



Australian Government



Australia's Carbon Pricing Mechanism – Coverage & Liability

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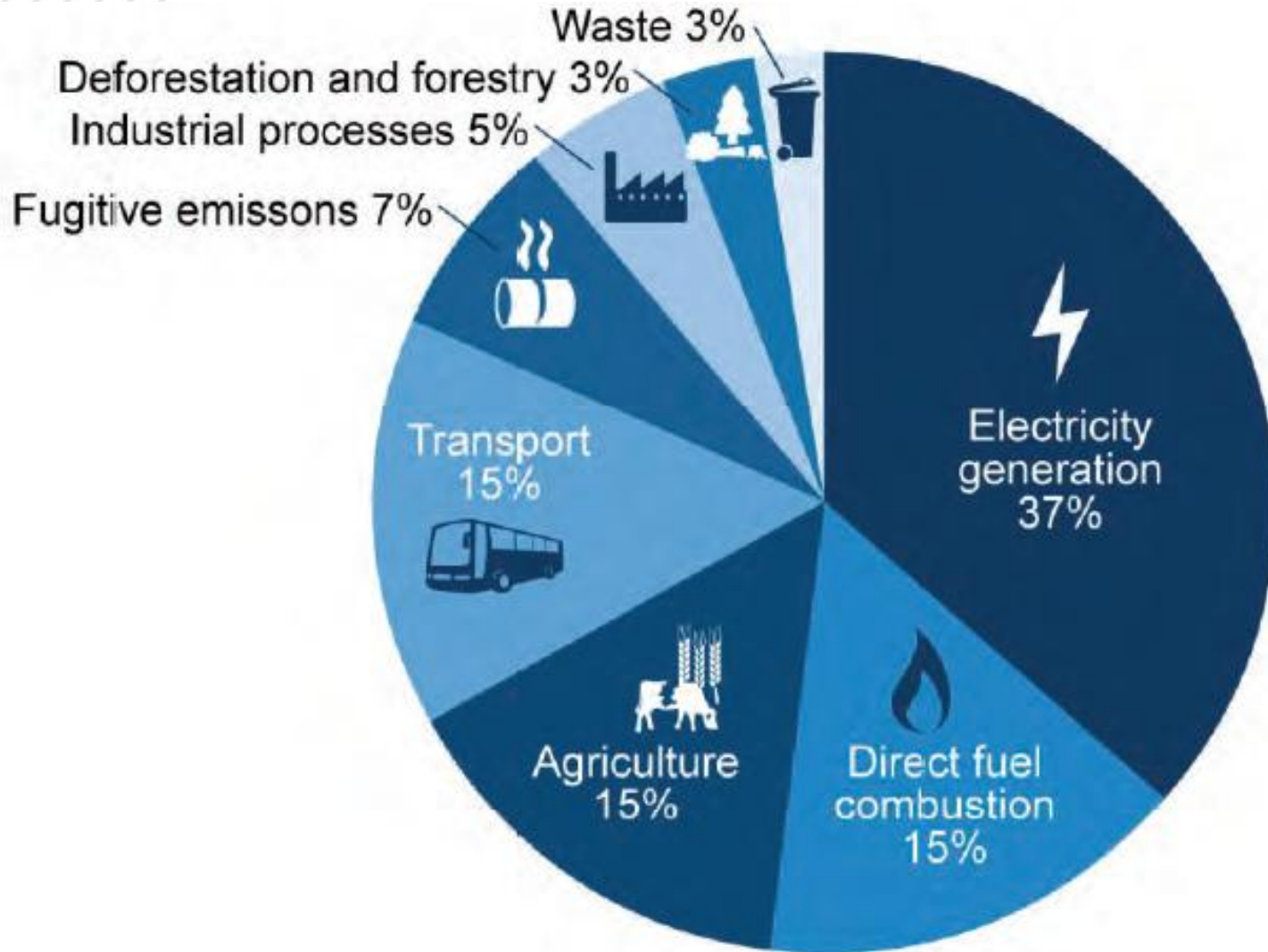
www.cleanenergyfuture.gov.au

Coverage and liability

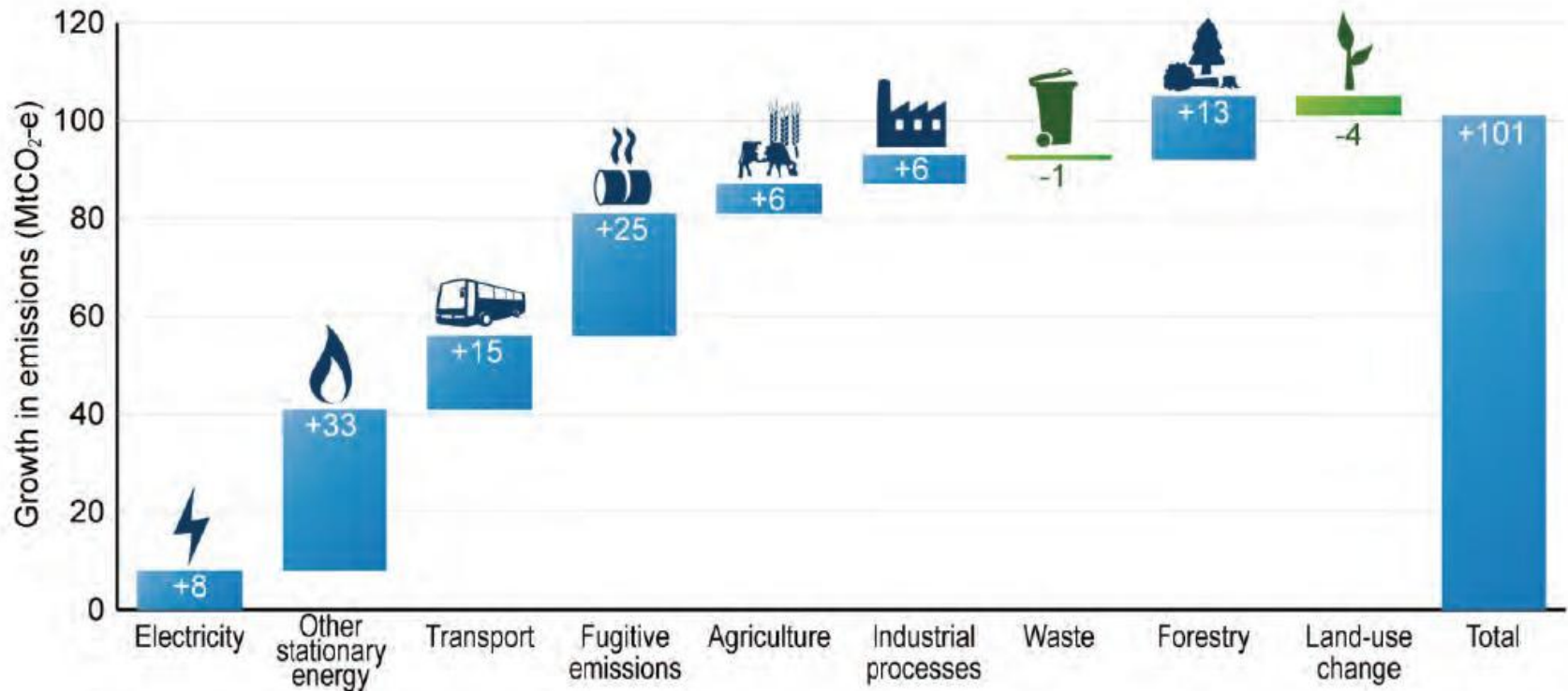
Coverage principles

- Align with Kyoto Protocol accounting
 - Gases and sectors
- Broad coverage
 - Minimise costs of abatement
 - Minimise inter-sectoral distortions
 - Share costs of emissions reductions fairly
- Practicable
 - Cost-effective to monitor & report emissions
 - Unbiased measurement

Australia's emissions profile

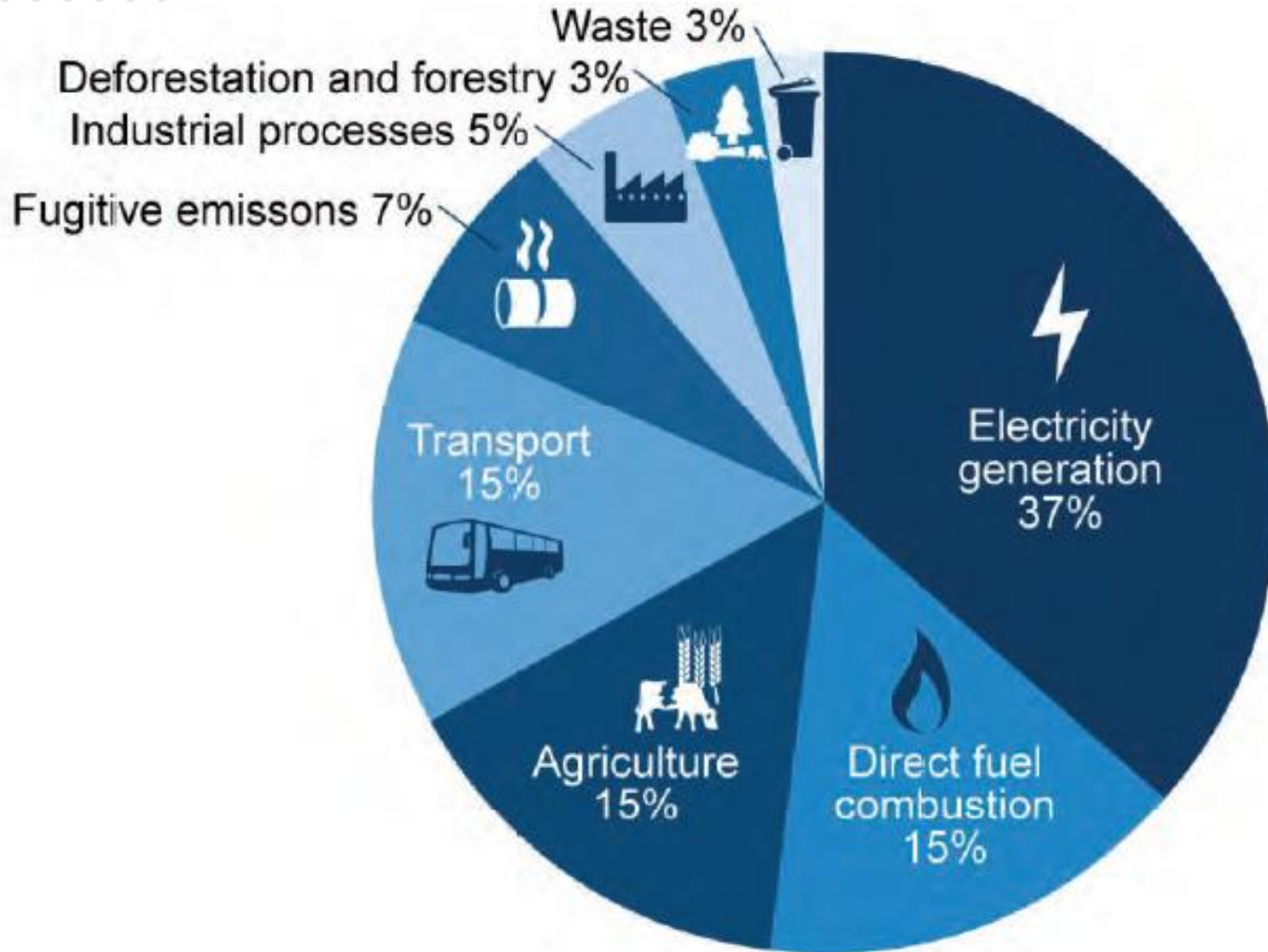


Projected emissions growth to 2020 (sectoral)

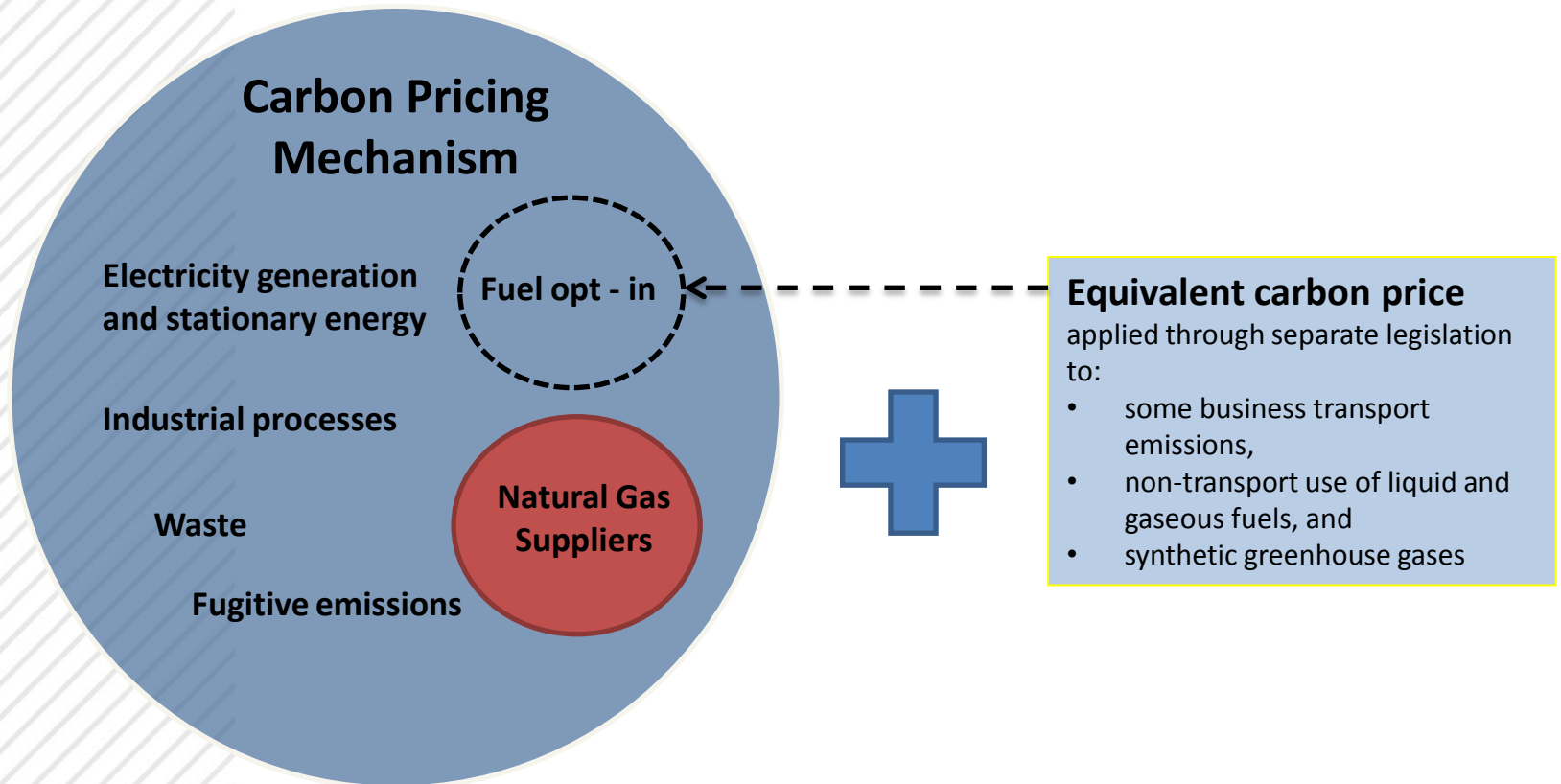


Source: Treasury modelling, 2011 (medium global action scenario).

Australia's emissions profile



Coverage of carbon price



Around 400-500 liable businesses
Most facilities > 25 kt CO₂-e

Point of liability - Australia

- Direct for facilities over 25,000 tonne CO₂e threshold (direct emitters)
- Indirect for natural gas suppliers
 - Except where supplying to a large facility
- 400-500 liable entities
- Around 60% of Australia's emissions will be covered
 - Another 4-7% via equivalent carbon pricing

Ex-ante analysis?

- Obligations
 - What targets do we have to achieve, by when?
- Inventory/technical
 - Where are the emissions coming from now?
 - Are sources large/point or small/diffuse? Are there identifiable points of obligation?
 - What reporting systems can be put in place? Do emissions measurement techniques exist? How much do they cost per liable entity? How reliable are the results? (Do emissions techniques use local, national or global data?)
- Projections
 - Where are emissions going to grow?
- Market structures
 - Are markets competitive? (Supply side, demand side)
 - Are there barriers to cost pass-through?
 - What existing contractual or other legal/regulatory requirements might interact?

Questions?

Further information about climate change and renewable energy is available online at:

- www.climatechange.gov.au
- www.cleanenergyfuture.gov.au
- www.livinggreener.gov.au.

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