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## **Federal Government Climate Change Announcements**

**26.07.10**

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There have been a range of announcements over the past week from the Federal Government as it unveiled its Climate Change policy heading to the polls on Saturday 21<sup>st</sup> August.

The CEC has been actively sending the message to political parties that consistent with approaches taken around the world, a robust policy framework to reduce greenhouse emissions must include a carbon price and a constraint on emissions. It must also be supported by the following measures:

- Accelerated deployment of proven clean energy generation
- Accelerated development of new and emerging clean technologies
- Encouragement of more efficient use of energy.

High level outcomes being sought by the CEC in any new commitments included:

- Identification of the grid upgrades required to support delivery of the 20% Renewable Energy Target.
- More mature approach taken to the allocation of funds for emerging technologies, taking into account of various stages of development
- Additional funding for emerging technologies in the absence of a carbon price, taking into account the various stages of development
- Steps taken to better understand financial products / govt support that is instrumental in private sector financing of clean energy projects
- Commitment to national energy efficiency target and white certificate trading scheme
- Support for off-grid diesel replacement
- Bipartisan support for a carbon price to be legislated as soon as possible
- Increased support and awareness in the community for clean energy projects

This briefing provides a short summary of the announced initiatives.

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### **Carbon Price**

The Gillard Government has re-confirmed that it will defer the CPRS until at least 2012.

The Prime Minister has also stated the Government's current commitment to review our progress in 2012, as we approach the end of the current Kyoto commitment period.

The Government remains committed to the pricing of carbon through a market-based mechanism - the Carbon Pollution Reduction Scheme.

## **Establishment of Citizens Assembly and Climate Change Institute**

A 150-strong Citizens' Assembly will be appointed to examine the evidence on climate change, the case for action and a market based approach to reducing pollution.

The Gillard Government has committed to building community support for action on climate change through a 12 month process that directly involves this representative group of ordinary Australians.

The Climate Change Commission will provide an independent source of information and expert advice to:

- Explain the science of climate change.
- Report on the progress of international action.

The two bodies will cost approximately \$9 million over four years which will be funded , through the Renewable Energy Future Fund<sup>1</sup>.

## **\$1 billion Connecting Renewables Initiative**

The Gillard Government has committed to \$1 billion over 10 years to be set aside to connect Australia's rich renewable resources to Australian homes.

The new \$1 billion *Connecting Renewables* initiative will bring more renewable energy onto the national grid earlier. It will support the enhanced Renewable Energy Target and help deliver on the Government's commitment to 20 per cent of Australia's electricity supply coming from renewable sources by 2020.

The initiative will support new infrastructure investments that would not otherwise proceed. Projects could include connecting renewable generation projects to the national network, significant network augmentations, upgrading of regional interconnectors or new interconnectors.

The Government has indicated that arrangements for the initiative will be finalised in consultation with energy market institutions and energy, environment and infrastructure stakeholders over the next six months.

The first \$100 million under this program will be invested over four years. This funding will be drawn from the Renewable Energy Future Fund.

***The CEC will provide members with a separate update on transmission and network upgrades.***

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<sup>1</sup> The \$652 million Renewable Energy Future Fund was announced in the May 2010 Budget

### **\$100 million Renewable Energy Venture Capital Fund**

The new fund will make critical early-stage equity investments that leverage private funds to support the commercialisation of emerging renewable technologies, for instance in geothermal, solar, wave and bioenergy technologies.

The Australian Centre for Renewable Energy will work with financial institutions to develop structured renewable energy products to help overcome this hurdle.

Funding will be provided through the Renewable Energy Future Fund.

### **Emissions standards for new coal-fired power stations**

The Gillard Government has committed to ensuring all new coal-fired power stations:

- Meet new best practice coal emissions standards.
- Are Carbon Capture and Storage ready.

The new requirements will not impact upon existing plants. Planned investments which already have environmental approvals, and are determined by the energy market institutions as being sufficiently advanced in their regulatory approvals at the commencement of these standards, will also be exempt from them.

The new expanded Energy Efficiency Opportunities program will also require all existing generators, including all coal-fired power stations, to undertake regular assessments of their potential to save energy and report publicly on assessment outcomes.

### **Tax Breaks for Green Buildings**

From 1 July 2011, businesses that undertake capital works to improve the energy efficiency of their existing buildings – from 2 stars or lower to 4 stars or higher – will be able to apply for a one-off bonus tax deduction.

This incentive will enable businesses to claim a bonus tax deduction of 50 per cent of the cost of the eligible assets or capital works.

The total cost of this package is \$180 million out to 2014, and around \$1.0 billion out to 2018-19. Funding to 2014 will come from the Renewable Energy Future Fund.

## Cleaner Car Rebate

The Gillard Government has committed to providing \$394 million to support motorists to purchase new, low-emission, fuel-efficient vehicles. Households will be able to receive a \$2,000 rebate towards a new vehicle by trading in their pre-1995 car for scrapping.

The Government has stated that this initiative will be funded by re-directing funds from the Solar and CCS Flagship programs and the Renewable Energy Bonus Scheme between now and 2014. The CEC is currently seeking clarification as to the impact this will have on the affected programmes.

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The CEC will continue to seek further details of these announcements over the coming weeks.

It is expected that the Federal Government will announce additional initiatives over the coming weeks, particularly in relation to energy efficiency. The CEC will update members on these new commitments.

Below is a summary of announced expenditure from the Renewable Energy Future Fund.

### Renewable Energy Future Fund

REFF	\$652.5	million over four years
Renewable Energy Venture Capital Fund	\$100	million
Connecting Renewables	\$100	million
Tax Incentives Green Buildings	\$180	million
Climate Change Commission / Citizens Assembly	\$9	million
	<b>TOTAL</b>	<b>\$389 million</b>
	Remaining	\$264 million