

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment portfolio

Question No: 82
Hearing: Budget Estimates
Outcome: Outcome 2
Programme: Emissions Reduction Fund Taskforce
Topic: EMISSIONS REDUCTION FUND LARGE LNG PROJECTS
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Question Type: Spoken

Senator Ludlam asked:

Senator LUDLAM: To cut this short, because I am going to change the subject in a moment, could you table your most recent data on the large LNG projects that are coming online in Australia in the next decade, and their expected impact on our national emissions profile. It is a small number of plants but it is a very large greenhouse impact. I am wondering if you could put for us what your expectation of business as usual emissions from these plants would be, specifically LNG—and this would have been a big issue for the previous government, so it is not a political question—and what the expected profile would be under Direct Action or any other measures that you bring into being?

Dr Kennedy: We can take on notice the question of our information that underpins the projects. We were talking about them earlier—the 17 per cent growth. But we will take on notice how we construct estimates for fugitives and for energy use in those plants and those types of things. As to the question of policy, that is a matter the parliamentary secretary might like to answer.

Senator LUDLAM: I am not asking what the government's policy is. I think we have a reasonable idea. Given the policy tools you have to work with, and those that have been taken off the table, what do you expect the impact on those business-as-usual emissions will be. So it is not a political question; it is about what is going to be done.

Dr de Brouwer: The difficulty is that the safeguard mechanism is being discussed and negotiated and worked through at the moment, so that is not finalised. This is in reference to the safeguard mechanisms.

Senator LUDLAM: So we do not know that either.

Senator Birmingham: The officials will take it on notice and will answer that which they are able to from your questions.

Answer:

The Department compiles emissions projections at a sectoral level in accordance with international guidelines adopted by the United Nations Framework Convention on Climate Change for accounting under the Kyoto Protocol. Emissions from liquefied natural gas (LNG) are reported within the stationary energy (electricity generation and direct combustion) and fugitive emissions sectors.

The latest emissions projection was completed with the Department of the Treasury using a suite of computable general equilibrium models and complemented by detailed sectoral inputs.

It is not possible to isolate the impact of a particular project, or every industry in the modelling. Within the energy sector at large, the 2013 Projections show that in the absence of a carbon price and with no Direct Action Plan, the expansion of Australia's LNG industry is expected to

lead to an increase in electricity demand in the short-medium term, as well as contribute to emissions growth in direct combustion and fugitive emissions:

- electricity emissions are projected to grow from 198 Mt CO₂-e in 2012 to 201 Mt CO₂-e in 2020;
- overall direct combustion emissions are projected to increase from 95 Mt CO₂-e in 2012 to 119 Mt CO₂-e in 2020, and
- overall fugitive emissions from oil and gas are projected to increase from 14 Mt CO₂-e in 2012 to 23 Mt CO₂-e in 2020.

The impact of the Direct Action Plan, including the safeguard mechanism, was not included in the 2013 Projections modelling, since the policy detail was being developed.