Friends of the Earth Australia

What should Australia's 2020 emissions reduction target be? Why?

Climate change is already happening and having devastating impacts on people and communities. No further temperature increase is acceptable, and the systemic drivers of the climate crisis must be addressed immediately. Urgent regulatory action is needed to halt the rapid expansion of domestic and export coal and gas industries and to protect existing forests and regenerate degraded lands.

The Authority should set short and long term carbon budgets for Australia that are consistent with the latest science and accord with Australia's responsibilities and capabilities.

The global emissions budget should be informed by the level of warming that Australia is prepared to risk. Increasingly it appears that a necessary limit on warming would be 1.5C above pre-industrial levels. This is also the level demanded by over 100 countries in global climate negotiations. A change to 1.5degC target from Australia's current policy of a 2C temperature target would be a responsible decision in light of the latest science on climate change. A return to 350ppm atmospheric concentrations of CO2e must be a long term goal for Australia and the world if we are to limit average temperature rise to 1.5°C of warming.

FOE Australia's position is that 2°C carries unacceptable risks and impacts for Australia and particularly for poorer countries and that global warming must be limited to 1.5°C. There is a strong possibility that following the UNFCCC review of the adequacy of the 2°C limit, the global goal will be revised down to 1.5°C. The UNFCCC meeting in Cancun in December 2010 concluded "that global warming should be limited to below 2°C above pre-industrial average global temperatures, with periodic review to consider strengthening this long-term goal, including limiting temperature rise to 1.5°C".

The authority must therefore calculate a budget for Australia that provides a high probability of keeping warming to within 1.5°C by 2100.

As the CSIRO has recently documented:

> [S]ome scientists (prominently Hansen et al. 2008 and elsewhere) have argued that **2 degrees is too high, and that avoiding "dangerous" climate change requires a lower target of 1.5 or 1 degree.** Two foundations for this position

> (among others) are (a) there is a risk of crossing thresholds or tipping points in the climate system, which are hard to predict but would cause rapid global climate change if they were to occur (Kriegler et al. 2009; ACERE-NSF 2009); and (b) a high equilibrium sensitivity of sea level to natural climate change (around 15-20 metres per degree of warming) can be inferred from records of glacial cycles through the last million years (e.g. Hansen et al. 2008). There is increasing concern that sea levels can respond to warming in sudden jumps as land ice sheets are destabilised (e.g. Rignot et al. 2008a; Rignot et al. 2008b; Hansen et al. 2008).[1]

Limiting the possibility of crossing climate tipping thresholds, and thus inducing dangerous climate change, is the "most relevant" consideration in determining the global emissions budget to which Australia should comply. As indicated in the "issues paper," 2C of warming would see:

- Hundreds of millions exposed to increased water stress
- Changes in water availability, increased droughts
- Increased coral bleaching
- Increased extinction risk for many species
- Changes in cereal production patterns
- Localised negative impacts on food production
- Increased damage from floods and storms
- Increased burden from malnutrition and disease
- Increased mortality from extreme events

Given these risks, Australia should adopt a global temperature target of limiting warming well below 1.5C and to do so should adopt its fair-share of a global emissions budget that could well be negative from 2010-2100.[2]

Using principles that consider Australia's historical responsibility and its capacity, a fair and defensible medium-term emissions reduction target for Australia is 40% by 2020 on 1990 levels. This reduction must be done domestically, and cannot be "offset" through the use of credits. It must, however, be complemented by Australia also meeting its fair-share of international climate finance obligations.

The Authority should not take Australia's legislated target of reducing emissions by 80% by 2050 as a given, but rather derive an appropriate 2050 goal from the reductions required to meet our national carbon budget, as a part of a global budget to limit warming to 1.5C.

[1] Raupach, M. R., Harman, I. N., and Canadell, J. G., "Global Climate Goals for Temperature, Concentrations, Emissions and Cumulative Emissions " in CAWCR Technical Report No. 042, September (Australia: CSIRO, 2011), 9.

[2] ibid., 4.

A zero net emissions by 2050 is likely to be necessary. The CCA should assume an interim 2030 target of at least 80%.

What should Australia's annual emissions limits (the 'trajectory' and total emissions (the 'budget') be between 2013 and 2020? Why?

A fair and defensible medium-term emissions reduction target for Australia is 40% by 2020 on 1990 levels (including LULUCF). This means annual emissions, including LULUCF should be 306 megatonnes in 2020 (based on Australia's emissions inventory reported to the UNFCCC, not applying its interpretation of the Kyoto Protocol land-use accounting rules.) This would, using a straight-line trajectory from 2020 levels of, suggest a budget of 4299 megatonnes (not including 2010 emissions).

What should Australia's annual emissions caps for the carbon pricing mechanism be for 2015/2016 to 2019/2020

A fair and defensible medium-term emissions reduction target for Australia is 40% by 2020 on 1990 levels (including LULUCF).

The Government's 2020 targets fall far short of action needed for Australia is to meet its global responsibilities and potential contribution to fair global emissions reduction efforts. The political conditions for moving from its 5% on 2000 levels emissions reduction target to 15% by 2020 have been met.

FOEA welcomes the Authority's clear statement that it is not constrained by the Governments conditions put on the 2020 target.

FOEA recommends that as many sectors as possible are included in national regulation for emissions reduction and transition to renewable energy production. Offsets should be excluded from all assessments of the national carbon budgets. This includes offsets from the CFI, EUA and any other international credit brought into the system by regulation. Land (terrestrial) terrestrial offsets do not compensate for fossil sources of emissions. Emissions credits from the EU ETS of UN CDM offsets program have been discredited.

With the expansion of sectors and the budget proposed by FOEA, we would suggest that the total cap (representing 90% of the budget) should be:

2015 - 399.24 megatonnes
2016 – 374.58 megatonnes
2017 – 349.92 megatonnes
2018 – 325.26 megatonnes
2019 - 300.6 megatonnes

What should the Authority consider in assessing Australia's progress against its medium (2020) and long term (2050) emissions reduction targets?

The veracity of emissions reductions, the industries they occur in, and location. All emissions reductions and carbon sequestration should occur within Australia's borders, not be offset with carbon credits generated elsewhere.

Generally, the CCA should consider the relationship between carbon budgets and the regulatory tools used. Carbon trading and offset programs provide unacceptable loopholes for firms to avoid emissions reductions in the most polluting industries in mining, energy and forestry sectors.

General comments regarding the Caps and Targets review here (in particular issues in chapter 6)

That greatest risk facing Australia is that of run-away climate change caused by warming crossing tipping-points leading to natural feedbacks that exacerbate changes in the climate system. To manage this risk, the priority for the Authority should be to set the most stringent budgets possible, which can be reviewed if new science comes to light suggesting that tipping-points are further away than first supposed.

Setting a longer-term budget provides for greater certainty for private actors in dealing with Australia's emission targets. Any budget for Australia must stipulate a particular trajectory for emissions reduction and transition away from fossil fuel dependence. Long term carbon budgets should be not excuse direct legislative measures to facilitate emissions reduction and transition in polluting industries immediately. At present the incredibly small 2020 target and ambitious long term 2050 targets displace emissions reductions to the future beyond the scope of electoral politics.[3]

The framing of caps and budgets is at present directly undermined by the choice of market-based policy to meet these goals. A great deal of uncertainty is introduced into the transition to a low-emissions economy through the use of carbon markets. Emissions trading has failed to reduce greenhouse gas emissions in the EU; produced windfall profits for polluters; and now stands in limbo as the European Commission decides upon its fate. In linking to the EU ETS, Australia is exacerbating all of these structural failings.

Any linking of Australian policy instruments directly to other schemes will open up the risk that the predictability of policy application will be affected by rules elsewhere.

For instance, linking to the EU ETS means linking to an accumulated glut of excess emissions currently causing regulatory headaches in the EU. Analysts from Barclays

3 Howarth, N. A. A. and Foxall, A., "The Veil of Kyoto and the politics of greenhouse gas mitigation in Australia," *Political Geography* 29, no. 3 (2010).

have estimated that there is a 1.68 gigatonnes oversupply of emissions in the EU ETS the end of Phase II 2008-2012). The amount of over supply is almost as much Europe's predicted emissions for 2012 (1.952 gigatonnes). No action has been taken to address this over supply of emission credits it is estimated that there will be an oversupply of allowances equivalent to 2.512 gigatonnes CO2e by the end of Phase III (2013-2020).[4] The proposal to address this problem by '*back-loading'* excess emissions was not carried in a vote by the European Parliament and European Climate Change Commission in April 2013. 'Back-loading' would involve postponing the auction of 900 million gigatonnes of the Phase III allowances from 2013-2015 until 2016-2020. This 'solution' even had it been undertaken would have deferred rather than addresses the crisis of excess permits. Even the European Commission recognises 'backloading' is only a short term fix.[5] The glut of EUAs in the EU ETS will further spread the failures of emissions trading.

Carbon offsets linked to Australia's carbon trading scheme are another risk to Australia meeting its carbon budget. The Australian ETS rules effectively put no limits on the amount of emissions reductions that can be replaced by carbon offsets. There is a 50% limit on international offsets and no limits on the number of credits from *Carbon Farming Initiative* (CFI) offsets. Under the EU-Australia ETS linking agreement, 37.5% of international offsets will be EUAs – the same free permits that were heavily over-allocated to polluters in Europe in the first and second phases of the EU ETS!

CFI offsets are a controversial type of land-based offset focused on agriculture and forestry. Land offsets like REDD+ and the CFI are incredibly problematic methods for reducing emissions. A report from the Australian Climate Commission warned that land carbon should not be used to compensate for burning fossil carbon – carbon embedded in land-water-atmosphere ecosystems are much more dynamic than fossil carbon contained within effectively inert fossil fuels underground.[6] The CFI scheme has even weaker regulation than the Kyoto CDM and JI schemes.[7] Rather than a project-by-project measure of additionality (as is the case for the CDM and JI) the CFI projects are assessed against a list of 'positive' activities which are deemed automatically additional to business as usual. Further, the novel methodologies for the CFI including culling introduced animals and the application of biochar to soil mean the CFI is an another step away from rigorous policy that addresses the drivers of land degradation and deforestation: clearing for forestry and agriculture.

At a minimum all carbon offsets should be excluded from Australia's policy response to climate change. They introduce uncertainty about the actual level of mitigation (given the difficulty of proving additionally) and retard the local transition to a low-emissions

[4] Maroo, J., "EU ETS faces back-loading test," Risk.net, 26 February 2013.
[5] EC, "Report From the Commission to the European Parliament and the Council," in COM(2012) 652 (Brussels: European Commission, 2012).
[6] Climate Commission, "The Critical Decade: Climate Science, Risks and Responses."
[7] Macintosh, A. and Waugh, L., "An Introduction to the Carbon Farming Initiative: Key Principles and Concepts," in CCLP Working Paper Series 2012/1 (Canberra: ANU Centre for Climate Law and Policy, 2011).

economy. All carbon offsets should cease to be recognized as valid remissions reductions including:

- CERs and ERUs generated through the UNFCCC;
- EUAs generated through the EU ETS;
- AAUs generated through the CFI;
- Any other units currently allowable by regulation under the Clean Energy legislation

The way to deal with these risks is not to expand and complicate the Australian ETS by linking it to more countries, but rather to scrap the schemes in favour of progressive and more effective regulation to reduce emissions and transition away from fossil fuel dependence. At a bare minimum, all offsets should be removed from the scheme in order to maintain the integrity of the national carbon budget.

The CCA must engage with the debate over carbon pricing regulation if the caps and budgets approach is to have any environmental integrity.

There are more direct legislative and regulatory alternatives to the carbon price on the table.

We need direct regulation on climate change. There are effective and progressive policy options available now.[8]

- Supporting the roll out of 100% renewable energy, especially state-funded, community run renewable energy projects
- Transitions toward zero carbon in stationary energy, building, land use and transport.
- Hypothecated carbon income and corporate taxes could be imposed to fund renewables, to finance just transitions in coal-dependent communities, and to meet international obligations. These taxes would have a progressive effect on income distribution.
- Stop using taxpayers' money to provide handouts to big coal and gas corporations and make the miners pay their fair share in taxes.
- Reject current development proposals for coal ports, mega-mines, dams and unconventional gas wells in significant areas.
- Put in place an urgent moratorium on coal seam gas and other unconventional gas mining.
- Full phase out the Australian coal export industry
- Decommissioning coal fired power stations

[8] Green, F. and Finighan, R., "Laggard to Leader: How Australia Can Lead the World to Zero Carbon Prosperity," (Melbourne: Beyond Zero Emissions, 2012); Wright, M. and Hearps, P., "Australian Sustainable Energy: Zero Carbon Australia Stationary Energy Plan," (Melbourne: The University of Melbourne Energy Research Institute and Beyond Zero Emissions, 2010); Goodman, J. and Rosewarne, S., "Climate policy: From carbon tax to direct action?," *Chain Reaction* November(2010); Lock the Gate Alliance, "Call to Country," http://www.lockthegate.org.au/calltocountry.

- Create no-go zones to protect productive agricultural land, national tourism icons and all residential dwellings from coal and gas mining.
- Strengthen the Federal environment laws to exclude coal and gas mining from important water sources, cultural heritage sites and sensitive environment areas.
- Put in place national standards on coal and gas pollution and enforce compliance.

Given the urgency of a just transition away from fossil fuel dependence, we are calling for the Australian government to scrap the ETS in order to make way for progressive climate policy. The struggle against emissions trading is the struggle for social, environmental and climate justice. It is a struggle for transforming our energy, transport, agricultural, production, consumption, distribution, disposal and financing systems.

See also:
http://scrap-the-euets.makenoise.org/open-letter-scrap-the-australian-eu-ets-linkage/

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