

National Energy Transformation Partnership Team
Department of Climate Change, Energy,
the Environment and Water
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Via: netp@industry.gov.au

Dear Team

Consultation on proposed legislative changes to incorporate an emissions reduction objective into the national energy objectives

We thank DCCEEW for the opportunity to be consulted and make this submission.

Business Council for Sustainable Development (BSCD) Australia (www.bcsda.org.au) is

- a 70-member (private, public, philanthropic and academic sector) organisation;
- is the Australian representative of the World Business Council for Sustainable Development (WBCSD) (www.wbcsd.org) is a global organisation of over 200 member companies and 70 business networks (representing over 5,000 companies) with global sustainability ambitions; and
- aims to drive impactful action towards sustainable development by leveraging the role of businesses as the locus of innovation and positive change.

Our Vision 2050 report (<https://www.wbcsd.org/Overview/About-us/Vision-2050-Time-to-Transform>) highlights ten key actions to help transform energy systems towards decarbonisation. Below are the following components of our submission.

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Policy considerations to be addressed in implementing such an objective

In implementing the emissions reduction objective into the national energy objectives, several policy issues would need to be addressed, including:

1. Technical feasibility: The policy must ensure the technology exists to achieve the target emissions reduction levels.
2. Cost-effectiveness: The policy must be implemented cost-effectively to not burden businesses and consumers with high costs.
3. Energy security: The policy must not compromise energy security, meaning that the energy supply must be reliable and sufficient to meet demand.
4. Market impacts: The policy must consider the effects on the energy market, including the potential for increased prices and decreased competition.
5. Consumer impacts: The policy must be designed to minimise the effects on consumers, including any potential increase in energy prices.
6. Legal and regulatory framework: The policy must be supported by a solid legal and regulatory framework to ensure its implementation and enforcement.
7. Stakeholder engagement: The policy must engage all relevant stakeholders, including industry, market participants, investors, and the public, to ensure broad support and buy-in.
8. Monitoring and evaluation: The policy must include provisions for monitoring and evaluating its effectiveness, including setting interim targets and regular reporting. Monitoring and reviewing progress on the transition to a low-carbon energy system can help to identify any unintended consequences and ensure that appropriate action is taken to address any issues that arise.
9. International competitiveness: The policy must consider Australia's competitiveness, ensuring the country remains competitive in the global market.
10. Provide clear incentives for market participants: The policy should incentivise market participants towards decarbonisation.
11. Provide more clarity: The policy must provide more clarity in terms of defining concepts related to emissions reduction objectives. Developing guidance material can help promote clarity, consistency, and accountability in implementing the emissions reduction objectives and can support the transition towards a more sustainable and low-carbon energy system.
12. Implementing a comprehensive policy framework: A comprehensive policy framework can help to ensure that the transition to a low-carbon energy system is managed in a way that minimises the potential impacts on price, reliability, and security.
13. Encouraging innovation and investment: Encouraging innovation and investment in low-carbon energy technologies can help to reduce the costs of transitioning to a low-carbon energy system and minimise the potential impacts on price, reliability, and security.
14. Consider consequential changes in other laws to effectively implement the emissions reduction component.

15. Setting more ambitious emissions reduction targets would provide greater clarity and direction for market bodies to consider emissions reduction in their decision-making process.
16. Improving the integration of existing policies and programs and ensuring they are aligned with the emissions reduction objectives would help provide a clearer overall policy framework for market bodies to consider in their decision-making process.
17. Developing guidance material for market bodies would help to ensure that they clearly understand the emissions reduction objective and how they are expected to contribute to achieving this objective.

Examples of similar jurisdictions/economies implementing an emissions reduction objective into national energy objectives

There are several examples of countries that have implemented an emissions reduction objective into their national energy objectives:

1. European Union: The European Union has set a target to reduce greenhouse gas emissions by at least 40% below 1990 levels by 2030. This objective is implemented through the European Union Emissions Trading System (EU ETS), the world's largest carbon market.
2. United Kingdom: The UK has set a legally binding target to reduce greenhouse gas emissions by at least 80% below 1990 levels by 2050. This objective is implemented through the Climate Change Act 2008, which establishes the UK's emissions reduction framework.
3. Germany: Germany has set a target to reduce greenhouse gas emissions by at least 40% below 1990 levels by 2020. This objective is implemented through the Climate Action Program, which outlines the measures and policies needed to achieve this goal.
4. Japan: Japan has set a target to reduce its greenhouse gas emissions by 26% below 2013 levels by 2030. This objective is implemented through the Basic Energy Plan, which outlines the country's energy policies and strategies to achieve this goal.
5. California, United States: California has set a target to reduce its greenhouse gas emissions to 40% below 1990 levels by 2030. This objective is implemented through the California Global Warming Solutions Act, which establishes the state's emissions reduction framework.

Lessons that the Australian government can take from these examples when establishing a similar objective

There are vital lessons that the Australian government can take from examples of other countries when establishing an emissions reduction objective in their national energy objectives. Here are some of the tasks that might be relevant:

1. **Establishing clear targets:** It is essential to set specific, measurable, achievable, relevant and time-bound (SMART) targets for reducing emissions. It will provide clarity and direction for all stakeholders, including the government, businesses, and the public.
2. **Developing comprehensive plans:** A complete plan should outline how the government will achieve its emissions reduction target. For example, it could include the policies and measures that will be implemented and the timeline for implementation.

3. **Encouraging stakeholder engagement:** The government should engage with stakeholders, such as businesses and civil society, to get their input on achieving the emissions reduction target efficiently and effectively. As a result, it can help build support for the policy and ensure it is effectively implemented.
4. **Building partnerships:** The government should collaborate with businesses, civil society, and other stakeholders to achieve the emissions reduction target. As a result, it can help to ensure that the policy is effectively implemented and that the burden of emissions reduction is shared among all stakeholders.
5. **Providing incentives:** The government can incentivise businesses and individuals to encourage them to reduce their emissions. It can include tax credits, subsidies, and other financial incentives.
6. **Monitoring and evaluation:** The government should regularly monitor and evaluate the effectiveness of its emissions reduction policies and measures and make adjustments necessary to ensure that the target is achieved.
7. **Building technical capacity:** The government should build technical ability within its agencies and institutions to support the implementation of its emissions reduction policy, including developing data collection and analysis systems and training and capacity-building programs.

Recommendations

1. Funding for implementing emissions reduction technologies and infrastructure, such as renewable energy sources, carbon capture and storage, and energy efficiency measures.
2. The development of clear and consistent regulations and standards to support the integration of emissions reduction technologies into the energy sector.
3. The allocation of emissions reduction targets to different energy market sectors and the establishment of a mechanism to monitor and enforce compliance.
4. The creation of incentives to encourage energy companies, consumers and other market participants to adopt low-carbon technologies and practices.
5. The development of a plan for the transition to a low-carbon energy system, considering the needs of communities and workers in fossil fuel-intensive regions.
6. Encouraging the government to provide funding and support for developing low-carbon technologies, such as renewable energy sources and energy efficiency measures.
7. Supporting the development of clear and consistent regulations and standards to support the integration of emissions reduction technologies into the energy sector.
8. Encouraging the government to allocate emissions reduction targets to different energy market sectors and monitor and enforce compliance.
9. Supporting the development of incentives for energy companies, consumers and other market participants to adopt low-carbon technologies and practices.
10. Participating in the transition to a low-carbon energy system by investing in renewable energy sources, energy efficiency measures and low-carbon technologies.
11. Support and train workers in fossil fuel-intensive regions to help them transition to new jobs in the low-carbon energy sector.
12. Engaging with stakeholders, including governments, communities, and other businesses, to promote a low-carbon energy system's benefits and support its implementation.

