

Tuesday 26th September 2012

House Standing Committee on Economics
Parliament House
Canberra
ACT 2600
Australia

Via email: economics.reps@aph.gov.au

Clean Energy Council Submission – Review of the Clean Energy Amendment (International Emissions Trading and Other Measures) Bill 2012 and Six Associated Bills.

The Clean Energy Council (CEC) welcomes the opportunity to provide comment on the *Review of the Clean Energy Amendment (International Emissions Trading and Other Measures) Bill 2012 and Six Associated Bills*.

Promotes international competitiveness

The Clean Energy Council supports the linking of Australia's carbon pricing scheme with international emissions trading systems. International linking allows Australian businesses to access emissions reductions opportunities at least cost. With international linking, the carbon price in Australia will essentially be set by international supply and demand for abatement. As a result, Australia's carbon price will remain consistent with the international carbon price which in turn will reflect the degree of global ambition to tackle climate change.

Proper controls around the quality of the permits

The Clean Energy Council supports the careful consideration the Federal Government has given to which international permits will be eligible under the Australian carbon price scheme. It encourages the Federal Government to keep these under close review.

Linking to the EU scheme

Removal of a price floor impacts a level of certainty for businesses making investment decisions, and can potentially lower the incentive for developing low-carbon technologies. However, in the absence of a price floor, linking the Australian emissions trading scheme with the EU Emissions Trading System is a good alternative. It safeguards the Australian carbon price framework from future political pressure as repeal will now also mean severing connection to the world's largest carbon market. Furthermore, mutual recognition of carbon units between the two cap and trade systems sends the message that the Australia is not acting alone by implementing a carbon price framework.

Limitations on use of CDM Credits

The Clean Energy Council supports a binding quantitative limit on the use of CDM credits to ensure only credible international permits will be eligible for use in the Australian scheme. The proposed limit on CDM credits will ensure the Australian price will not be set in CDM markets and safeguard against Australia's

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carbon price dropping too low to encourage domestic emissions abatement and investment in low-carbon technologies.

Yours sincerely

[original signed]

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