



Australian Parents
for Climate Action

AP4CA Submission to the Senate Environment and Communications Legislation Committee regarding the Clean Energy Finance Corporation Amendment (Grid Reliability Fund) Bill 2020

Australian Parents for Climate Action
c/o Environmental Leadership Australia

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AP4CA is a registered charity supported by more than 6,400 parents and carers from around Australia who are advocating for a safe climate for our children's future.

We are focused on pushing Australian governments and businesses to take urgent action to cut Australia's carbon emissions to net zero as quickly as possible.

We encourage Australia to take a leadership role on the world stage, leading by example and calling for other nations to take the necessary action to protect our children's futures.

For more information, visit AP4CA.org.

TO: Committee Secretary Senate Environment and Communications Legislation Committee
ec.sen@aph.gov.au

Dear Committee Secretary, AP4CA and its members welcome the opportunity to provide input into the Committee's scrutiny of the Clean Energy Finance Corporation Amendment (Grid Reliability Fund) Bill 2020 (**Bill**).

Submission Summary

The Clean Energy Finance Corporation (**CEFC**) has an essential role in ensuring that Australia sufficiently reduces its greenhouse gas emissions in line with its Paris obligations.

AP4CA and its members **support** additional funding for the CEFC but **do not support** changes to legislation which will undermine the CEFC's remit of achieving low emissions, its independence or its ability to avoid investment in any fossil fuels.

Specifically, AP4CA and its members **do not support** the use of CEFC capital for any new fossil fuel (including gas) projects, infrastructure or investments.

1. Incompatible with Emissions Reduction Targets and a Safe Climate

Any expansion of fossil fuel extraction such as gas (or the financing of such) is incompatible with the objectives of the Paris Agreement to maintain a safe climate.¹ The CEFC's capital should not be used to create gas fields and gas infrastructure. Expert advice (including from economists) is that we do not need more gas investment² and from an emissions reduction perspective this continued push for more gas makes no sense.

Increased investment in gas extraction condemns NSW and the world to a hotter and more dangerous future, with more intense and/or frequent extreme weather events; greater variability of water and food supplies; adverse human health outcomes; compromised biodiversity; rising sea levels destroying coastal property assets and values; and many other deleterious effects.³

While current laws are wholly inadequate to constrain greenhouse emissions, decisions to increase the extraction and use of fossil fuels at this point in history will in future be treated as acts of inter-generational genocide.⁴

¹ <https://www.smh.com.au/environment/climate-change/australia-s-chief-scientist-is-wrong-on-gas-say-leading-experts-20200824-p55oty.html>

² <https://www.afr.com/companies/energy/morrison-s-gas-plan-is-uneccesary-overkill-20200915-p55vrk>

³ <https://climatechange.environment.nsw.gov.au/Impacts-of-climate-change>

⁴ <https://behindthenumbers.ca/2019/02/14/the-all-too-ugly-truth-climate-change-is-generational-genocide/>

Australia is already experiencing mounting, and increasingly material, deleterious impacts of global heating, even at the supposedly safe one degree of warming above pre-industrial temperatures that has currently been experienced.⁵

Australia's overriding obligation under the Paris Agreement is to hold "the increase in the global average temperature to well below 2 °C... and pursuing efforts to limit the temperature increase to 1.5 °C... recognising that this would significantly *reduce the risks and impacts* of climate change."⁶

Based on the Intergovernmental Panel on Climate Change's landmark 2018 report, the only hope of limiting warming to 1.5 °C requires halving annual global emissions from 2010 levels by 2030; and achieving net zero by (or preferably well before) 2050.⁷

Even the aspirational Paris target of limiting heating to 1.5 °C is not "safe" and will devastate Australia, destroying a majority of coral reefs, jeopardising the continuity of water and food supplies, and setting in motion unstoppable multi-metre sea level rise over the coming centuries, which will in time inundate our major cities and destroy billions of dollars of coastal infrastructure.⁸

To date the Australian Government has only committed to a low-ball target of 26-28% below 2005 levels by 2030, which - it should be noted - had been 50% achieved in 2015 *at the time the Paris agreement was negotiated*.⁹ Over the successive five years, emissions have fallen by only about one percent, indicating that the country is not on track to meet even that unambitious target.¹⁰

2. Gas is Not "Clean Energy"

Gas is not 'clean energy' and it should not fall within the CEFC's remit. Gas is a fossil fuel that causes CO₂ emissions, both when it is burnt and via inevitable leakages during capture, transport and storage.

There is mounting evidence that fugitive methane emissions have been widely under-reported, potentially by 25-40%.¹¹ Bottom up estimation cannot be relied upon,¹² particularly when self-

⁵ <https://www.climate.gov/news-features/understanding-climate/climate-change-global-temperature>

⁶ https://unfccc.int/sites/default/files/english_paris_agreement.pdf

⁷ https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15_Chapter2_Low_Res.pdf

⁸ <https://climate.nasa.gov/news/2865/a-degree-of-concern-why-global-temperatures-matter/>

⁹ According to the national greenhouse accounts, Table 8, Australia's national inventory total emissions in the 2004/05 were 617.2 Mt CO₂-e. In 2014/15 the total was 538.8, a reduction of 12.7% or almost half the Government's 26-28% target. The latest annual total, for the year to December 2019 is 532.5, a further decrease of under 1.2%. This is despite over \$2 billion of taxpayer funds having been spent on the Emissions Reduction Fund (now rebranded the Climate Solutions Fund), the Australian Government's signature emissions reduction program, during the same period (2015 to 2019).

¹⁰ <https://www.industry.gov.au/sites/default/files/2020-05/nggi-quarterly-update-dec-2019.pdf>

¹¹ For example, <https://www.nature.com/articles/s41586-020-1991-8>

¹² <https://www.nytimes.com/2019/12/16/climate/methane-leak-satellite.html>

reported by fossil fuel developers.¹³ While more independent, rigorous research and better measurement is required including extensive use of satellite monitoring, it is likely that net emissions from the use of fossil gas make its emissions intensity considerably closer to coal than the 50% lower figure that is widely touted.¹⁴

Further, given that methane breaks down in the atmosphere over about 12 years, its heating effect is concentrated in this pivotal point for the safe future of humanity; a fact that is diluted when a 100 year Global Warming Potential of 28 is applied rather than a 20 year GWP of 86.¹⁵

Apart from its deleterious impact on the climate, coal seam gas extraction uses techniques that pollute and endanger artesian and above ground water supplies;¹⁶ may reduce fresh water available for agricultural and environmental purposes; compromise biodiversity;¹⁷ appropriate private and public land; and scar the natural landscape.¹⁸ No amount of “environmental controls” can prevent untold environmental damage, at a time when NSW flora, fauna and farmers are still reeling from the destruction of the recent unprecedented drought and bushfires (which themselves were exacerbated by existing levels of global heating¹⁹).

3. Decarbonised energy grid can be a stable grid

At a time when we are at risk of exceeding 1.5 degrees of average heating within the next half decade,²⁰ we must switch with the greatest haste to cost effective renewable energy and storage systems including virtual power plants.²¹

It is vital that Australia move to a decarbonised energy grid as soon as possible, to reduce our CO2 output and to prepare our economy for a net zero future.

Gas is not needed either from an energy perspective or an economic perspective. Renewable technologies already exist to 'stabilise the grid'. Grid issues have been caused by coal-based electricity production, not renewables. The SA battery proves that stable electricity is possible.

4. Economic recovery – once in a lifetime opportunity

Economically, renewables will create more jobs than gas. Refer to the Beyond Zero Emissions “Million Jobs Plan”.²² Australia would be better off under a 'renewables-led recovery', both as an

¹³ <https://www.tai.org.au/content/csiro-report-misleads-fracking-risks>

¹⁴ <https://www.ucsusa.org/resources/environmental-impacts-natural-gas>

¹⁵ <https://www.scientificamerican.com/article/how-bad-of-a-greenhouse-gas-is-methane/>

¹⁶ <https://www.environment.gov.au/water/coal-and-coal-seam-gas/science-research/chemicals>

¹⁷ https://www.researchgate.net/publication/261288001_The_Potential_Impacts_of_Coal_Seam_Gas_on_Biodiversity_in_Australia_Identification_of_knowledge_gaps_and_research_priorities

¹⁸ <https://www.abc.net.au/news/2012-12-09/aerial-photo-of-coal-seam-wells/4417176?nw=0>

¹⁹ <https://time.com/5759964/australian-bushfires-climate-change/>

²⁰ <https://www.carbonbrief.org/quest-post-global-warming-edges-closer-to-paris-agreement-1-5c-limit>

²¹ <https://arena.gov.au/projects/agl-virtual-power-plant/>

²² <https://bze.org.au/media-releases/one-million-jobs-ready-willing-and-able/>

immediate path out of covid, and for the longer term. Gas is an economic dead end, as the world turns away from fossil fuels. Using CEFC money to build gas infrastructure means using taxpayer money intended for renewables to build stranded assets. This is unacceptable.

5. Will Not Lower Domestic Gas Prices

Gas prices have been expensive because most of Australia's gas is exported. The way to bring down power prices is with more renewable power, not with more gas. - Neither the Australian people or the energy industry wants gas. They want renewables. The only people who want a gas led recovery are those who stand to personally financially benefit from it, such as members of the unelected, unaccountable 'Covid Commission' who still hold gas shares (plus LNP politicians who are not demonstrating any will to vote outside party lines).

Government claims that gas will help lower domestic fossil gas prices (and in turn electricity prices, which were pushed higher due to the skyrocketing domestic cost of fossil gas) do not stack up. Domestic gas is highly priced not because of a lack of local supply, but because of short-sighted government decision-making failing to ensure a domestic reserve when the LNG export market was opened up: Australia is already awash with gas.²³ The NSW Department of Planning Director David Kitto has conceded that new gas projects will not lower domestic gas prices.²⁴

6. Will Not Lower Electricity Emissions or Prices

The Federal government claims “there is no credible plan to lower emissions and keep electricity prices down that does not involve the greater use of gas as an important transition fuel.”²⁵ This is a fiction, which has been dispelled by several expert analyses including the government’s own Australian Energy Market Operator (**AEMO**).²⁶ AEMO’s newly released Integrated Systems Plan says that new dispatchable gas generation will only be competitive if gas prices remain low; meanwhile prices for non-fossil based forms of dispatchable energy are dropping rapidly.²⁷

Any new investment in fossil fuel is likely to result in uneconomic projects and asset stranding during the project’s multi-decadal life due to the already lower cost of firmed renewable energy; and accelerated electrification and “hydrogenation” of traditionally fossil gas-fueled heating and

²³ <https://www.abc.net.au/news/2019-05-17/gas-exports-blamed-for-electricity-price-rises-job-losses/11121120>

²⁴ <https://www.northerndailyleader.com.au/story/6840509/narrabri-gas-project-would-not-reduce-prices-department-chief-says/>

²⁵ Ibid

²⁶ <https://www.smh.com.au/national/australia-s-grid-could-handle-a-huge-leap-in-renewable-power-by-2025-20200429-p54obe.html>

²⁷ <https://aemo.com.au/-/media/files/major-publications/isp/2020/final-2020-integrated-system-plan.pdf?la=en&hash=6BCC72F9535B8E5715216F8ECDB4451C>

industrial applications.²⁸ Nor will it create many jobs compared with renewable energy investments, either directly in the gas and pipeline industries, or in downstream manufacturing applications, as the Australia Institute's analysis has found.²⁹

Any new investment in fossil fuel will also likely *delay* the roll out of emissions-free alternatives, maintaining higher emissions intensity regardless of the perceived benefits of fossil gas over coal. Greater supply of fossil gas will also slow the transition to green hydrogen for energy uses that cannot be electrified. Again, new gas supply works directly against achievement of State and Federal emissions reduction targets.

Conclusion

Given Australia's wealth and abundant resources with which it can achieve net zero emissions, not to mention the extent to which that wealth has been derived from activities that have directly and materially contributed to the current level of global heating, arguably the government should be setting a far more ambitious emissions reduction target, and should have announced a moratorium on new fossil fuel extraction in 2015, as requested by Pacific Nations for coal mines in that year.³⁰

We strongly contend that any fossil extraction approvals since Paris represent deliberate and cognisant acts of inter-generational genocide.

We implore the Government to keep gas out of the CEFC, and start leading Australia to be the renewable energy superpower it could and should be.

²⁸ For example, https://hydrogencouncil.com/wp-content/uploads/2020/01/Path-to-Hydrogen-Competitiveness_Full-Study-1.pdf

²⁹ <https://www.tai.org.au/sites/default/files/P908%20Gas-fired%20backfire%20%5Bweb%5D.pdf>

³⁰ <https://www.abc.net.au/news/2015-11-19/kiribati-president-urges-world-leaders-moratorium-coal-mines/6953930>