

Senate Finance and Public Administration Legislation Committee
ANSWER TO QUESTION ON NOTICE
Prime Minister and Cabinet Portfolio
Department of Climate Change
Budget Estimates Hearing–May 2009

Written question reference: CC56a-g

Outcome/Output: Outcome 1, Output Group 1.1 – Response to climate change

Topic: Voluntary action

Hansard Page: Not relevant for written QoN

Question: (Senator Johnston)

- a) Does the department agree that no amount of voluntary action by people to reduce their emissions, such as through installing solar panels, will actually reduce the government's 2020 cap?
- b) While it may reduce individual emissions, won't individual actions simply free up permits for other emitters to trade or pollute?
- c) How much will the solar energy or carbon capture plants, promised in the recent Budget, actually work to bring down the 2020 cap?
- d) Will it do anything before 2020?
- e) What figure has been put on how much these plants will save, in terms of emissions?
- f) What will happen to the spare capacity in the cap, that these plants deliver?
- g) Dr Richard Dennis has been a critic of the CPRS, arguing that: "When emissions trading comes in, every tonne of carbon dioxide saved by households will simply free up a tonne that can be used by industry. Installing solar hot water systems, driving smaller cars and turning off the lights will not help the environment one bit. The only effect reductions in household energy use will have is to free up pollution permits for the big polluting industries." (Media statement 25 November 2008.) Given the flaws identified by Dr Dennis, how does voluntary action, let alone the new solar power stations, actually help to reduce Australia's 2020 cap under this proposed legislation?

Answer:

Response to parts (a),(b) and (g)

No. Action by householders is a key part of our national strategy to reduce carbon pollution. Through their energy and fuel use, households are responsible for around 25 per cent of emissions covered by the carbon pollution reduction scheme.

Individual action by households can therefore help Australia to meet its emissions targets more easily. The Carbon Pollution Reduction Scheme (CPRS) legislation also provides for the Minister for Climate Change to take voluntary action into account when setting future caps.

The Government will monitor annual emissions from the household sector and will consider the uptake of certain energy efficiency activities and to the extent to which the uptake exceeds historical trends, factoring in electricity price changes, regulation and any direct government assistance. The Department recently conducted a series of workshops in major cities to explore how voluntary action can be factored into setting future caps including for 2020.

Response to parts (c), (d), (e) and (f)

The Solar Flagships program has a target of supporting the construction and demonstration of 1,000 MW of electricity generation by 2020. This would generate emissions reductions of over 10 Mt CO₂-e over 10 years.

The Carbon Capture and Storage (CCS) Flagships program has a target of supporting the construction and demonstration of 1,000 MW of low emissions fossil fuel generation. This 1,000 MW would potentially contribute around 2.9 Mt CO₂-e of emissions reductions in 2020 compared to other generation based on a 90 per cent capture rate.

Both the Solar Flagships and the CCS Flagships program will contribute to meeting Australia's national emissions targets and to achieving the caps under the CPRS.