

21 February 2014

Emissions Reduction Fund Submission
Department of the Environment
GPO Box 787
CANBERRA ACT 2601

emissions-reduction-submissions@environment.gov.au



ENGINEERS
AUSTRALIA

– BY EMAIL –

Dear Sir/Madam

Re: Submission – Emissions Reduction Fund Green Paper

Thank you for the opportunity to comment on the Emissions Reduction Fund Green Paper.

As noted in our submission of 4 November 2013 on the Consultation Draft of the Clean Energy Future Repeal Bills (attached), Engineers Australia believes that Australia must act swiftly and proactively in line with global expectations to address climate change as an economic, social and environmental risk.

Engineers Australia welcomes the Australian Government's acknowledgement of the science on climate change and its commitment to greenhouse gas emissions reduction to avoid an increase in mean global temperature of more than 2°C above pre-industrial levels.

Engineers Australia's preferred approach to emissions reduction is through a carbon trading scheme rather than a grant tendering scheme, such as the Emission Reduction Fund (ERF). The capacity of the ERF to achieve the Government's target greenhouse gas emissions reduction of 5 percent below 2000 levels by 2020 is questionable, and as currently proposed is not supported by Engineers Australia.

The abatement goal to achieve 5 percent emissions reduction by 2020 is 431 million tonnes of carbon dioxide equivalents (Mt CO₂-e). Funding for the ERF in the forward estimates is \$1,550 million to 30 June 2017. If the Government makes no further provision in future years, abatement at not more than \$3.60 per tonne of carbon dioxide equivalents (t CO₂-e) will be required. If the annual amount allocated in 2016-17 (\$750 million) is maintained to 2019-20 for a total investment of \$3,800 million, the abatement cost is \$8.82 per t CO₂-e. Engineers Australia questions the capacity of potential ERF participants to achieve this abatement efficiency.

The timeframe for projects under the ERF to be designed, assessed, approved and implemented (6.5 years assuming the ERF commences in July 2014 and the emissions reduction target date is 31 December 2020) to achieve the abatement results by 2020 is challenging. The ERF would benefit from access to additional funds to support abatement, should progress with current funding be inadequate.

The administrative burden of applying a grant based scheme is considerable, particularly in the establishment of emissions baselines for ERF participants. The ERF is also potentially open to gaming.

The plan to review the ERF in 2015 seems premature, given it will have been operating for barely a year, and few, if any, projects would have reached a stage where they could be adequately assessed for effectiveness. Continued regulatory review creates uncertainty for business and reduces incentive for major investment in emissions reduction technology.

Use of the National Greenhouse and Energy Reporting Scheme to track progress against the emissions reduction target is problematic, given that it does not capture total national emissions. Continued reporting of Australian National Greenhouse Accounts by the Department of the Environment using the Australian Greenhouse Emission Information System is preferable, as it accounts for all national emissions, is consistent with international protocols and allows comparison with previous reporting periods.

This submission has been prepared in collaboration with Engineers Australia's Sustainable Engineering Society (SENG). SENG is a learned body which exists to promote information transfer regarding environmental issues of relevance to the environmental engineering profession and other environmental practitioners. Environmental Engineers are involved with all aspects of the natural and built environment and SENG provides opportunities for members to network within their profession, as well as maintaining programs for continual professional education.

Engineers Australia and SENG would welcome the opportunity to discuss viable technical solutions to improve the ERF to help generate sufficient greenhouse gas emissions savings to meet the current 2020 emissions reduction target, such as those listed in our enclosed submission on the Clean Energy Future Repeal Bills.

Should you have any questions about this submission, or Engineers Australia's position more broadly, please do not hesitate to contact me directly, either by telephone on 02 6270 6544, or by email on BJackson@engineersaustralia.org.au.

Faithfully



Brent Jackson
Executive General Manager
Public Affairs and Marketing

Enc.

4 November 2013

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**ENGINEERS
AUSTRALIA**

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– BY EMAIL –

Dear Sir/Madam

Re: Submission – Consultation Draft Clean Energy Future Repeal Bills 2013

Thank you for the opportunity to comment on the Consultation Draft of Bills to repeal the Clean Energy Future legislation.

Engineers Australia is the national forum for the advancement of engineering and the professional development of our members. With over 106,000 members embracing all engineering disciplines, Engineers Australia is the largest and most diverse professional body for engineers in Australia.

Engineers Australia believes that Australia must act swiftly and proactively in line with global expectations to address climate change as an economic, social and environmental risk. Our role has been, and will continue to be, in leading capacity building to innovate for more sustainable, eco-efficient and less polluting outcomes in engineering practice.

Our organisation believes that addressing the costs of atmospheric greenhouse gas emissions through a price on carbon will increase our competitive advantage by minimising risks and creating new economic opportunities. On this basis, Engineers Australia does not support repeal of the Clean Energy Future legislation, as currently proposed by the Australian Government.

Engineers Australia:

- Supports the Australian Government's ratification of the Kyoto Protocol and supports the formulation of a further international agreement.
- Strongly encourages the direction of energy policy reform, recognising that there is some way to go before achieving the stated policy objectives of: providing efficient, reliable and competitively priced energy; responsibly developing Australia's energy resources, technology and expertise; and mitigating environmental effects of energy production, transformation, supply and use.
- Strongly encourages actions to address the ongoing growth in energy demand. It is essential that the rate of growth is minimised, if not reversed, and clearly linked to improvements in efficiency and demand management.

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- Agrees with the position taken by the Stern Review that climate change is an economic, social and environmental problem.
- Believes that it is in Australia's interests to move quickly to limit greenhouse gases.
- Strongly urges the Australian Government to introduce a carbon trading scheme, including the use of appropriate penalties, so that emissions of greenhouse gases are not costless and that the costs of greenhouse gas emissions be borne by emitters of greenhouse gases in proportion to their relative discharge.
- Believes that energy policy should favour as wide a portfolio of measures as possible. Market forces should determine the most effective measure for particular situations in most cases. Where market forces are not a complete answer to the choice of options to mitigate climate effects, government should assist newer options to develop their maturity through regulation and other non-market activities.
- Believes that it is vital that the potential for synergy between emerging energy options that can be deployed in Australia and the development of new export markets should be thoroughly explored.

If the Australian Parliament resolves to repeal the legislation, and the Government progresses its Direct Action Plan, Engineers Australia would welcome the opportunity to discuss viable technical solutions, and commensurate investment, to generate sufficient greenhouse gas emissions savings to meet the current 2020 emissions reduction target. Such measures may include increased investment in:

- Large-scale renewable stationary energy systems;
- Low emission fuels and transport systems;
- Energy demand management measures;
- Biosequestration and bioenergy; and
- Research and development into low emission technologies;
- In addition to development of standards to support a low emission economy, particularly in the industrial, building and heavy transport sectors, extended producer responsibility, and an increase in the Renewable Energy Target.

Should you have any questions about this submission, or Engineers Australia's position more broadly, please do not hesitate to contact me directly, either by telephone on 02 6270 6544, or by email on BJackson@engineersaustralia.org.au.

Thank you for consideration of this submission.

Yours faithfully



Dr Brent Jackson
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