Conservation Council SA

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Climate Change Authority,
GPO Box 1944,
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Submitted Electronically.

To whom it may concern,

Re: Caps and Targets Review

Conservation Council SA is an independent, non-profit and strictly non-party political organisation representing around 50 of South Australia's environment and conservation organisations and their supporters. Conservation Council SA has developed a comprehensive view of environment policy in "South Australia in a Changing Climate: A Blueprint for a Sustainable Future"[1] This document sets out, at a strategic level, policy positions in six key environmental areas, including energy issues.

The Conservation Council of South Australia wishes to draw attention to several aspects of reviewing Australia's scheme cap and national target.

Climate change is an environmental, social and economic problem requiring collaborative environmental, social and economic solutions. A market solution by itself is not a sufficient driver to protect the climate against excessive greenhouse gas emissions.

There is a severe flaw in focusing on caps, targets and what might be counted towards targets without addressing the longer term challenge of creating frameworks to support the tightening of these targets to sustainable levels as quickly as possible. This review is so focussed on the caps that it does not assess how effort to reduce emissions in covered sectors or uncovered sectors alike, makes it easier to tighten caps through time.

The paper also fails to address unintended consequences of the COAG Complementarity Principles and subsequent reviews of climate change programs which have resulted in a perverse stifling of efforts to reduce emissions. This matter is

[1] http://www.conservationsa.org.au/blueprint.html

covered in more detail in our response to Section 3.2.4. on economic and social implications.

3.1.2. Accounting

Kyoto Accounting and the Caps and Targets Review

Any genuine attempt to reduce global emissions to sustainable levels ASAP would not seek to use the average Kyoto Commitment Period 105% value to expand a cap in the future. This would not only be plain wrong but it would also demonstrate that the Authority has misunderstood how Australia's Kyoto commitment to increase its emissions to 108% of 1990 levels was a totally inadequate response to climate change.

Accounting baselines

All commitments, initiatives, targets and caps should compare with a 1990 baseline.

Where governments have already shifted baselines there may be a need to compare against both the 1990 and subsequent baseline. It is suggested that the Climate Change Authority recommend that 1990 be used as the baseline year in future.

3.2.3. Sharing global emissions budgets

The Conservation Council SA welcomes the recognition of the need to share in the sustainable global emissions budget. The Authority should adequately take into account that Australia is in the worst of the worst category for its rate of greenhouse gas emissions per capita. Australia has exceeded any fair share of an emissions budget and is overdrawn. Australia should therefore do much better than its 2020 5% reduction commitment and other 2020 conditional pledges.

3.2.4. Economic and social implications

Australia's emissions reduction opportunities and the policy mix

The Federal Government continues to be unclear and not transparent about how it sees Australia's mix of policies and programs working together. The key problem is the COAG Complementarity Principles that were never openly discussed with the Australian public in their development. The principles have been responsible for the abandonment of many climate mitigation policies and programs and have resulted in the removal of the objective of reducing emissions in others.

With some of the Complementarity Principles worded in ambiguous language, state and federal governments have interpreted these to mean that whilst actions to reduce emissions in a covered sector can assist in achieving a cap they won't achieve emission reductions beyond a cap. Instead, government complementary policies are focussed on such things as overcoming market barriers, helping adjust to a carbon price, or actions in uncovered sectors, rather than reducing emissions in relation to fossil fuels and electricity use.

The Climate Change Authority should take into account that all emission reductions achieved make it easier for caps and targets to be tightened, with less demand and lower cost for permits, whilst implementing low emissions solutions that can be adopted by others.

The Government's implementation of carbon pricing and excessive wind-back of other mitigation policies and programs is causing emissions to be higher than they need to be.

- State and federal commitments to cap the greenhouse intensity of new power stations have been abandoned, even though such a constraint in advance of designing power plants is very efficient.
- The Living Greener website that does not refer to reducing emissions fails to inspire communities seeking to reduce their emissions amongst other objectives.
- The proposed National Energy Savings Initiative and state energy efficiency schemes are moving to abolish the objective of reducing emissions
- Businesses are not being encouraged to set targets to reduce emissions in Voluntary Sector Agreements in South Australia.
- Beyond the carbon price, the language of reducing emissions has all but disappeared in all other government policies and programs.
- Mixed messages leave climate responsible consumers unclear as to whether their efforts are making a difference or are instead futile.

The carbon price should be the start of a comprehensive low carbon economy, yet it has become a barrier for a low carbon economy.

The Climate Change Authority should quantify the lack of progress towards reducing emissions caused by the COAG Complementarity Principles, mixed messaging and abandonment of climate mitigation policies in reviewing caps and targets.

<u>GreenPower</u>
The GreenPower Framework has not been incentivised so many GreenPower contributing customers are still paying for carbon emissions they have paid to avoid. GreenPower customers do not legally receive the allocation of reduced emissions or renewable energy use under the NGER Determination. This has created a barrier for new business and residential customers to respond to the carbon price signal.

The Climate Change Authority should quantify the impact of the lost opportunity to support stronger action through customers supporting renewable energy.

<u>Emissions Disclosure on Electricity Bills</u>
In the transition to the National Energy Customer Framework, standards for emissions disclosure on customer bills were lost. No adequate standard has been provided that relates customer emissions to the true carbon exposure of energy generators. Many bills reflect an emissions value based on state average emissions factors or a NEM value, rather than the actual carbon emissions of generator-retailers upon which their carbon pass through cost is based. As a consequence, electricity customers have no sound basis to choose a greener electricity supplier. Some of the larger companies promote their renewable energy portfolios without also disclosing the greenhouse intensity of their total electricity generation including from coal and gas. Customers may buy from the greenest sounding retailers without knowledge that there may be much less greenhouse-intensive electricity producers in the market.

The Climate Change Authority should quantify this lack of the ability for consumers to respond to the carbon price signal through choice, in reviewing caps and targets.

Voluntary surrender of permits

The Climate Change Authority should take into account that the concept of voluntary surrender of permits to reduce emissions results in greater permit scarcity and upward pressure on permit prices, which in turn makes it harder to tighten caps and targets through time. This can happen at any scale, national or international. Reducing emissions should always be tied to real tangible actions that actually reduce real emissions, giving confidence that every action makes it easier to tighten targets and caps.

Other Questions

- **the extent to which specific recommendations for emissions reduction goals beyond 2020 should be made, and the merits of different approaches (for example, a long term national budget or a long term indicative national trajectory)**

  To play its part, Australia must at least take full responsibility for reducing its own direct emissions. Whilst there may be a role for various collaborative mechanisms, Australia should not seek to pollute more using permit imports, particularly as the global commitments to achieve a safe climate are nowhere close to being achieved.

  There is no reason why Australia cannot commit to an ambitious emissions reduction trajectory from now until 2050, aiming for most of the reductions to be achieved before 2030.

- **whether Australia's emissions reduction goals should be aligned with its commitments under the Kyoto Protocol, or instead address a wider range of emissions and activities (for example, emissions from international shipping and aviation) – Section 3.1.2; and**

  Australia's emission reduction goals should cover all aspects of Australia's greenhouse polluting activities. This is not a one size fits all approach, but planning to reduce direct and indirect emissions where they occur.

  Australia should have greenhouse reduction goals that cover:
    - International Shipping
    - International Aviation
    - The massive emissions embodied in Australia's coal and gas exports that are currently not even acknowledged or reported by Government as downstream scope 3 emissions.

- **how targets, trajectories, budgets and caps might be framed to help reduce uncertainty, and assist in managing risks in Australia's transition to a low-emissions economy – Section 1.2.3.**

  Targets, trajectories and budgets that communicate a clear message that Australia is moving towards reducing its emissions and switching to a low carbon economy as soon as possible are essential. Otherwise significant change will be stalled.

I would be happy to discuss these matters in more detail

Kind regards

Tim Kelly
Chief Executive