



Australian Government



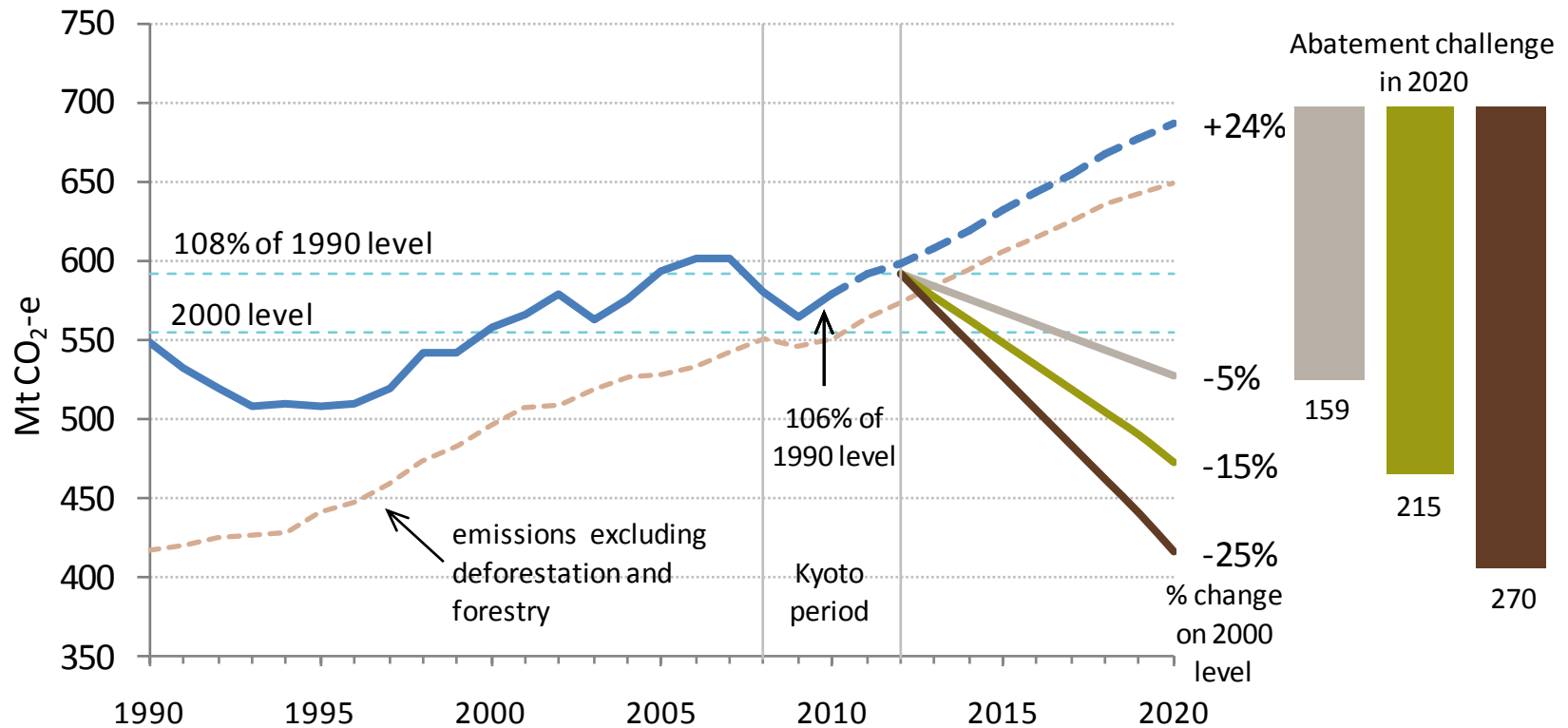
Australia's Clean Energy Future Legislation

Aaron Wu

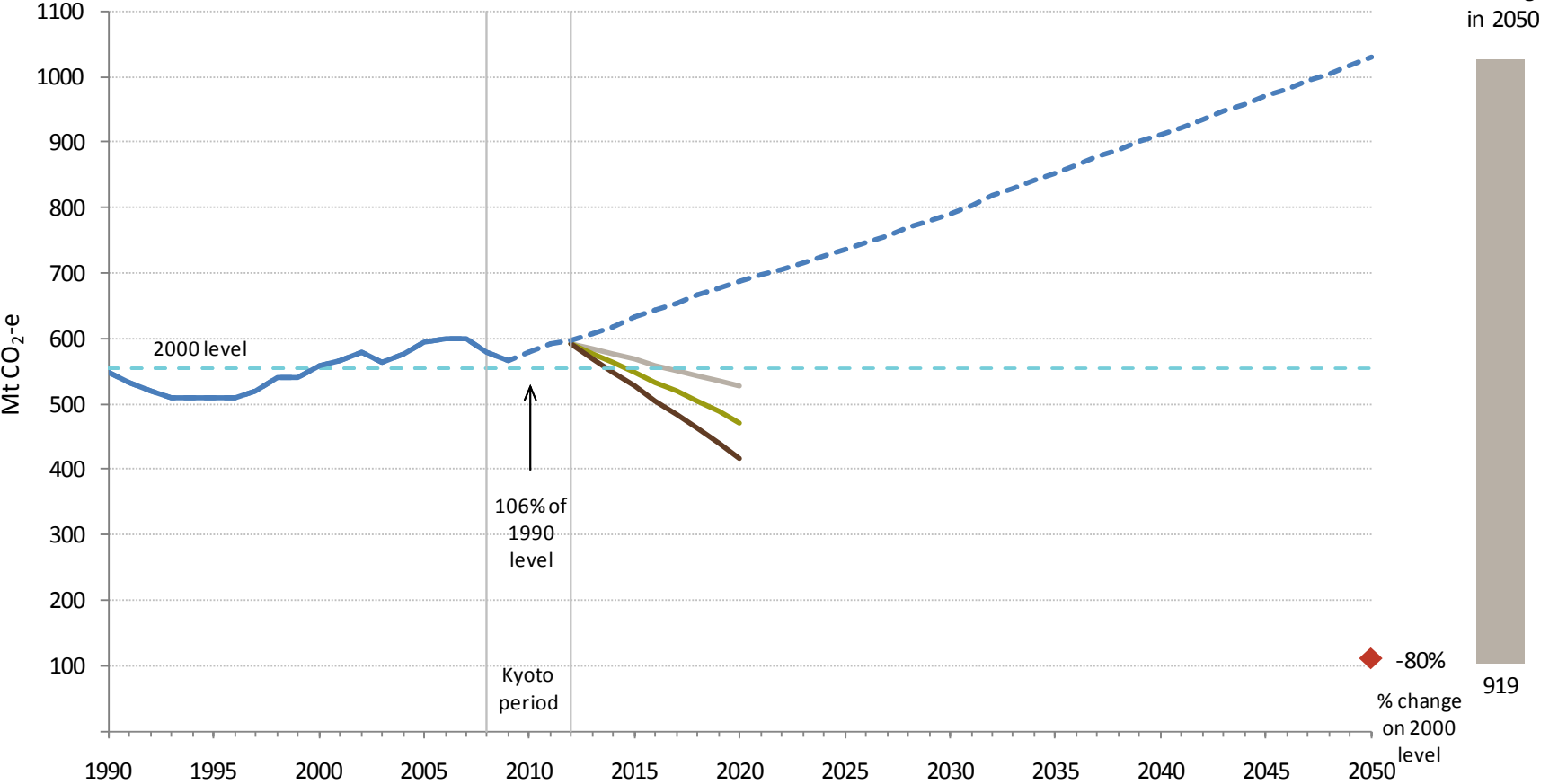
Department of Climate Change
and Energy Efficiency

www.cleanenergyfuture.gov.au

Australia's Mitigation Challenge

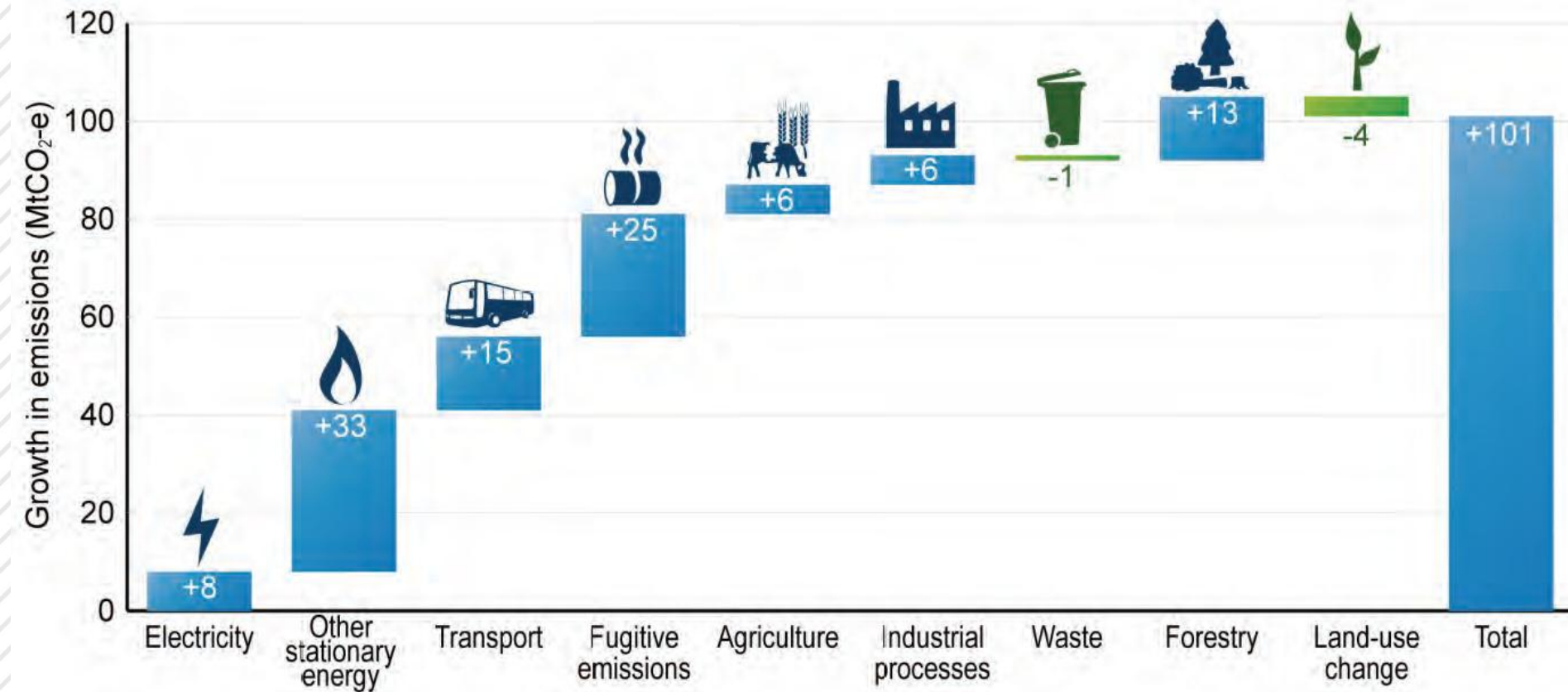


Australia's 2050 Target



How Emissions are Growing

Sectoral emissions growth 2010 to 2020



Comparing Australia's 2020 Targets

Commitment by 2020 (reduction from 2000 levels)	<u>Comparisons</u>	
	Per capita	Emissions intensity
%	<i>% per capita</i>	<i>% per \$GDP</i>
-5	-29	-48
-25	-44	-59

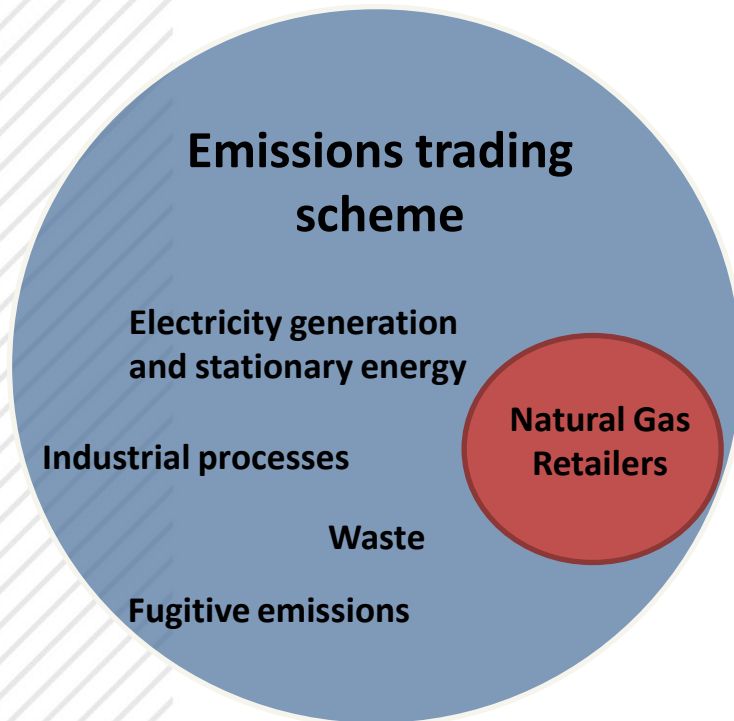
Clean Energy Future Announcement

10 July 2011: Release of climate change plan

Four key elements:

- Introducing a **carbon price** and using revenue raised to assist households and businesses
- Promoting innovation and investment in **renewable energy**
- Encouraging **energy efficiency**
- Creating opportunities in the **land sector** to cut pollution, improve productivity, sustainability and resilience

Coverage of Carbon Pricing



Equivalent carbon price

applied through separate legislation to:

- some business transport emissions,
- non-transport use of liquid and gaseous fuels, and
- synthetic greenhouse gases

Around 500 liable businesses
All facilities > 25 CO_{2-e} Kt

Fixed Price Emissions Trading Arrangements

- The Emissions Trading Scheme (ETS) commences with a three-year fixed price period
 - A\$23.00 in 2012-13
 - A\$24.15 in 2013-14
 - A\$25.40 in 2014-15
- Fixed price permits cannot be banked
- Domestic land sector offsets can be used for up to 5% of compliance liability
 - generated under the Carbon Farming Initiative

Flexible Price Emissions Trading Arrangements

- Flexible price ETS from 1 July 2015
- Caps under the ETS will be set five years in advance
- Permits will be auctioned or freely allocated
- Price ceiling and price floor will apply for first three years of the flexible price period
 - Price ceiling will be set A\$20 above expected international price in 2015/16; will rise by 5% real p.a.
 - Price floor set at A\$15 in 2015-16; will rise by 4% real p.a.
- Unlimited banking and limited borrowing

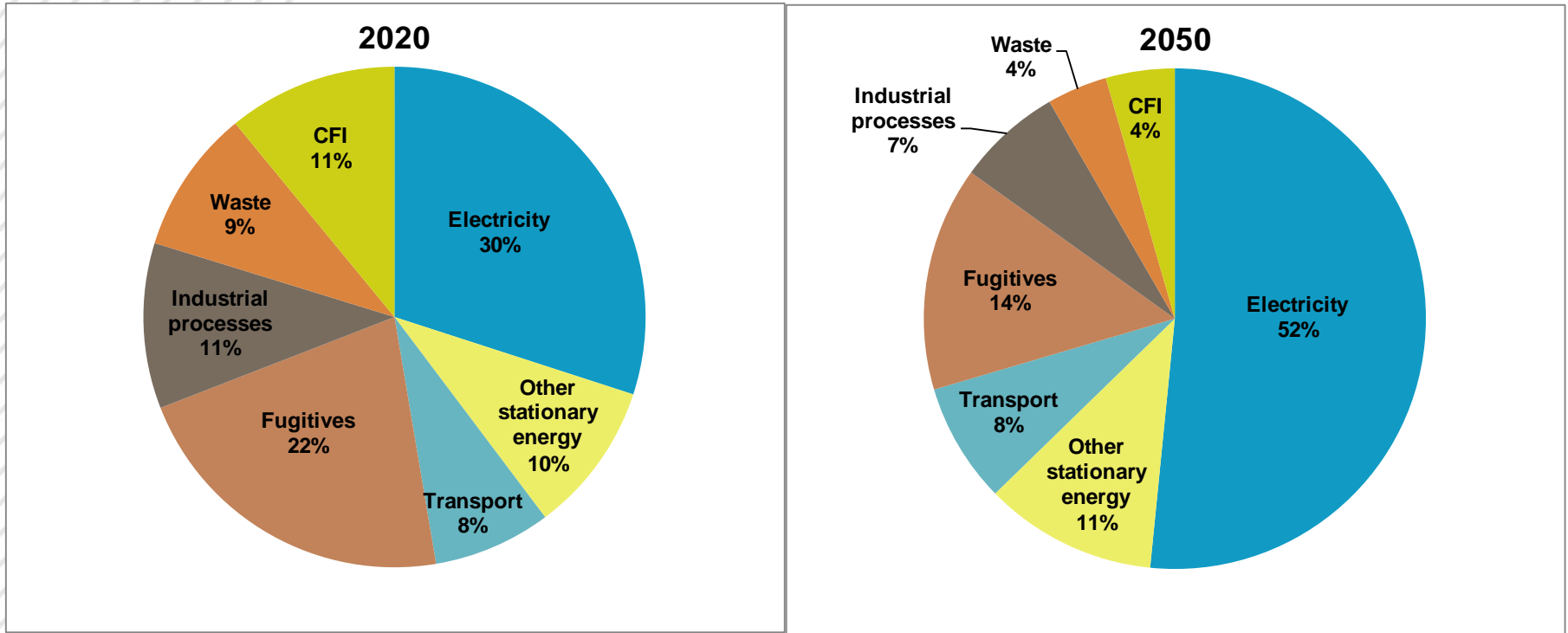
International Linking

- International units can be used to meet liabilities from 1 July 2015
- Safeguards in place to ensure credibility and environmental integrity of ETS
 - Quantitative limit – at least 50 per cent of annual liabilities must be met with domestic permits
 - Qualitative limits – most CERs, ERUs and RMUs can be used
- Climate Change Authority to advise on integrity of international units
- Export of Australian permits will only be allowed from 1 July 2018
 - Except as part of bilateral linking arrangements

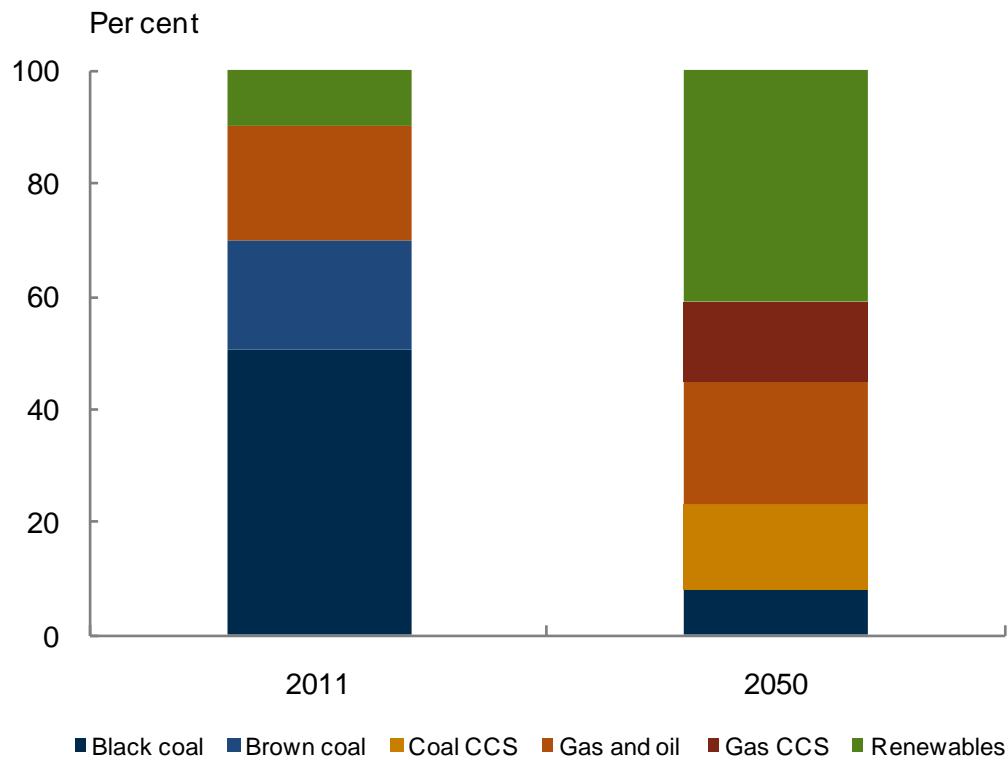
Transitional Assistance and Support for Renewables

- More than 50% of carbon price revenue raised will go to households
 - Assistance targeted to low-income households
- Free permit allocations to emissions-intensive trade-exposed industries such as steel, cement and aluminium
 - Assistance provided at two rates (94.5% and 66%)
 - Assistance declines by 1.3% per year
 - Retains full incentives for emission reductions
- Support for renewable energy research and development

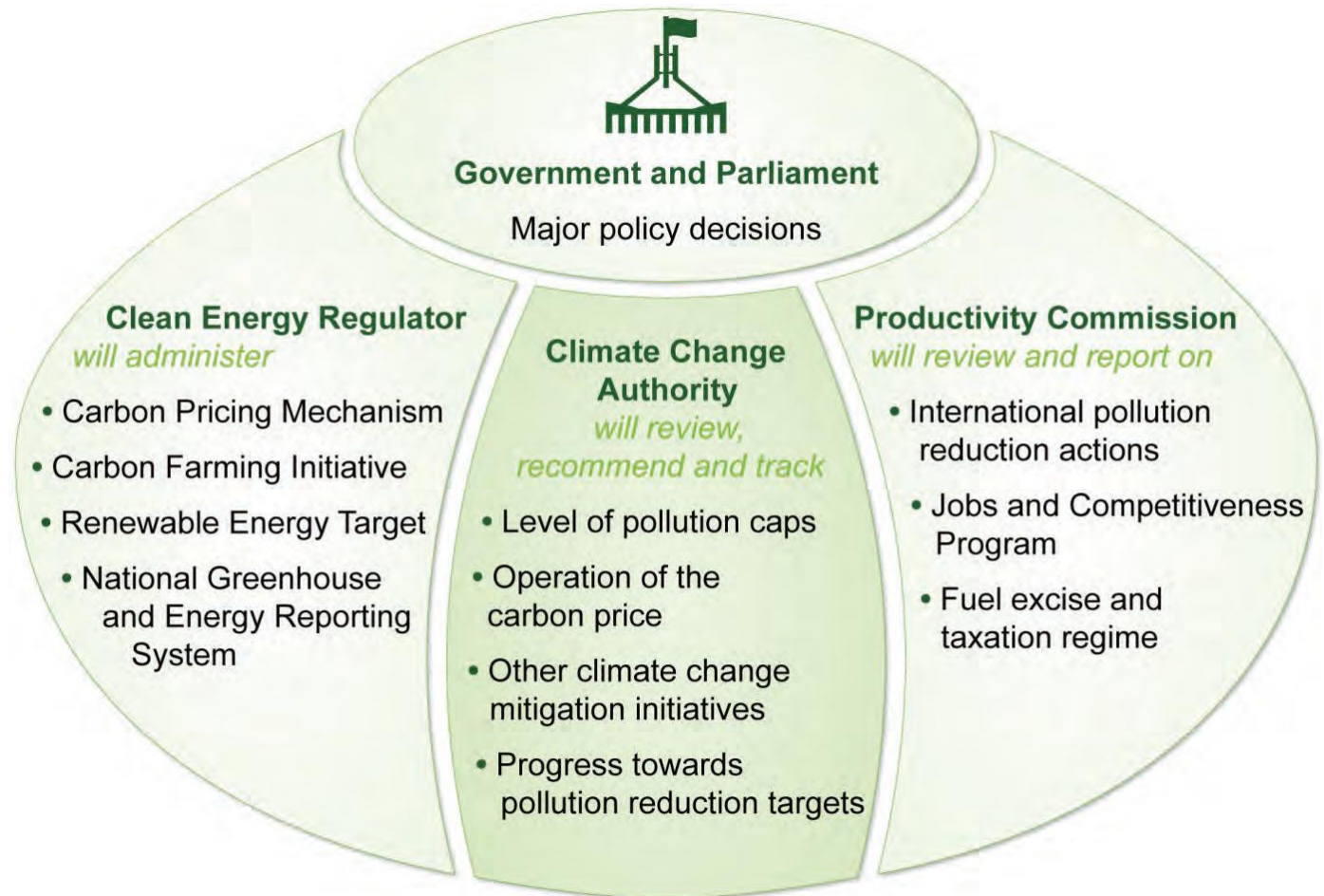
Sources of Emissions Reductions



Change in Composition of Electricity Generation



Governance



Timeline

- **12 October 2011:** Passed through House of Representatives
- **November 2011:** Aim to pass through Senate
- **1 July 2012:** Scheme commences

Questions ?