



# Policy Context - Overview

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## This presentation will cover:

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- International Context
- National Context
- National Policy Measures
- Victorian Context
- Victorian Programs & Policy Measures
- Local and Regional Context



# INTERNATIONAL CONTEXT



# International Context

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- KYOTO
  - Bali Roadmap, Copenhagen
  - 2020 (25-40%)
  - 2050 (80-90%)
  
- G8 & MAJOR EMITTERS MEETING
  - EU pushing for binding targets and deep cuts
  - US the consistent barrier in all forums
  
- STERN REPORT
  - Cost of action v inaction
  - Recent updates from Stern



# International Context

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- Equity & Development
  - Clean Development Mechanism?
  - Global emissions budgets?
  - Targets for developing countries
  - Technology transfer and adaptation support
  
- SCIENCE V POLICY
  - 2° threshold
  - Current targets consistent with greater warming



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# NATIONAL CONTEXT



## National Context – Kyoto

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- Ratification!
- Aust gave strong support for 25-40% by 2020



## National Context – Garnaut

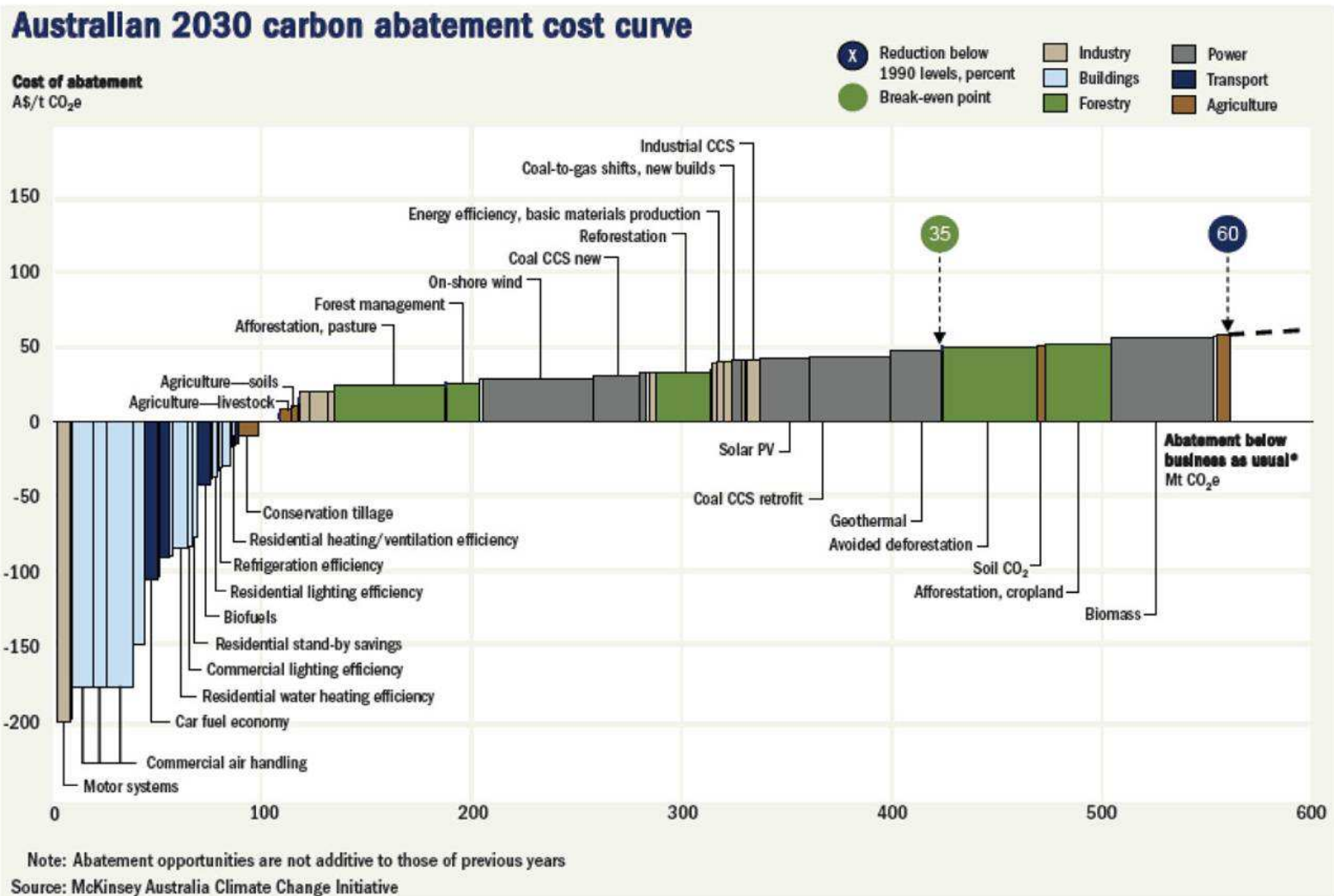
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- Interim & draft reports released
- Final report and supplementaries due 30 Sept
- Early action essential
- Tie action to the science
- Aust to be one of the hardest hit
- Aust leadership role

# National Context – McKinsey Report



## McKinsey (2008) emission abatement costs for Australia

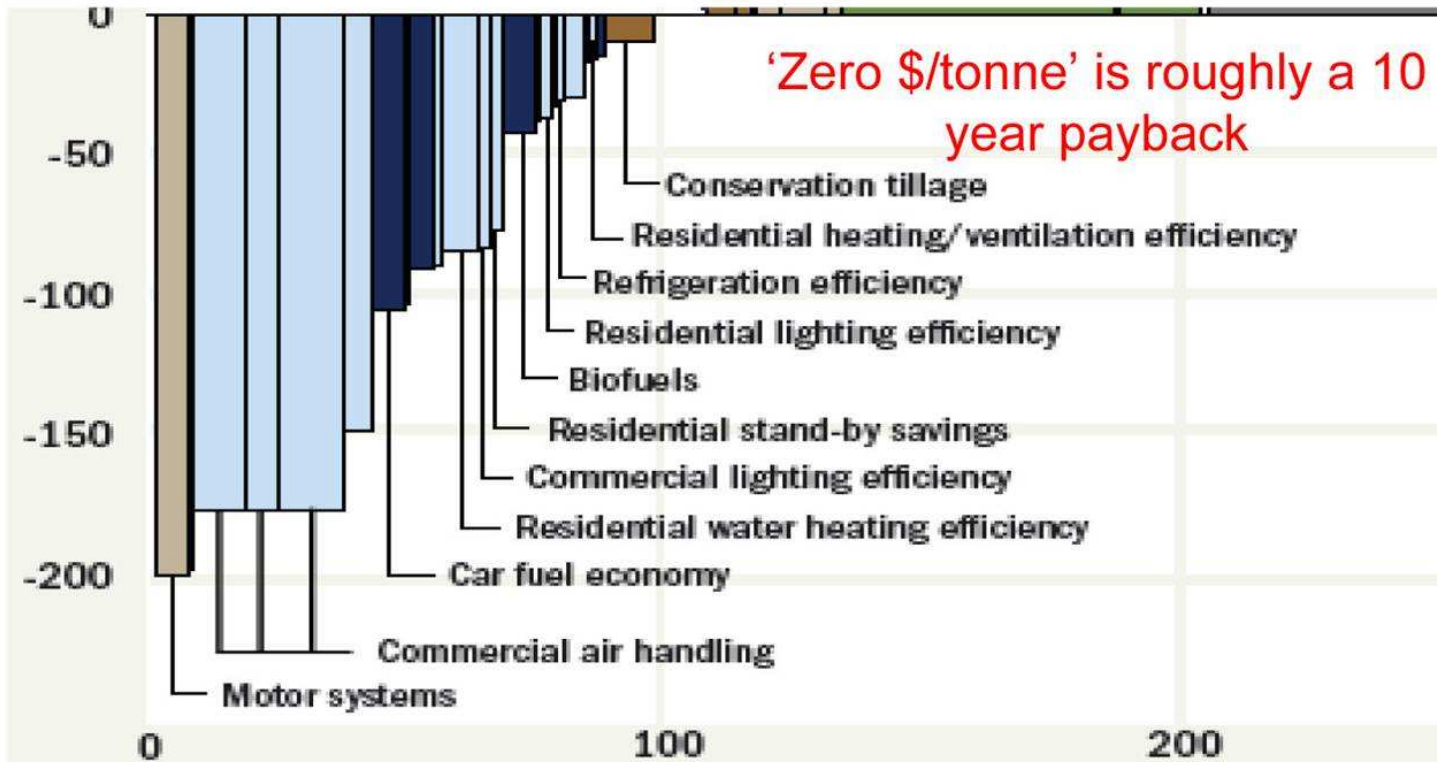




# McKinsey Report

McKinsey (2008) emission abatement costs Australia to 2030

Cost/tonne CO2 avoided (A\$)



'Zero \$/tonne' is roughly a 10 year payback

Note: Abatement opportunities are not additive to those of previous years  
Source: McKinsey Australia Climate Change Initiative



## National Context – Current & Emerging Issues

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- Clean Coal v Renewables
- Science v Policy
  - Current Aust targets consistent with 3°
- Sophistication of Policy Measures Internationally
  - Zero Emissions buildings policy UK
  - German Feed-in Tariff
  - Woking
- Equity
  - Low income households
  - Adaptation



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# NATIONAL POLICY MEASURES



# National Policy Measures – Carbon Pollution Reduction Scheme

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- 3 pillars of approach:
  1. Reducing Australia's emissions
  2. Adapting to unavoidable change
  3. Helping to shape global response
  
- CPRS Green Paper – Submissions due Sept 08

# Carbon Pollution Reduction Scheme Timeline

March-June 08	Phase 1 Consultation
July 08	Public release of Green Paper
July-September 08	Phase 2 Consultation
December 08	Public release of exposure draft of legislative package
December 08 - February 09	Phase 3 consultation on exposure draft legislation package
End 2008	Firm indication by Government of planned medium-term trajectory for scheme
March 09	Bill introduced into Parliament
Mid 2009	Govt aims to achieve passage of bill by Parliament
During 2009	Phase 4 consultation on trading regs
3 <sup>rd</sup> Quarter 2009	Act enters into force; scheme regulator established
2010	Emissions trading scheme will commence



# National Policy Measures – MRET

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- 20% by 2020 (45,000 gigawatt-hours)
- COAG Working Group consultation paper
  - Submissions due 30 July
- Design due to be completed Sept 08
- Legislation in place mid-09
- RET to be phased out between 2020-2030

## Issues:

- Productivity Commission & Garnaut: RET unnecessary in combination with ETS





# National Policy Measures – NFEE

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New measures agreed at Dec 07 meeting:

- Expanding and enhancing MEPS program
- HVAC high efficiency systems strategy
- Phase-out of incandescent lighting
- Government leadership through green leases
- Development of measures for national hot water strategy, for later consideration

Further work:

- Rating tools for commercial buildings in new sectors
- Additional residential measures



# NFEE – MEPS Program Expansion

Energy Source	Category to be Targeted
Electrical appliances & equipment	Whitegoods Home entertainment equipment Water heaters Air conditioners (including chillers) Computer equipment Lighting Commercial and industrial equipment One-watt standby power
Gas appliances & equipment	Water heaters Ducted / space heating Pools / spas Outdoor heaters



## National Policy Measures – Solar Homes and Communities

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- Up to \$8000 per household, means tested at \$100,000 gross household income
- Senate Inquiry into Save Our Solar (Solar Rebate Protection) Bill
  - Submissions closed 21 July
  - Due to report 15 August



# National Policy Measures – Green Loans Program

Household Sustainability Assessment

Measures Identified

Green Loan Application

- 360,000 household audits nationwide
- Household pays \$50 for audit, refundable upon loan
- 200,000 loans up to \$10,000
- Means test \$250,000 household income
- Loans repaid on capacity to pay basis
- Scheme operation 2009-2012/13

## Issues:

- Auditor accreditation
- Mandatory disclosure



# National Policy Measures – Feed-in Tariff

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- Senate Inquiry
  - Submissions due 15 August
  - Due to report October 08
  
- Tariff design?
  - ACT gross v Vic, SA, QLD net
  - Garnaut draft report recommends gross



# National Policy Measures – Solar Cities

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- 7 Solar Cities around Aust
  - Adelaide
  - Blacktown
  - Townsville
  - Alice Springs
  - Central Vic
  - Perth
  - Coburg



# VICTORIAN CONTEXT



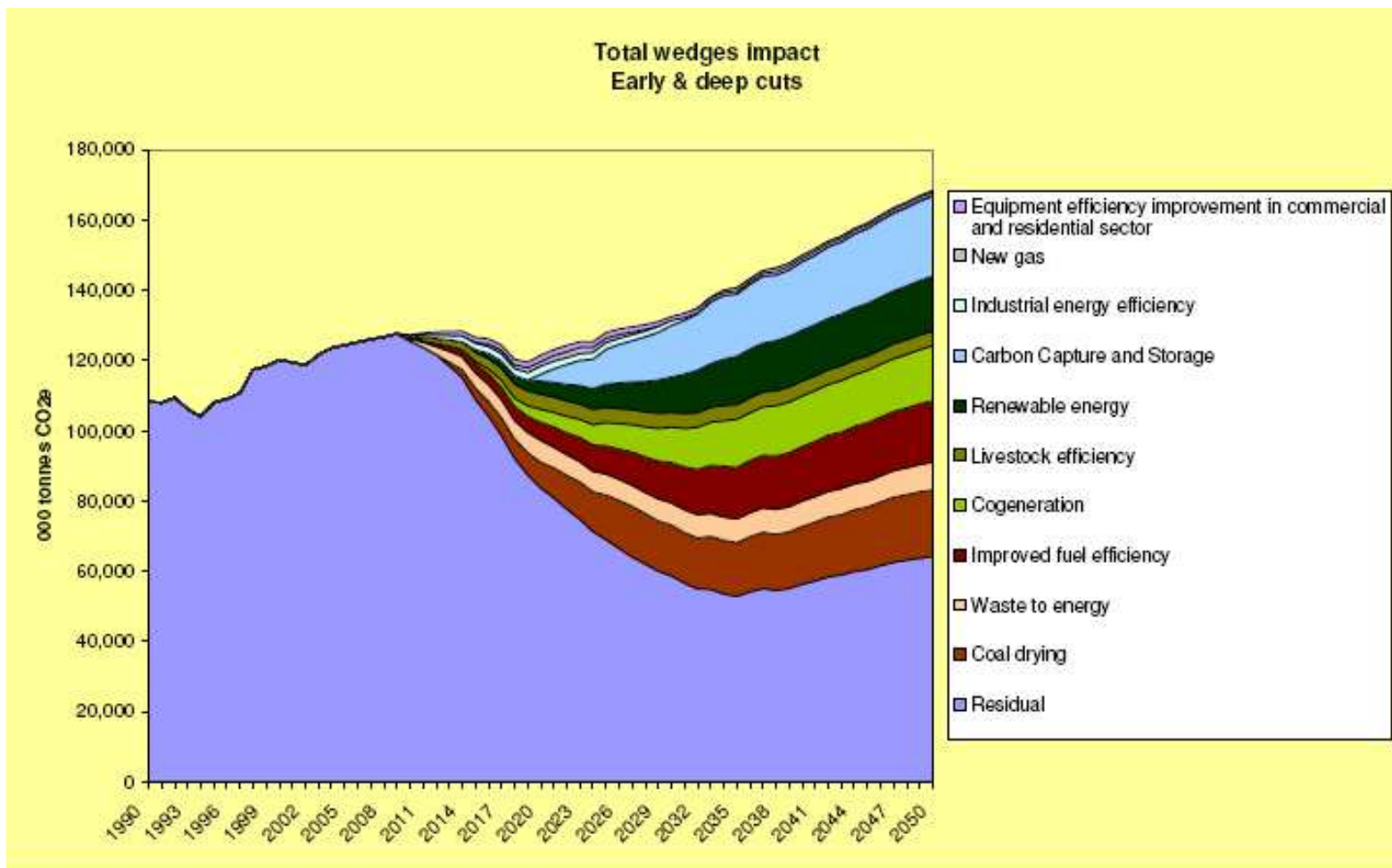


## Victorian Context – Climate Summit

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- Summit held April 08; start of process to develop Green Paper
- Summit Paper – submissions due 4 August
- Green Paper on Climate Change due October 08

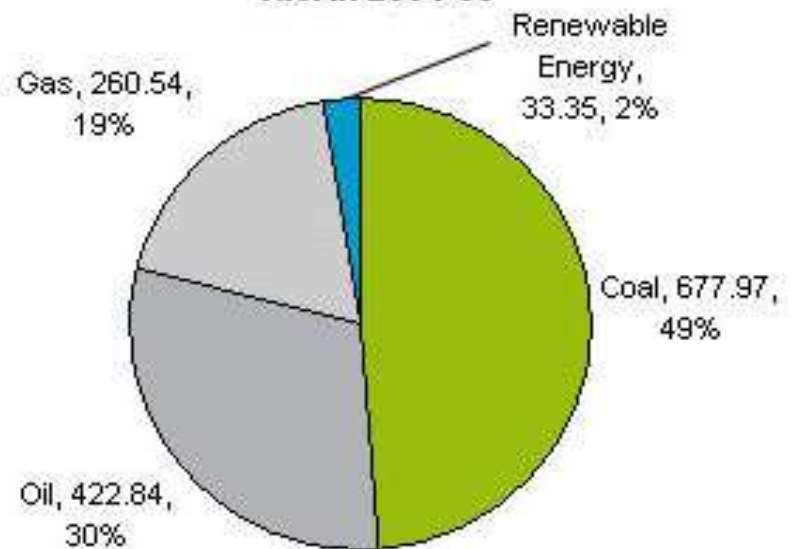
# State Context – Nous Group Report



# Victorian Context – Targets

- Overall emissions reduction target: 60% on 2000 levels by 2050
- Residential: 10% by 2020
- Low emissions sources: 20% by 2020
- Government facilities: 25% Green Power by 2010

Victorian primary energy consumption (PJ) by fuel in 2004-05





## Victorian Context – Techno-fixes and Flat Earth Economics

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- Desalination plant
- New coal fired power station
- Road tunnel





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# VICTORIAN POLICY MEASURES



## Vic Policy Measures – VEET

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- Starting 2009
- Phase 1 target: 8.1 million tonnes
- Retailers required to achieve reductions across residential customers
- Eligible activities generate certificates according to abatement potential
- Activities likely to include ceiling insulation, hot water system replacements, appliance replacements; lighting and showerheads
- Scheme may be expanded to other sectors in future





## Vic Policy Measures – VRET

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- Aims to increase share of renewable sources to 10% by 2016
- Commenced January 2001
- Administered by Essential Services Commission
- Facilitates large-scale generation



# Vic Policy Measures – Built Environment Regulations

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- Residential: 5 Star Standard
  - New homes since 2005
  - Renovations since May 2008
  - Upgrade 2009
  - Issues:
    - Floor area
    - Appliances and fixtures
    - Future of rainwater tanks?
    - Peak demand
- Commercial: BCA Section J

Minimum  
standards, NOT  
best practice!



# Vic Policy Measures – Renewable Energy Support Fund

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- \$8 million fund
- Next round to be announced later this year
- Eligible projects may produce heat or electricity from a renewable energy source, but must:
  - reduce greenhouse gas emissions
  - have a maximum capacity between 20kW and 5 MW for electricity projects or between 70 MJ/h and 20GJ/h for thermal projects
  - use technically proven technology that is innovative in its application in Victoria
  - show the potential for further application in Victoria



# Vic Policy Measures – Energy Technology Innovation Strategy

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- Funding for
  - brown coal power generation
  - distributed generation
  - energy efficiency
  - renewable and enabling technologies
  
- New ETIS funding:
  - \$72 million for large scale sustainable energy demonstration projects
  - \$110 million fund for new large-scale, pre-commercial Carbon Capture Storage (CCS) demonstration projects



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# REGIONAL & LOCAL CONTEXT

# Regional & Local Context

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- Increasing focus on regional/local delivery e.g. regional alliances – funding?
- Demand for action, outcome-oriented partnerships
- Focus shifting to market-based solutions
- Increasing funding (and general) focus on quantifying tonnes and dollar savings
- Local leadership e.g. NAGA, Zero Net targets, STEPS
- Distributed generation opportunities

