

CANA – debunking the myths

Setting a 30% by 2020 target will ruin the economy.

Page 16-21 TDTH

Stern recommended that Australia take a 30% by 2020 target.

The Stern Report was a global review of the costs of mitigation, and the costs of not acting. He came to a “central conclusion that climate-change mitigation is technically and economically feasible at a cost of around 1% of GDP.” And that these costs were much lower than those of not taking sufficient action, which could be as high as

“if we don’t act, the overall costs and risks of climate change will be equivalent to losing at least 5% of global GDP each year, now and forever. If a wider range of risks and impacts is taken into account, the estimates of damage could rise to 20% of GDP or more.” Stern

“The benefits of strong, early action on climate change outweigh the costs” Stern

We need to do more studies before we set the 2020 (or any) target.

There have been 8 substantive studies undertaken in the last year or so in Australia on the costs of mitigation (see table at bottom). Two of the most comprehensive ones are from the Energy Futures Forum, and the Australian Business Leaders Roundtable.

Including the Energy Futures Forum report, that included CSIRO, ABARE, BHP Billiton, Loy Yang, Delta, Alcoa, Orica, Woodside, Macquarie Generation, Rio Tinto, Xstrata and a number of social and environment groups. After two years work, they produced a detailed report, that concluded that the “risks of not acting on climate change clearly outweigh those associated with acting”. In fact, for their range of scenarios regrets due to over-expenditure on mitigation were either “very unlikely” or “unlikely”. Therefore action to mitigate climate change can be considered “no lose”.

The Allen Consulting Group report, commissioned by the Australian Business Leaders Roundtable, showed that if we assume business as usual, without any action on climate change and without any adverse effects of climate change (the latter pretty unrealistic) then real GDP is projected to increase at an average annual rate of 2.2 per cent from now until 2050. If we take action on climate change early, real GDP grows at 2.1 per cent a year to reach an estimated \$2.0 trillion in 2050, or around 6 per cent less than in the base case. Under the business-as-usual projection, this value of GDP would be attained around 2.5 years earlier (in 2047), with GDP in 2050 equal to an estimated \$2.1 trillion at 2002 prices.

“a reduction in the rate of economic growth from 2.2 to 2.1 per cent may be seen as a reasonable price to pay if, in consequence, climate change were to be arrested.”

The Allens report shows that if we delay action the costs of mitigation are about 3 times higher: reducing average annual rate of GDP growth by 0.3% to an average annual rate of 1.9 per cent.

Commissioning group	Author
Australian Business Roundtable on Climate Change	Allen Consulting Group
Australian Government (Asia Pacific Partnership on Clean Development and Climate)	Australian Bureau of Agriculture and Resource Economics
AGL & WWF	Frontier Economics
CSIRO Energy Futures	ABARE
Energy Supply Association of Australia	CRA (Charles River and Associates)
National Generators Forum	CRA (Charles River and Associates)
National Emissions Trading Task Force (State Governments)	Allen Consulting Group & Maclellan Magasnik Associates
The Climate Institute	Maclellan Magasnik Associates

If we have emissions trading we don't need anything else (including renewable energy targets).

Emissions trading, if set up effectively, will provide a price on carbon and help industry to make lowest cost emissions reductions.

BUT, it won't ensure that we restructure our energy system. A price on carbon is not structural.

NEED A BETTER ANSWER HERE ... anyone?

Renewable Energy targets would cost too much

From: "A Bright Future: 25% Renewable Energy for Australia by 2020"

"Electricity prices would remain among the cheapest in the world with a 25 per cent renewable energy target. Australia's current retail electricity prices are 38 per cent lower than the average in developed countries.³⁸ With a 25 per cent renewable target, Australian electricity prices would remain 32 per cent lower than average."

"The 25 per cent renewable energy target, coupled with medium energy efficiency, adds around \$64 to the average household annual electricity bill, or \$1.25 per week."

"A 25 per cent renewable electricity target by 2020, with medium energy efficiency measures, would conservatively deliver:

- n 16,600 new jobs,
- n \$33 billion in new investment,
- n 15,000 MW new renewable capacity,
- n 69 million tonnes reduction in electricity sector emissions, and
- n enough renewable electricity to power every home in Australia."

The Kyoto Protocol is Dead

169 countries have ratified the Kyoto Protocol, including China and India – only the US and Australia (and a few tiny, industrialising countries like Kazakhstan) haven't.

The first commitment period starts in 2008 and runs until 2012. The countries in the Kyoto Protocol (everyone except US and Australia) are already negotiating what the second commitment period (post 2012) of the Kyoto Protocol will look like.

When Bush is out of office (next year) it is expected that the US will join the Kyoto process and negotiate a post 2012, Kyoto Protocol, second commitment period. Australia will then be isolated on our own, outside the process and without bargaining power. It is possible that import tariffs will be applied against our goods in countries that are within Kyoto.

If Australia acts as a leader now, and engage in the negotiations that are happening right now within the UN, then we can maximise our influence.

There is no point in Australia taking action if the rest of the world doesn't

The **UK** has committed to targets of between 28 and 32% reduction by 2020.

The whole of the **EU** has said they will commit to 30% reductions by 2020 if others do, and even if other countries won't they have committed to 20% reductions by 2020 unilaterally.

California has committed to reduce its greenhouse pollution to 80% below 1990 levels by 2050 (and 1990 levels by 2020).

Canada has committed to 20% cut on 2006 levels by 2020

China has committed to a goal of reducing energy intensity (energy consumption per unit of GDP) by 20% below 2005 levels by 2010. China has a program for Retiring Inefficient Power Plants and inefficient industrial plants. China has more stringent fuel economy standards than Australia does.

Targets – Under a national renewable energy law adopted in 2005, China has set a target of producing 20% of its electricity from renewables by 2020. China has a national fund to foster renewable energy development and discounted lending and tax preferences for renewable energy projects.

Source: Pew Climate Centre

If Australia ratifies the Kyoto Protocol it will drive industry and jobs out of Australia.

The government has committed to meeting Australia's Kyoto Targets. If Australia is already meeting its obligations under Kyoto with its current policy settings it is impossible to see how ratifying Kyoto have a detrimental effect on Australian industry or employment.

The government is yet to present evidence for its claims that ratifying the Kyoto Protocol will harm the Australian economy.

This inexplicable decision not to ratify has denied Australian firms being access to carbon trading funds through the Kyoto Protocol's Joint Implementation mechanism in which Australian firms could sell emissions reductions to firms in Kyoto countries such as Europe and Japan.

India and China are left out of the Kyoto Protocol.

India and China have ratified the Kyoto protocol and are participating in over \$5 billion worth of CDM projects for emissions reductions projects through the Kyoto Protocol's carbon trading program. The Clean Development Mechanism is expected to deliver \$130 billion annually in emissions reduction projects in developing countries.

The Stern Review recently stated that effective international action on climate required that a global price for carbon price to be set. The Kyoto Protocol extends carbon trading and so could give carbon a price in countries that produce 55% of global greenhouse emissions.

Discussions for commitments by large developing countries emitters such as India and China are occurring within the Kyoto Protocol negotiations for the post 2012 phase. The USA and Australia, as non members of the Kyoto Protocol can only participate as observers.

Many countries that have ratified Kyoto will not meet their targets.

Emissions trading is central to the Kyoto Protocol. If all countries met their Kyoto targets domestically there would be very little carbon trading. Carbon trading enables pollution reductions to be undertaken in the country where they can be achieved for the least cost. Countries can institute projects in other countries to reduce emissions. The financing country can then claim those emissions reductions towards meeting their own Kyoto pollution reduction target.

The first Kyoto commitment period is from 2008 to 2012, therefore countries have until 2012 to acquit their Kyoto targets (and can choose to do so by emissions trading).

Australia is on track to meeting its Kyoto obligations.

If this is true, it is because:

- * State governments have taken action despite federal government criticism or withdrawal of support. Almost a third of the emissions reductions claimed by the Federal Government are due to actions by State Government's that have been criticised by the federal government such as the state based carbon trading and the Queensland land clearing legislation from which the Federal Government withdrew financial support had been promised.

- * Australia got a very generous deal at Kyoto.

- * Most advanced industrialised countries were required to reduce emissions by 5% from 1990 levels. Australia was allowed an 8% increase on our 1990 greenhouse pollution.

- * Australia was able to claim reductions in greenhouse pollution from land clearing which the government knew had already occurred before the Kyoto Protocol was negotiated and prior to the current federal government coming into office 1996.

The Australian government is exploring viable alternatives to Kyoto.

Dialogue on Long Term Cooperative Action. Much has been made of the fact that one of the two UN facilitators of the Dialogue is an Australian public servant. It is the Kyoto Protocol where the main discussion are occurring on future commitments for major developing country emitters and indeed the other countries that have signed the Kyoto Protocol. For those discussion Australia is relegated to the status of an observer. It is only

the non ratification of Kyoto by Australia and the US that has given the Dialogue its prominence.

The Asia Pacific Partnership on Clean Development and Climate (AP6) The Australian Government is on the record saying that the AP6 compliments rather than replaces the Kyoto Protocol. That being said the Pact may assist in deploying clean energy technologies, but is only likely to succeed if timelines, targets and budgets are developed. The appropriate forum to develop timelines and targets for reducing greenhouse pollution is the UNFCCC process. The funding promised to the Pact is \$160 million which is about 1% of the \$16 billion in emissions reduction projects that the Kyoto Protocol's Clean Development mechanism already has in the pipeline. The Pact also lacks a reliable means for deploying projects on the ground. The AP6 is best described as 'boutique' climate agreement, small and specialized. It is no alternative to the Kyoto Protocol.