or \$1.26/tonne of ROM coal, for the 429.3 million tonnes of coal extracted. In addition to the mandatory Safeguard Mechanism compliance, the project proposes to purchase additional voluntary carbon credits to help NSW meet its emissions reduction targets. It proposes to purchase an additional 1.545 Mt of offsets at a cost of \$149 million, in real terms.

Adjusting the GHG estimates to account for potential problems in methane reporting, the Scope 1 gross emissions could instead be at least 27 Mt CO₂e over the life of the projects. This is 12 Mt (80%) more methane than the proponent's estimate. Such a realisation would create additional burden on the volume of offsets required by the project and highlights the importance of transparent and consistent methane reporting across all projects.

GHG emissions accounting

As identified above, the projects create a substantial increase in emissions above the current level. Notwithstanding this significant increase, the proponent provides no firm commitment to any emission abatement strategy beyond the purchase of offsets.

The valuation of these emissions is addressed in more detail below, however nowhere in the application is there any discussion of the impact the project could have on NSW's ability to meet its legislated emission reduction targets. This includes the potential for other industries to carry a heavier burden of emissions reduction action to account for the potential increase in emissions from the HVO projects, which will rely heavily on carbon offsets rather than structural abatement action.



Individual GHG emissions sources

Although the proponent has not reported its estimated methane emissions separately to carbon dioxide, it has reported estimated “fugitive emissions” in CO₂e terms, estimating about 40% of its Scope 1 emissions will be fugitive emissions (see Table 3.7 in HVO’s [Appendix E – Greenhouse gas assessment](#), below).

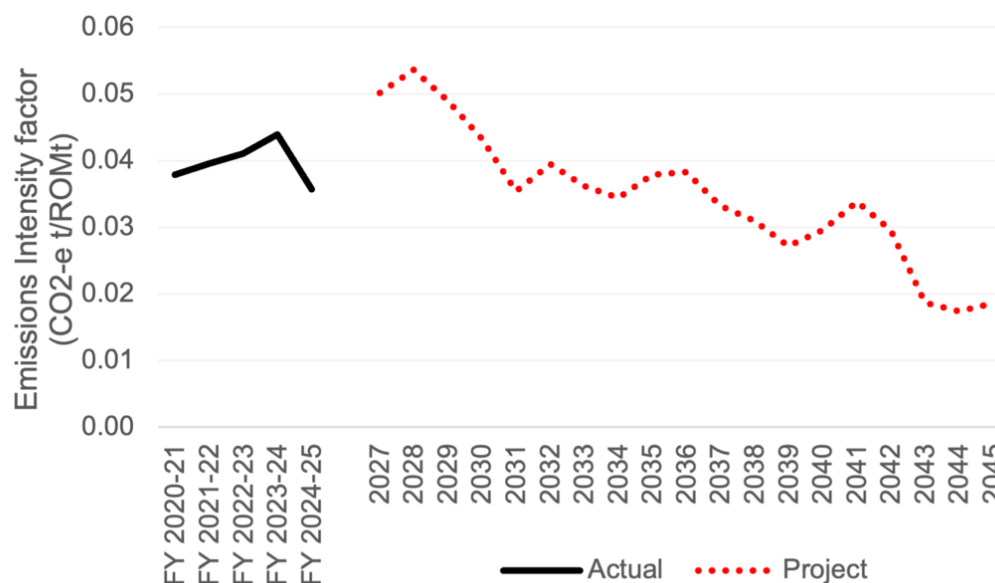
Table 1: Ranking of emissions sources based on project life emissions (Scenario 3)

Ranking	Source	Scope	Life of mine emissions (kt CO ₂ -e)	Contribution (%)
1	Diesel consumption	Scope 1	8,860.2	57.8%
2	Fugitive emissions from coal extraction	Scope 1	6,019.5	39.3%
3	Electricity consumption	Scope 2	214.9	1.4%
4	Blasting	Scope 1	200.7	1.3%
5	Vegetation clearing (loss of carbon sink)	Scope 1	23.8	0.2%

Source: [HVO Appendix E – Greenhouse gas assessment](#).

The NSW government’s [Technical Notes](#) on preparing economic assessments state, “GHG estimates should be reported by gas and in carbon dioxide equivalent units.” However, the economic assessment only provides Scope 1 estimates in CO₂e terms, and does not provide a breakdown of estimated GHG emissions by year or gas type. The project’s Scope 1 emissions intensity rate is determined based on the proponent’s GHG assessment. The emissions intensity rate is compared with historical performance (Figure 2).

Figure 2: HVO projects’ estimated Scope 1 emissions intensity



Sources: CER, HVO Annual Environmental Reviews, HVO Appendix E – Greenhouse gas assessment



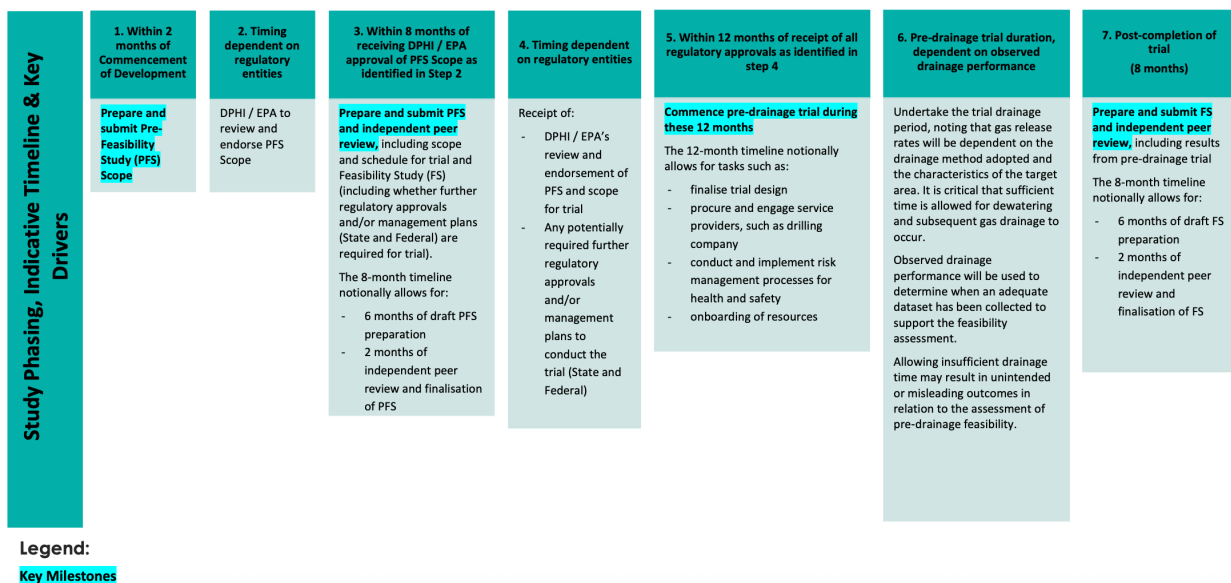
The historical emissions intensity rate has been 0.0396 t of CO₂e per tonne of ROM coal averaged over the past five years. The project emissions intensity rate is forecast to rise by 28% for the first three years of the project to an average of 0.0509(tCO₂e/tROM). It is then projected fall to below historical rates for the remainder of the project. The proponent states that the average Scope 1 emissions intensity over the life of the Amended Project would be 0.0352(tCO₂e/tROM).

Importantly there is no emissions abatement planned for the project during the initial high-intensity period. Rather, [the HVO assessment report](#) by the Department of Planning, Housing and Infrastructure (DPHI) notes (at para 161) the NSW Environmental Protection Authority's (EPA) final advice that HVO has "committed to trial gas pre-drainage and review technological measures to reduce emissions every three years." The DPHI noted that "Depending on the outcomes of the trial, ongoing pre-drainage may be implemented which could result in further Scope 1 emissions reductions of up to 11% over the life of the mine."

Figure 3: Pre-drainage trial timeline

ATTACHMENT 1

Study Phasing, Indicative Timeline & Key Drivers



Source: [HVO](#).

If the project were to be approved prior to pre-drainage being implemented, then by the time the pre-drainage trial is assessed, the opportunity to reduce the high methane-intensive operations in HVO South, Domain 3, will have largely passed—the coal mining will be underway. The potential for reducing the emissions falls to below about 10% of the remaining emissions. This highlights that a commitment to trials after mining has commenced ensures any abatement strategy that arises from a successful trial would have a minimal impact on actual emissions. The natural conclusion from this is that a successful trial (measured against specific milestones) must be completed ahead of any actual production occurring in the extension area.



Methane emissions potential underreporting

All open-cut mines in NSW have moved to National Greenhouse and Energy Reporting Scheme (NGERS) Method 2 for fugitive gas estimation. The HVO North Modification 8 [greenhouse gas assessment](#) reveals near-zero levels of emissions in the mining area.

The HVO South mining area has higher reported emissions intensity rates compared with the original project submission. The project was amended to reduce Scope 1 emissions by around 43%, and methane emissions by around 37%, through the avoidance of mining in an area of high gas content (referred to as gas Domain 1). But that does not mean that the gas in HVO North (Domain 2) is not underestimated.

In July 2024, the independent expert advisory panel for mining [provided advice](#) to the NSW government on the HVO Continuation Project. It highlighted accuracy risks associated with the Method 2 approach to fugitive gas estimation used in the Hunter Valley North “Domain 2 low gas zone”:

- Nitrogen was found in the reported gas test results—which could indicate potential contamination of test samples, and potentially underreporting of methane gas levels.
- Additional gas sample(s) were warranted in the low gas zone, due to samples having come from affected coal adjacent to a dyke.

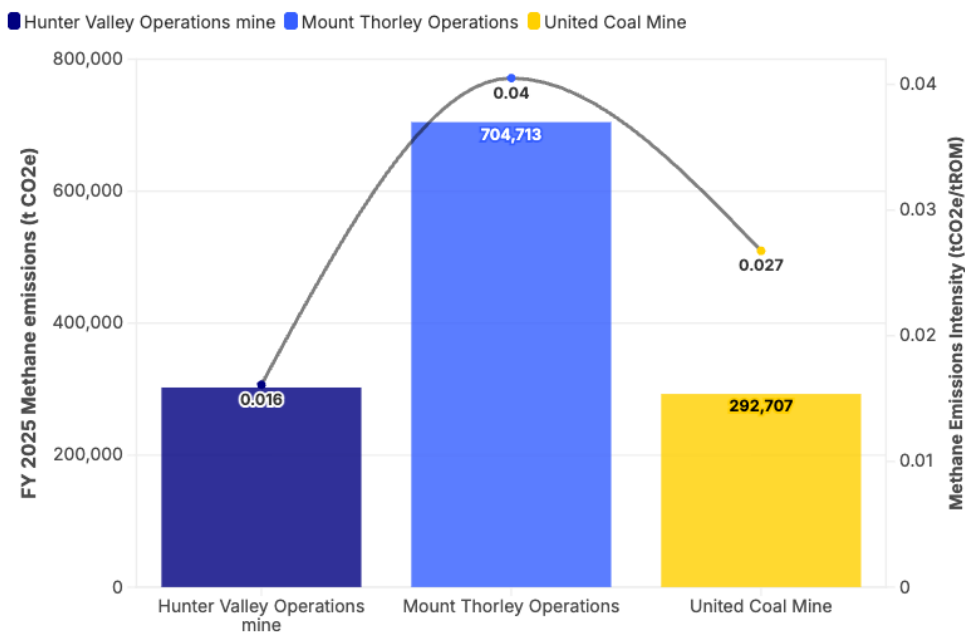
At BHP’s neighbouring Mount Arthur mine, the methane intensity rate reported is 0.0019(tCO₂e/tROM). The [NSW EPA correspondence](#) noted that the gas model BHP used should be adjusted to a higher rate of methane, at a fugitive emission factor of 0.00398, if correcting for nitrogen present in gas samples—an increase of 109%. This suggests a potential underreporting of methane factors, which, like the Mount Arthur example, should be assessed by the EPA to ensure confidence in the figure being used.

Methane emissions rate from neighbouring open-cut mines

The Hunter Valley Operations mine is located in the central Hunter Valley region among other similar mines, extracting coal from similar coal seams. The two most proximate mines reported significantly higher methane emissions intensity rates in the FY2025 Safeguard data (Figure 4).



Figure 4: HVO mine and neighbouring mine methane emissions intensity



Source: [Safeguard emissions data](#), Emissions intensity calculated from production volumes, per Coal Services, [NSW Coal Industry statistics](#), IEEFA.

The methane intensity rate for HVO of 0.016(tCO₂e/tROM) was significantly below neighbouring peers. Mount Thorley Operations reported 0.040 (151% higher) and United Coal Mine reported 0.027 (66% higher).

This comparison supports a high degree of uncertainty in the reporting of methane emissions raised in the section above.

Economic assessment with corrected carbon cost assumptions

The economic assessment provided as part of the application was undertaken by Ernst & Young on behalf of HVO. This economic assessment was undertaken under the current NSW guidelines and assumed a production limit at the proposed mine of 26 Mtpa ROM. As noted in the section above, this assumed production rate is significantly above the existing production level.

[IEEFA's work](#) about the market risks highlighted in Whitehaven's recent debt prospectus highlights that the pressure on future prices will be downward. This is because the only case with upward pricing potential was a scenario associated with a 3.1°C rise in temperatures, which is greatly above the NSW Government's legislated commitment to the Paris Agreement and a 1.5°C rise.

Given a declining market (in both volume and price), it would appear reasonable to question whether increasing production levels in such an environment is a likely scenario, especially for sophisticated global trading companies such as the proponents of the HVO project. Higher volumes would greatly elevate the benefits associated with the project. Given the reasonable questions on the likelihood of these higher volumes, IEEFA recommends that the economic benefits be recalculated assuming a continuation of current production levels.



In addition, the NSW guidelines for the economic assessment of coal mines are out of date. IEEFA recently [published a review](#) of the NSW Government's guidelines for the economic assessment of coal mines, concluding that:

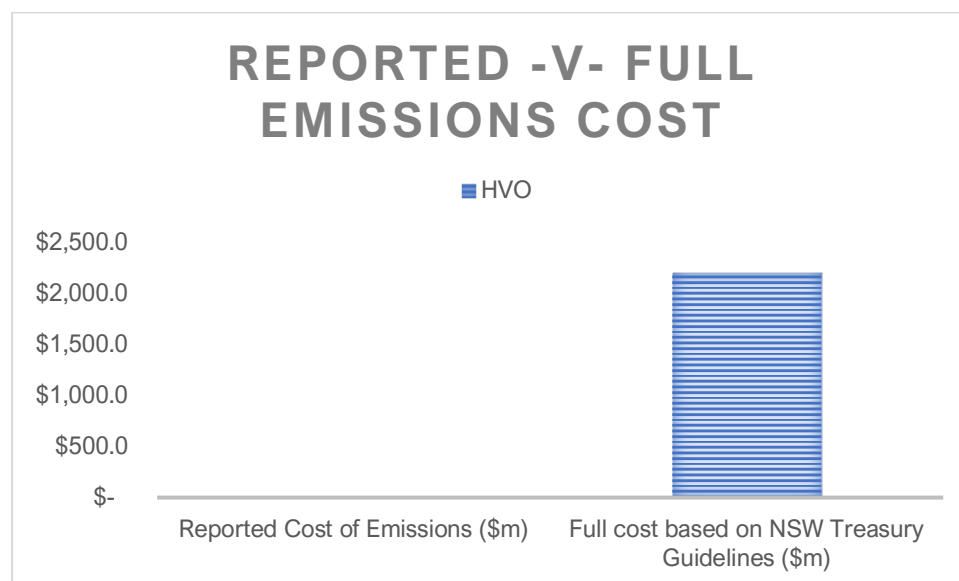
- The guidelines are out of date and inconsistent with analytical approaches from other government organisations.
- Use of the guidelines effectively eliminates the cost of emissions from the economic assessment of coal projects.
- They therefore greatly overstate the economic benefits of coal projects.

Analysis of the HVO application highlights that:

- The emission assessment is limited to Scope 1 and Scope 2 emissions, which eliminates the emissions associated with the haulage of the coal to the Port of Newcastle (which are considered third party, therefore are Scope 3, despite being marginal emissions associated with the project and generated in NSW);
- Total emissions are pro-rated down based on NSW share of global population which reduces the emissions valued over the life of the project from over 15 Mt to 51 thousand tonnes (0.33% of the total); and
- The cost of emissions is established at the U.S. Social Cost of carbon rather than the rate the NSW Treasury calculates as needed to mitigate emissions in NSW to meet legislated targets; this would almost double the emissions cost from an effective rate of \$75/t to \$144/t

The impact of applying the cost of mitigation in NSW to the full emissions produced at site would increase the emissions cost from \$3.8m to over \$2.2bn (maintaining the 7% discount rate). This would have a significant impact on the net benefits of the project.

Figure 5: Reported vs full emissions cost





The potential of a fully costed emissions profile to offset the project benefits is actually highlighted in the Assessment, in particular table 17 (at para 484). This table summarizes the scenario analysis required to be provided on different emission costs and highlights that under a high emission cost trajectory, the total GHG costs of the project are \$5.64bn compared to net benefits of \$5.71bn; or the emission costs are 99% of the net benefits under this scenario.

Given the:

- reasonable questions on the production volume assumptions that arise due to the significant increase over current levels in the face of a declining market, and
- use of out-of-date methodologies which effectively eliminate the cost of emissions,

IEEFA recommends that the economic analysis be redone fully, based upon a realistic production profile reflecting current production levels and costing all the emissions produced under that profile.

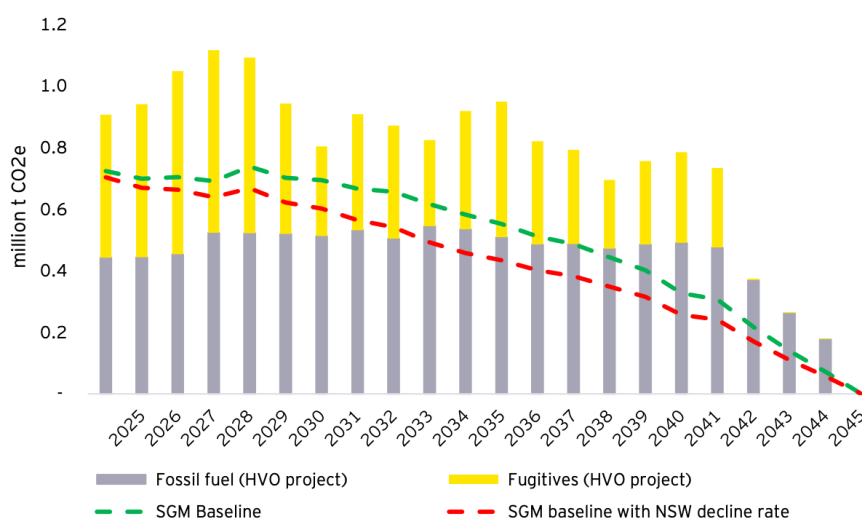
Safeguard credits

Safeguard credit can be earned by companies emitting less than the baseline level and, similar to ACCU's (which are created when emissions are removed by a project from the atmosphere), can be purchased by another company for offsetting emissions which are higher than its defined baseline level. The uncertainty of estimated methane emissions from the project should be accounted for in the sensitivity analysis of the cost benefit analysis.

The data highlights that the Safeguard Mechanism Baseline (SGM) baseline exceedance is over 60%, which becomes greater if this baseline is adjusted for the NSW decline rate to meet the legislated targets emission reductions in NSW.

Figure 6: HVO Proposed Emission Profile

Figure 13: HVO Project Scope 1 Emissions Profile vs Indicative Baselines



Source: Figure 13, p50 Appendix M of [HVO Application 4 August 2025](#)

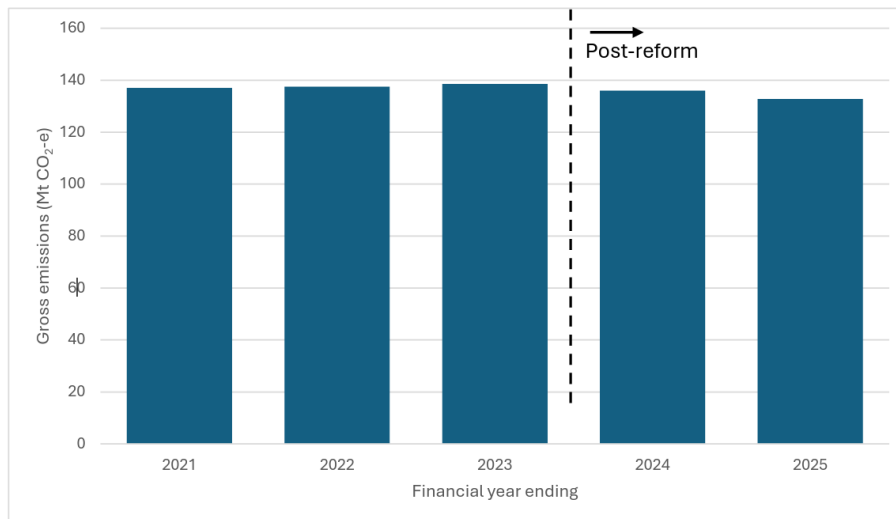
IEEFA notes there are a number of reviews both underway and forthcoming about ACCUs and the Safeguard Mechanism. One such review is the [Climate Change Authority 2026 Annual](#)



[Consultation](#), which includes a chart demonstrating that the reform of the Safeguard Mechanism, and use of ACCUs, has not delivered any meaningful reduction to gross emissions, as reflected in Figure 7 below.

Figure 7: Gross Emissions under the reformed Safeguard Mechanism

Figure 11: Gross Safeguard emissions pre- and post-reforms, 2021–2025



Source: CER (2026c).

The NSW Net Zero Commission (NZC) is also [seeking input](#) into the pathways it assumes for various scenarios to meet NSW’s legislated and binding commitments for emission reduction. This NZC pathway review process has highlighted that the NZC will only consider offsets to emissions created in NSW if those offsets are generated in NSW. No detail has been provided by the proponent about its offset mitigation strategy and where the ACCUs will be purchased from. Given they have not committed to exclusively purchasing them from NSW, it is reasonable to assume that they will be purchased nationally—an approach inconsistent with the NZC requirements to meet the legislated NSW targets.

IEEFA notes that in its [verbal responses](#) (at timestamp 7:05:24) to the [Questions on Notice](#) provided by the IPC, Ms Tickell from HVO highlighted that a successful pre-drainage trial should be considered as further “upside” to the emissions profile of the proposed project “beyond what HVO “has quantified and forecast”. This statement should be considered in the context of the overwhelming commitment of HVO to not commit to any abate strategies given the purchase of offsets ensures their net emission profile is consistent with emission reduction requirements of both the Commonwealth and NSW governments. IEEFA does not dispute that abatement of gross emissions is upside; however this is because it does not consider reliance on national offsets is consistent with NSW’s legislated profiles.

If HVO considers abatement of gross emissions is upside to the emission profile of the proposed extension and expansion, then it must consider that abatement is more effective than offsets. That is, if offsets were effective, abating would just reduce the offsets and leave the net emission profile the same. This statement would suggest that HVO does consider abatement to be an improvement on offsets, i.e. gross emission reductions are of greater value than net emission



reductions, highlighting a contradiction in their refusal to commit to any abatement strategies but rather rely on national offset purchases to manage their exposure.

Diesel combustion emissions at HVO

Diesel emissions are the largest source of direct emissions from the projects (accounting for 58% of Scope 1 emissions, or 8.9Mt CO₂e). As such, the mines are unlikely to offer substantial decarbonisation unless they can reduce emissions from diesel combustion.

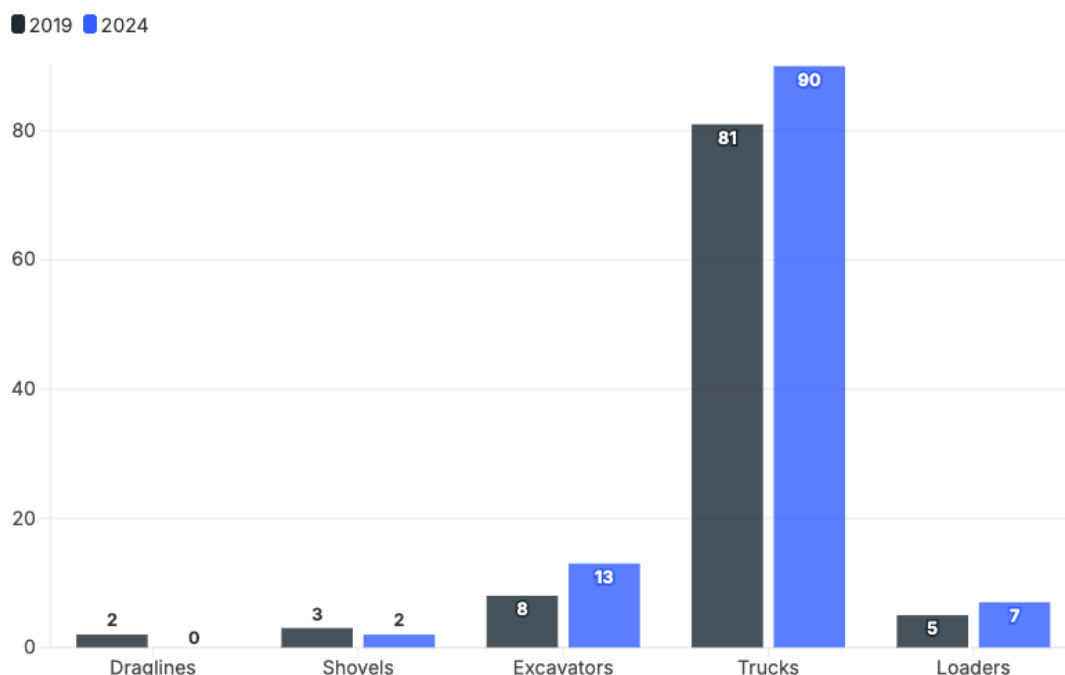
The project proposes to use 3.27 billion litres of diesel over the life of the project. By comparison, the entire Australian agriculture, forestry, and fishing industry is estimated by Department of Climate Change, Energy, the Environment and Water (DCCEEW) in the [Australian Energy Update](#) to have used 88.8PJ (2.30 billion litres, at 38.6GJ/KL) of diesel in FY2023-24.

The final version of the [EPA Greenhouse Gas Mitigation Guide for NSW Coal Mines](#) made no requirements on reducing diesel use, after an earlier draft had considered introducing control measures.

The diesel fuel rebate of 52.6c a litre to be received by the HVO project is worth \$1.72 billion in today's dollars, based on the diesel used for the life of the project. There is clearly a financial case for switching to cleaner technology alternatives.

IEEFA found that Australia's open cut coal mines were increasingly diesel intensive, due to factors such as rising strip ratios, longer haul distances, and increased diesel-intensive mining fleets. This change in mining fleet composition to more diesel-intensive operations is demonstrated at HVO. It ceased dragline operations in 2023, replaced by trucks and excavators (Figure 8).

Figure 8: HVO mine load and haul fleet diesel intensity (equipment units)



Source: [HVO Annual Environmental Reviews](#).



In 2019 and 2024, the mine moved the same volume of material, but the run-of-mine (ROM) strip ratio has increased from 5.3 to 7.1 over the same period. The change, necessitated by the geology of the mine, caused a shift toward smaller, less efficient loading equipment. Three electric loading units (draglines and electric rope shovels which consume no diesel) were replaced with extra diesel-powered units: five more excavators, two more loaders, and nine more haul trucks. This represents a structural increase in the mine's diesel demand. Excavators typically operate on diesel fuel and depend on additional haul trucks, making them less energy-efficient per unit of material moved compared with draglines.

Glencore's decarbonisation strategy for diesel

Glencore announced in its [Climate Action Transition Plan](#) that, "beyond 2035, we will look to identify abatement opportunities [...] for decarbonisation of our truck fleet through electrification and the use of alternative fuels."

The Assessment Report notes that for HVO, Glencore has committed to reducing diesel emissions through mine planning, reviews of emerging emission reductions technologies (such as alternative fuels, electric-powered equipment and renewable energy), committing only to periodic (3-yearly) reviews. It cites a study it conducted into alternatives to diesel power, which examined grid-supplied catenary systems for diesel-electric trucks, tethered electric machines, B20 biodiesel, and hydrogen fuel cells. Yet two important technologies are missing: battery-electric haul trucks, and the use of captured methane as an energy source for heavy mobile equipment.

Given the [recently replaced fleet](#) was not due for replacement until about FY2037-38, if a decarbonisation decision is made in 2030, that would leave only about six full operating years (with the mine scheduled for completion between 2042-45) to recover costs. Any fleet replacements scheduled in the lead-up to the mine closure will attract lower returns on investment and hence be financially discouraged. This timing for investment recovery raises significant questions on the probability of any emission mitigation investment being followed through.

Given the above discussion on increasing emissions and investment timelines, IEEFA would again seek to highlight the lack of any on-site emission mitigation strategy. There are comments highlighting that HVO will "monitor and assess" opportunities for such investments, however there is no firm commitment to do so. As recently highlighted by the analysis on BHP's deferral of decarbonisation investments in the Pilbara (colloquially referred to as the "[BHP Files](#)"), even verbal commitments to invest cannot be considered a firm commitment until financial investment decisions are made.

IEEFA notes the verbal reference made by HVO representatives in their presentation to the public forum on 16 July 2026 to "novel and immature technologies." Given electrified mining equipment is being rolled out internationally, not least [by Fortescue Mining Group](#) in the Pilbara, IEEFA considers it a stretch to consider such technology novel and immature. As highlighted by BHP above, the decision not to invest is driven by economic—not technological—considerations. Recent commitments in the [coal sector of Mozambique](#) demonstrate that electrification of coal mines is achievable, provided there is a willingness to invest.



IEEFA discusses below that the only condition to the lease made by the DPHI was a three-yearly review of technology changes for potential mitigation investments. Such reviews cannot be considered binding and therefore are unlikely to drive any investment in onsite abatement.

Consistency with Net Zero Commission Spotlight findings

In December 2025 the NSW Net Zero Commission released a [Spotlight report](#) on Coal Mining Emissions. These spotlight reports are focused on specific opportunities that will support the state's progress toward its legislated commitments. The focus of this spotlight report was on how emissions from coal mining in NSW can be reduced, particularly fugitive emissions of methane.

The report provides five clear findings:

- **Finding 1:** In order for NSW emissions targets to remain achievable, on-site abatement at existing mines is essential, particularly to reduce fugitive emissions. Additional regulatory measures will be required to achieve measurable on-site abatement.
- **Finding 2:** The Commonwealth and NSW governments are working to improve the accuracy of fugitive emissions reporting at open cut coal mines. Collaboration across these efforts could accelerate and strengthen outcomes.
- **Finding 3:** Consistent with the objectives of the Climate Change Act, NSW consent authorities need to meaningfully consider greenhouse gas emissions and their impacts in all planning decisions, including those for additional coal mining.
- **Finding 4:** Continued extensions or expansions to coal mining in NSW are not consistent with the emissions reduction targets in the Climate Change Act or the Paris Agreement temperature goals it gives effect to.
- **Finding 5:** The NSW Government will need to prioritise its consideration of policies that systematically prepare for the decline of coal extraction and provide for a just and orderly transition for coal-producing communities and impacted regional economies.

The information provided in the HVO application can be assessed against these findings, as presented in Table 2.



Table 2: HVO application alignment with findings of Net Zero Commission Spotlight report

Finding	HVO application consistency with NZC findings	Comment
On-site abatement is essential to achieve targets	Inconsistent	The HVO emissions strategy is entirely focused on offsets through ACCU purchases, which are not even limited to NSW. No enforceable commitment to abatement is provided, with a feasibility study on the most emissive part of the extension area to be undertaken whilst mining continues.
Collaboration on accuracy of fugitive emission reporting	Inconsistent	HVO reported emissions are significantly lower than neighbouring mines accessing similar geological formations, suggesting more accurate emission reporting is required.
NSW consent needs to meaningfully consider emissions and their impact	Inconsistent	Only valuing 0.33% of emissions created by mining operations, not including emissions associated with the transport of the coal to export markets, and excluding any evaluation of international Scope 3 emissions, is not consistent with a meaningful consideration.
Expansions and extensions are not consistent with legislated targets	Inconsistent	A proposal for an extension and expansion, with no mitigation strategies, is self-evidently inconsistent with the findings of the Net Zero Commission.
Provide for just and orderly transition for the community	Inconsistent	The economic analysis presented treats the deferral of rehabilitation activity as an economic benefit through the delay in capital expenditure, highlighting that a focus on post mining activity is not a part of the consideration of mine leadership.



The NZC has recently published its [2026 Status Update](#), in which it:

- reports that NSW is not on track to meet its legislated targets,
- reinforced their conclusions that continued approval of coal mining extensions and expansions is a barrier to resources sector decarbonisation and achievement of legislated targets and
- recommended that NSW Government planning decisions need to unlock decarbonisation and avoid or minimise future emissions.

IEEFA notes the recent correspondence between the IPC and NZC [published](#) on the IPC's website. IEEFA endorses this approach and the commitment to transparency, especially in light of IEEFA's findings that the HVO application is inconsistent with the key findings of the NZC. Of specific importance is the conclusion that expansions and extensions of existing coal mines are not consistent with legislated targets, especially in the absence of any specific methane mitigation strategies; a position reinforced by the recommendations from the NZC 2026 Status Report.

NSW government assessment

IEEFA notes that the NSW Government Department of Planning, Housing and Infrastructure has analysed the HVO application and published an Assessment Report from that analysis. This report found, at paragraph 512, that "the project is consistent with NSW Government policy related to GHG and the coal mining sector, including as set out in the Net Zero Future Act and its guiding principles." This finding reflected the commitment from the HVO proponents that it will offset its emissions to meet an emissions reduction pathway consistent with the legislated NSW targets. This commitment has been recommended by DPHI to form part of the [conditions of consent](#), and would therefore form part of the license conditions under which HVO must operate. Further requirements in that condition of consent are that HVO will develop a GHG emissions strategy which will be reviewed every three years to reflect the feasibility of available GHG mitigation technology, and will identify measures to be applied to the development.

Given the findings of the NZC Spotlight report, IEEFA does not agree with the DPHI that the increase of 15.2 mtCO₂e of GHG emissions that would occur if the application is approved is consistent with NSW legislated emission targets. IEEFA further does not consider that the proposed conditions change this conclusion on the basis that:

- The offsets proposed have not been explicitly committed to be sourced from within NSW (and noting the concerns raised by the Chief Scientist of the Australasian Centre for Corporate Responsibility, ACCR, in public hearing of 16 July 2026 in respect of the scientific merit of using land-based offsets for fossil fuelled emissions which are not within IEEFA's area of expertise to comment on); and
- There is no formal commitment for on-site abatement of emissions.

Jobs impact

The inconsistencies between the HVO application and NZC findings suggest that the application is inconsistent with the NSW legislated targets. In the absence of any approach to mitigate the



approximately 15 mt of emissions the project generates, the application should be rejected as inconsistent with NSW overarching emission legislation and targets.

IEEFA notes that such a rejection would have an impact on regional economic development and jobs in the Upper Hunter region. IEEFA considers that this impact can be mitigated to some extent through appropriate development of a rehabilitated mine. In particular, the model followed by [Yancoal](#) at Stratford, [Idemitsu](#) at Muswellbrook, and [BHP](#) at Mount Arthur, in proposing the development of clean energy precincts, points a way forward. Aside from creating construction and operational jobs, this would have the added benefit of increasing regional energy security which has been noted by BHP, amongst others, as a constraint to decarbonization. This would therefore assist remaining mines in investing in electrification of their mining fleets and equipment—contributing to further emission reductions of producing mines via on-site abatement.

The rejection of the application on the basis of its inconsistency with NSW's legislated emission targets would have a further benefit, by highlighting that export coal mining jobs are explicitly linked with NSW and Commonwealth emissions legislation. These jobs must be considered in the same light as those in coal mines and coal generators that are impacted by the domestic energy transition. IEEFA strongly [supports the calls](#) made by the Mayors of Singleton and Muswellbrook for action in supporting the economic transition of the region and recommends:

- Export coal mining jobs must be included in the NZEA Energy Jobs plan; and
- NSW Parliament should immediately pass the [Future Jobs and Investment Authority Bill](#) (a recommendation also made in the NZC 2026 Status Report).

Recommendations

The application as it stands will increase NSW gross emissions in excess of 15 Mt of CO₂e with no commitment to abate on-site emissions. It also relies on the acquisition of national ACCUs to offset the significant emission exceedances. Notwithstanding the DPHI Assessment Report finding the application is consistent with NSW targets, IEEFA believes the NZC's findings in its Spotlight report reflects the reality that the HVO application is inconsistent with NSW's legislated emissions targets:

- Any extension or expansion of an existing coal mine is not consistent with legislated (and binding) NSW emission reduction targets, and
- On-site abatement is essential to meeting the targets.

This would suggest any approval would be inconsistent with NSW's legislated targets and any unconditional approval of the existing application would:

- Lock in a significant increase in methane emissions (which is potentially much higher when fugitive emissions are accounted for);
- Significantly increase pressure on Australia's diesel fuel supply chain; and
- Substantially increase the use of, and demand for, carbon offsets (with no commitment to limit them to NSW only, in keeping with NZC requirements).



This would logically suggest that the IPC should reject the application in the absence of any amendments or conditions placed on the project that would make it consistent with the legislated emission pathway. IEEFA does not consider the proposed conditions by DPHI sufficient to provide this consistency given the lack of commitment to on-site abatement and reliance on ACCUs not committed to within NSW (plus the scientific concerns raised by the ACCR).

IEEFA notes that this would have an impact on local economic activity and recommends that the IPC should highlight this and recommend the following immediate actions to support the communities that need to adapt to the legislated economic transition:

- Export coal mining jobs must be included in the NZEA Energy Jobs plan; and
- NSW Parliament should immediately pass the Future Jobs and Investment Authority Bill.

In the alternative, and should the IPC look to prioritise coal mining jobs over other sectors (as the outcome of such an alternative would be to shift the obligation of emissions reduction onto those sectors), IEEFA recommends the following options be considered by the IPC:

1. Possible permutations of approvals, and their term, which minimize the associated emissions whilst providing sufficient time for the development of an economic transition plan to minimize the community jobs impact (e.g., a 4-year approval of HVO North to 2030, consistent with the current HVO South approval, but combined with a rejection of the more emissive HVO South expansion). IEEFA notes the potential for separate approvals and different terms from that applied for were raised by the IPC in its engagement with [HVO](#) and in [questions on notice posed](#) by the IPC to HVO after the in-person public hearings.
2. Require the proponent to provide the required data schedules that are omitted from the project documentation including:
 - a. Schedule(s) of Scope 1 emissions by source and/or gas type;
 - b. Capital Investment Value (CIV) including a schedule of major mobile equipment purchases.
 - i. This CIV schedule must require a capital investment plan outlining fleet replacement trigger points, and identifying where lower-emissions technologies (such as battery EVs or methane-fuelled equipment) could be adopted, such that any future fleet replacements would be made with lower diesel-intensive equipment.
3. The net benefits of the project should be revalued based on:
 - a. Maintaining current production rates;
 - b. Application of current NSW Treasury emission values to the full volume of emissions created in NSW, including those associated with rail haulage of the produced coal to port;
 - c. A scenario that values international Scope 3 emissions associated with the use of the exported coal.



4. **Prior** to any mining commencing in the extension area, the technical feasibility study and staged pre-drainage trial must be completed, with exceeded stated performance milestones clearly stated.
5. Consideration of further demand-side measures to reduce fugitive emissions, e.g., exclude mining of the methane-intensive Domain 3, lower zone 3, and zone 4, which contain approximately 120 Mt ROM coal.