13 July 2026

Ms Angela Moody
Chair
Queensland Productivity Commission

Submitted online at: [Impact of 2025 Environment Protection Reforms inquiry — Call for Submissions - Queensland Productivity Commission]

Dear Ms Moody

SUBMISSION: IMPACT OF 2025 ENVIRONMENT PROTECTION REFORMS INQUIRY – CALL FOR SUBMISSIONS

CS Energy welcomes the opportunity to provide a submission in response to the Call for Submissions to the Productivity Commission's inquiry into the Commonwealth's 2025 Environment Protection Reforms.

About CS Energy

CS Energy is a Queensland-owned and based energy company that provides power to some of the State's biggest industries and employers. We generate and sell electricity in the wholesale and retail markets, and we employ almost 700 people who live and work in the regions where we operate

CS Energy owns thermal power generation assets, and we are building a more diverse portfolio. We also have a renewable energy offtakes portfolio of almost 300 megawatts, which we supply to our large commercial and industrial customers in Queensland. CS Energy is developing a 400 MW gas-fired peaking generator at Brigalow near Kogan Creek in Queensland.

Key recommendations

CS Energy has considerable experience developing power assets. In recent years it has developed two Battery Energy Storage Systems and currently has three generator projects in development. This submission reflects lessons of that experience.

CS Energy recognises each level of government has a role in regulating activities that impose material environmental harm. However, a key issue for developers is the costs imposed on projects through regulatory duplication between the State and Commonwealth governments. In our view, given neither level of government covers the legislative field, the detailed regulatory arrangements under the amended *Environmental Protection and Biodiversity Conservation Act 1999* (Cth) (**EPBC Act**) should be a collaborative exercise between the various States and the Commonwealth where possible.

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The Commonwealth Government recently released draft EPBC Act Standards for Matters of National Environmental Significance and Environmental Offsets. The State Government is reviewing key elements of its environmental offsets framework under the *Environmental Offsets Act 2014* (Qld) (**EO Act**). On review of the relevant documents, although the potential for continued duplication is clear there also are signs of preparedness for cooperation between jurisdictions.

The EO Act review[1] indicates the key fields in which thought is being given to inter-governmental collaboration:

- Adopting the following common four step mitigation hierarchy for managing environmental harm -
  1. Avoid
  2. Mitigate
  3. Repair
  4. Offset;
- Legislating to enable environmental offsets required by project approvals under the EPBC Act to be developed on land controlled by the State and allocated to offsets (Environmental Offset Protection Areas and Advanced Offsets); and
- Tightening the Queensland administrative and decision-making processes to align with similar changes to the EPBC Act framework.

We agree with the concern at an apparent trend for environmental offsets to be used before steps to avoid, mitigate or repair direct harm are exhausted. Unfortunately, despite best efforts many projects will have residual risks manageable only by using offsets. The essential element to determine if a proposed offset is sufficient to compensate for residual environmental risk and deliver a benefit is the offsets calculator. The Commonwealth and Queensland both are set to review their offsets calculators. Clearly, aligned if not identical calculators will enable projects to be developed more rapidly at less cost than if the jurisdictions use different and inconsistent calculators. This also would enable mutual recognition of the jurisdictions' offset schemes and remove the risk of projects paying twice to manage one environmental risk – an outcome experienced by CS Energy in relation to one of its projects.

We recommend that the jurisdictions pay joint attention to:

- calculator methodology and assumptions;
- recognition of Queensland offsets for Commonwealth purposes where ecological outcomes meet or exceed Commonwealth requirements;
- treatment of financial contributions and pooled funds;
- advanced offsets for matters of national environmental significance;
- legal security mechanisms acceptable to both jurisdictions;
- monitoring, compliance and enforcement responsibilities;
- interaction with bioregional planning; and
- interaction with the Nature Repair Market and environmental stewardship programs.

A point of possible divergence between the State and the Commonwealth appears to be the use of indirect offsets. The Commonwealth's draft Environmental Offsets Standard notes that indirect offsets, such as research and development, can be valuable and quantifiable. However, it makes no express statement about when indirect offsets might be used other than the example of being identified as a priority action in a conservation planning document. The

[1] See A fresh start for Queensland's Environmental Offsets Framework | In the Loop, Department of the Environment, Tourism, Science and Innovation

Queensland EO Act review by contrast suggests that restrictions on the use of indirect offsets might be reduced - it states up to ten percent of offsets required of a project might be indirect offsets. Also, in addition to research and development, wildlife crossings over or under roads as indirect offsets can deliver genuine benefits. CS Energy encourages the State to continue discussions with the Commonwealth on the real benefits that can be obtained from indirect offsets.

An option that does not appear to be under consideration, by either the State or Commonwealth government, is using financial offset contributions (such as paid into the State's Environment Offsets Account) to support biodiversity in the same bioregion as a proposed project, for example in national parks. Such offsets could assist with the management or eradication of feral animals and exotic weed pests. The offsets calculator methodology and assumptions could be developed to account for the benefits of such an approach.

CS Energy agrees with observations by the Queensland Renewable Energy Council (**QREC**) that work remains to be done to ensure the Commonwealth's final EPBC Act Standards provide sufficient clarity about the scope of outcomes individual projects will be required to deliver. Projects will need to contribute to or be consistent with overall objectives but cannot deliver the entirety of an objective. Similarly, project development will be facilitated by more precise drafting of statutory instruments such as the Standards. These points might seem minor, however regulatory vagueness can add significantly to development costs, including by delaying decisions to approve a regulated action.

If you would like to discuss this submission, please contact Don Woodrow, Market Policy Manager, on either [redacted] or [redacted]

Yours sincerely

[redacted]

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