



Conservation Council SA

Conservation Council SA analysis of the new Clean Energy Future Plan

Conservation Council SA welcomes the release of the Federal Government's proposed carbon pricing mechanism. We commend and support the Federal Government's efforts to introduce a price on greenhouse gas emissions.

Whilst there is still an opportunity for clarification and improvement in the details of the Plan, we have now begun the journey towards a market-based mechanism that covers major polluters to speed up our transition to a low carbon economy. Climate science leaves us in no doubt that we need to play our part in reducing emissions as fast as possible.

Starting Price

The starting price of \$23 per tonne and subsequent increases during the fixed price period are not enough to pay for the damage being done to our future caused by greenhouse gas emissions. In addition the carbon price is insufficient to enable large scale baseload renewable energy projects to compete with fossil fuels . However, \$23 per tonne CO₂-e is a start to build on.

Opportunities for South Australia

The Conservation Council SA believes that the Clean Energy Future Plan package will create the conditions for much greater innovation, development and implementation of clean technologies in South Australia including:

- Further development in renewable energy
- Speeding up the connection of South Australia's renewable energy resources into the national grid, and progress in managing grid intermittency
- Carbon Farming initiative opportunities in land based activities as further methodologies are developed and improved
- Encouragement for new ideas.

Instead of innovation and development going offshore, we now have the economic opportunity to invent, develop and implement low greenhouse solutions economy in South Australia.

Governance

The Conservation Council of SA welcomes the Government's commitment to establish or utilise the following authorities and agencies to ensure better governance:

- the new Climate Change Authority to advise on pollution caps and progress towards meeting targets and undertake reviews of the carbon pricing mechanism
- the new Clean Energy Regulator to administer the carbon pricing mechanism
- the new and independent Australian Renewable Energy Agency to consolidate and manage renewable project and research programs and the existing funding of \$3.2 billion
- The use of the Productivity Commission to undertake reviews relating to industry assistance, fuel tax arrangements and carbon pollution reduction activities internationally.

Issue of concern

The GreenPower voluntary renewable energy program is not included in the governance arrangements and is managed by state governments rather than an independent authority. It would be better to integrate all renewable energy programs into the Clean Energy Future Plan framework.

Clean Energy

Impending closure of the Playford B Power Station

The Conservation Council of SA believes that the Clean Energy Future Plan will dramatically accelerate the closure of the Playford B power station (consistent with Conservation Council SA's Green our Grid [campaign](#)). The challenge now is to ensure that Playford B is replaced with a large scale concentrated solar facility or similar baseload renewable source, rather than simply reaching for a new gas pipeline.

The Conservation Council of SA welcomes the new commercially oriented Clean Energy Finance Corporation with \$10 billion to invest in renewable energy, low pollution and energy efficiency technologies.

Issues of Concern

- The Government projects that under this plan total renewable energy generation will comprise around 40 per cent of Australia's electricity generation in 2050. This is too slow and won't enable Australia to reduce its emissions by 80% by 2050. There will need to be a much greater ramping up of renewable energy development.

- Gas is not clean energy – The production of electricity from gas, and increasingly from coal seam gas is not clean. It may or may not be a less greenhouse intensive energy source on a life cycle basis compared with coal, depending on the level of leakage from production wells, near production wells, system vents and pipeline leaks. Coal seam gas production also presents a range of other environmental and health hazards including groundwater pollution. Our conventional gas supplies need to be used wisely to support a principle objective of transitioning to renewable energy as fast as possible.

Setting of Caps

Once the Emissions Trading System starts in 2015, the concept of setting caps 5 years in advance, adding one additional year annually, must still be undertaken commensurate with the need to reduce emissions as fast as possible as guided by the climate change science.

The Climate Change Authority should also be planning a greenhouse reduction pathway through to 2050.

Carbon Pass through Costs

Issue of Concern

There is no assurance in the plan that carbon pass through costs will be allocated fairly and transparently. For example: Will carbon costs be passed through to residential electricity customers at the same rate as to large scale industrial users?

Treatment of voluntary action from 2015

The Conservation Council SA welcomes the Government's recognition and support of voluntary efforts by individuals and households in contributing to the transition to a low carbon economy.

Additional Voluntary Action

The Government does not have additional methodologies to quantify additional voluntary actions such as those from energy efficiency or from individuals finding ways and technologies to use less. These activities do contribute to the overall greenhouse outcome of the economy and must be acknowledged and encouraged even where it is not possible to quantify the efforts.

GreenPower

We welcome that the Government will take GreenPower purchases into account when setting caps, ensuring additionality at the national level.

Issues of Concern

- It is unclear why the Government would consider the voluntary surrender of Large Scale Renewable Energy Target Certificates as a separate voluntary mechanism (not discussed in the plan) where this is not proposed to be taken into account when setting caps. Surely this would fail the Government's own additionality tests.
- There is no protection against carbon pass through costs for those paying extra for GreenPower. The Government must clarify that Australia's 900,000 GreenPower customers will be protected against paying pass through costs for the carbon pollution they have already paid to avoid?

The scheme must do more than just compensate households and businesses, it also needs to provide the right market incentives for ordinary customers to switch to renewable energy and purchase low emission products and services.

Voluntary surrender of permits

Issue of Concern

The approach of the Climate Change Authority in making recommendations on future caps and the Government in setting emission caps will not be based on science or fixed numbers alone and will include considerations of the risks to the economy in setting the rates to drive further change. Given this reality it remains unclear as to why the voluntary surrender of permits is still included as voluntary action as this creates permit scarcity, making the situation harder for caps to be tightened whilst doing nothing tangible to reduce emissions.

Traditional voluntary actions such as turning down air conditioners and heaters, improving control systems, improving insulation or switching to more fuel efficient vehicles result in freeing up permits that can be used elsewhere under a cap and trade mechanism. These efforts do however contribute real tangible achievements and the Government has previously confirmed that these efforts contribute to the economy wide effort by making the situation easier to tighten future caps. In contrast, removing permits without tangible outcomes contribute nothing directly to reducing emissions and make the situation more difficult to tighten future caps.

The Conservation Council SA believes that it is appropriate to reduce the number of available permits to recognise real voluntary action achievements. However, it is not appropriate to have a voluntary surrender of permits mechanism where there is no foundation in real achievements. The Government needs to settle on a single logic on how voluntary action will work under the emissions trading scheme when it starts in 2015.