

30 June 2023

Mr Brad Archer
Chief Executive Officer
Lodged by email to: consultation@climatechangeauthority.gov.au

Dear Mr Archer,

Response to *Setting, tracking and achieving Australia's emissions reduction targets* Issues paper

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the Climate Change Authority's (CCA)'s *Setting, tracking and achieving Australia's emissions reduction targets* (Issues paper) published on 18 May 2023.

CEIG represents domestic and global renewable energy developers and investors, with more than 16GW of installed renewable energy capacity across more than 76 power stations and a combined portfolio value of around \$38 billion. CEIG members' project pipeline is estimated to be more than 46GW across Australia. CEIG strongly advocates for an efficient transition to a clean energy system from the perspective of the stakeholders who will provide the low-cost capital needed to achieve it.

Our submission shows that Australia can achieve a 1.5°C aligned National Energy Market (NEM) which will in turn support the decarbonisation of the broader economy.

These insights should empower the government to increase its ambition and develop the right policy support to achieve its targets both in the electricity sector and broader economy.

CEIG proposes the Commonwealth Government sets a 2035 National Determined Contribution in line with achieving a 1.5°C outcome

In our *Decarbonising Australia - Accelerating our energy transition with a credible 1.5 degree scenario* Report¹, commissioned from Baringa, we highlight a credible path and the coordinated efforts needed across the NEM to limit global temperature increases to 1.5°C. The modelling shows that at present, Australia's current scenario planning for the NEM is not consistent with global commitments for 1.5°C.

The report outlines the additional steps that Australian government, the electricity sector, market bodies and the investment community need to take if they are to deliver emissions

¹ [CEIG 2023: Decarbonising Australia - Accelerating our energy transition with a credible 1.5 degree scenario Report](#)

reductions in line with a 1.5°C objective. Decarbonisation of the electricity sector creates the biggest opportunity to drive economy-wide decarbonisation, most importantly across the transport and industrial sectors.

The 1.5°C scenario outlined in our Report incorporates a commercially credible view on the necessary coal closure schedule, build out rate for new generation and storage, future electricity demand, broader electrification uptake, and uptake of hydrogen. This is critical for investors and financiers to be able to rely on Integrated System Plan (ISP) scenarios when they make financial decisions. CEIG understands that AEMO will include a sensitivity in its updated 2023 Inputs, Assumptions and Scenarios Report that smooths out the build out rate to test commercial credibility. This is a positive step towards our call for AEMO to include an investor credible scenario in its next ISP.

Furthermore, to ensure there is a coordinated effort between the Commonwealth, state and territory governments, CEIG is calling for the 1.5°C goal to be incorporated into the National Energy Transformation Partnership (NETP).

We need policy settings that will help unlock the \$421 billion of private investment required. This may include a commitment to open discussions with gentailers on developing policy that supports the orderly transition away from coal in line with achieving 1.5°C aligned outcomes.

Following an announcement through the NETP, we are calling on governments to develop a suite of policies aimed at achieving a 1.5°C aligned trajectory. These may include:

- **The Electricity sector needs a carbon budget** – This will help governments and market bodies accelerate transition in line with targets.
- **Transition requires national coordination** – Governments, industry and communities must work together to accelerate coal closures and renewables roll out.
- **Investment in long duration storage** – This strengthens reliability and security during infrequent renewable energy droughts.
- **Support for offshore wind development** – Offshore wind offers significant volumes but is unlikely to be cost-competitive in Australia until the 2040s without policy support.
- **Accelerating network infrastructure build** – Transmission buildout must be accelerated.
- **Skills, supply chains and communities** – Delivery of infrastructure projects will be challenging with international competition for resources. Communities must be supported and empowered through the transition.

CEIG thanks the CCA for the opportunity to provide feedback on its Issues paper and looks forward to continued engagement on those issues. Our Policy Director Ms. Marilyne Crestias can be contacted at marilyne.crestias@ceig.org.au if you would like to further discuss any elements of this submission.

Yours sincerely,



Simon Corbell
Chief Executive Officer and Chairperson
Clean Energy Investor Group Ltd
w: www.ceig.org.au