

14 May 2024

Mr. Brad Archer
Chief Executive Officer
Climate Change Authority
Commonwealth Government
Lodged online at: [CCA Consultation Hub](#)

Dear Mr Archer,

Response to Climate Change Authority's 2024 Issues Paper

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the Climate Change Authority's (CCA) 2024 Issues Paper: Targets, Pathways and Progress published in April 2024.

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 clean energy with a focus on the stakeholders who can provide the cost-effective capital required for this transition.

Key Points

- **CEIG welcomes the focus on ambitious targets** aligned with limiting warming to 1.5°C.
- Australia's current emission reduction targets, aiming for **43% by 2030, fall short of aligning with the goal to limit warming to 1.5°C.**
- CEIG strongly advocates for aligning the 2035 target with recent modelling aiming for an **85% reduction below 2005 levels by 2035.**
- CEIG advocates for the **integration of the 1.5°C goal into the NETP.**
- **Key actions identified by CEIG to accelerate emission reductions** include:
 - Addressing planning and EPBC Act bottlenecks
 - Ensuring timely adoption of REGO

- Implementing an alternative YFYS framework
- **Further actions to accelerate emission reductions** include:
 - Fostering collaboration between governments and investors
 - Supporting emerging technology
 - Integrating emission reduction objectives into decision making
 - Employing holistic market design
 - Focussing on clean technologies over emissions-intensive assets

SUPPORT FOR A TARGET ALIGNED WITH 1.5°C

CEIG welcomes the Climate Change Authority's (CCA) focus on the need for ambitious targets in Australia, centred around the science-aligned target of limiting global warming to 1.5°C.

It is clear from the modelling that Australia's current scenario planning within the National Electricity Market (NEM) is not consistent with global commitments for 1.5°C¹. In CEIG's comprehensive report, *Decarbonising Australia – Accelerating our energy transition with a credible 1.5°C scenario*, produced in collaboration with Baringa, we delineate a credible pathway and the coordinated efforts needed across the NEM to achieve a 1.5°C outcome².

Focusing on decarbonising the electricity sector presents the biggest opportunity to catalyse economy-wide decarbonisation, particularly within the transport and industrial sectors. Our report's 1.5°C scenario integrates a commercially viable view on the build-out of new generation and storage infrastructure deployment, future electricity demand projects, broader electrification trends, and the adoption of hydrogen technologies.

It is crucial that Australia's emission reduction target for 2035 mirrors the urgency of the climate crisis and the imperative to rapidly reduce greenhouse gas emissions.

LEVEL OF AMBITION NEEDED

Australia's current emission reduction target, aiming for 43% by 2030, falls short of aligning with its commitment in the Paris Agreement to limit warming to 1.5°C³. Recent analysis from the Climate Council indicates that while Australia is on track to reduce national emissions by 42% by 2030, there is potential to strive for a more ambitious target of 75% emission reductions below 2005 levels by 2030, with the aim of achieving net zero emissions by 2035⁴.

Similarly, ClimateWorks Centre decarbonisation scenarios 2023 underscore the need for Australia to aim for net zero emissions before 2040 to stay within the 1.5°C warming

¹ CEIG (Apr-23) [Powering a path towards decarbonising Australia](#)

² CEIG (Apr-23) [Decarbonising Australia – Accelerating our energy transition with a credible 1.5-degree scenario](#)

³ CEIG (Apr-23) [Decarbonising Australia – Accelerating our energy transition with a credible 1.5-degree scenario](#)

⁴ Climate Council (Mar-24) [Seize the decade: How we empower Australian communities and cut climate pollution 75% by 2030](#)

threshold⁵. Their modelling also suggests that Australia could feasibly reduce emissions by 85% by 2035.

In addition, a report commissioned by WWF-Australia and guided by climate science suggests that achieving a pathway consistent with 1.5°C for Australia requires a minimum reduction of 67% compared to 2005 levels by 2030, and net zero by 2038⁶.

Alternatively, if Australia were to align with a scenario aimed at keeping global warming below 2°C, the target would be a 61% reduction below 2005 levels by 2035, with net zero emissions targeting by 2050⁷.

Given the advice from the CCA to prioritise the 1.5°C goal, CEIG strongly advocates for aligning the 2035 target with the recent modelling aiming for an 85% reduction below 2005 levels by 2035.

While acknowledging the CCA's concerns regarding the potential risk of social and economic disruption from rapid decarbonisation, CEIG cautions that proceeding too slowly risks heightened climate risks and missed economic opportunities in the energy transition. As highlighted in the Issues Paper, aligning with ambitious targets adopted by other countries would enable Australia to support international momentum, contribute to emission reductions globally while advancing the goals of the Paris Agreement.

CEIG believes an ambitious target is highly achievable without significant social and economic disruption if the recommendations outlined in the following sections are implemented.

COORDINATION BETWEEN GOVERNMENTS

To ensure effective collaboration among the Commonwealth, State, and Territory governments, CEIG advocates for the integration of the 1.5°C goal into the National Energy Transformation Partnership (NETP)⁸.

This will enforce governments to develop a comprehensive set of policies geared towards achieving a 1.5°C trajectory that will help unlock the necessary \$421 billion of private investment⁹. These policies encompass various initiatives, including:

- Developing a carbon budget for the electricity sector
- Coordinating the transition on a national scale
- Investing in long duration energy storage
- Facilitating offshore wind development
- Expediting network infrastructure build
- Supporting skills, supply chains and communities

⁵ ClimateWorks Centre (Nov-23) [Decarbonisation Scenarios 2023](#)

⁶ Climate Resource (Jun-23) [Updated assessment of Australia's emission reduction targets and 1.5C pathways](#)

⁷ ClimateWorks Centre (Nov-23) [Decarbonisation Scenarios 2023](#)

⁸ CEIG (Jun-23) [Response to Setting, tracking and achieving Australia's emissions reduction targets Issues paper](#)

⁹ CEIG (Apr-23) [Decarbonising Australia – Accelerating our energy transition with a credible 1.5-degree scenario](#)

KEY ACTIONS TO ACCELERATE EMISSION REDUCTIONS

In addressing specific questions outlined in the Issues Paper within our area of expertise, we suggest the following key actions to encourage private investment and expedite the energy transition¹⁰.

Address planning and EPBC Act bottlenecks

CEIG recommends addressing planning assessment bottlenecks and improving the Commonwealth Government's assessment process for renewable energy projects under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) to accelerate emissions reductions^{11,12}.

Timely adoption of REGO

CEIG also highlights the need for timely adoption of relevant legislation such as the Renewable Electricity Guarantee of Origin (REGO) to accelerate Australia's decarbonisation¹³. The establishment of the Guarantee of Origin (GO) and REGO schemes will provide certainty for investors in that a framework for creation of renewable energy certificates will exist after 2030 and will be administered by the Clean Energy Regulator (CER) on an ongoing basis. This would provide the certainty needed to support the investment decisions being made today.

Implement alternative YFYS framework

In addition, CEIG suggests implementing an alternative framework to the proposed reforms to the *Your Future, Your Super* (YFYS) framework, where unlisted clean energy infrastructure assets are assessed against an industry-specific benchmark¹⁴. Such measures are needed to unlock capital from superannuation funds for the transition and to stimulate private investment needed for the net zero transition, while also exploring innovative financial instruments and business models to attract additional private finance¹⁵.

FURTHER ACTIONS TO ACCELERATE EMISSION REDUCTIONS

CEIG recommends addressing planning assessment bottlenecks and improving the Commonwealth Government's assessment process for renewable energy projects under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) to accelerate emissions reductions^{16,17}.

¹⁰ CEIG (Apr-24) [Response to Commonwealth Government's discussion paper on Electricity and Energy Sector Plan](#)

¹¹ CEIG & HSF (Dec-23) [Delivering major clean energy projects in NSW](#)

¹² CEIG & HSF (Apr-24) [Delivering major clean energy projects in Queensland and Victoria](#)

¹³ CEIG (Oct-23) [Response to Renewable Electricity Guarantee of Origin Scheme - Approach Paper](#)

¹⁴ CEIG (Apr-24) [Annual Superannuation Performance Test – response to design options](#)

¹⁵ CEIG (May-23) [Response: Superannuation Performance Test Regulations 2023 Exposure Draft Regulations](#)

¹⁶ CEIG & HSF (Dec-23) [Delivering major clean energy projects in NSW](#)

¹⁷ CEIG & HSF (Apr-24) [Delivering major clean energy projects in Queensland and Victoria](#)

Government support for emerging technologies

Effective collaboration between governments and investors is critical to facilitate the transition. Governments should support the development of emerging technologies in Australia like offshore wind, long-duration storage^{18,19}, and renewable hydrogen to reduce transition risks while the private sector is ideally positioned to predominantly invest in well-established technologies such as onshore wind and solar.

Government support for markets to deliver emission reductions

In facilitating the shift away from emissions-intensive fuels, CEIG recommends that decisions incorporate the value of emission reductions. Applying a value for emissions reduction is essential for providing clarity and guidance in regulatory processes and decision making, including through regulatory investment tests and the Australian Energy Market Operator's (AEMO) Integrated System Plan (ISP)²⁰. It ensures that emissions reduction objectives are quantifiably integrated into decision-making processes, thus facilitating investments that are not only economically viable but also environmentally sustainable.

Government support and planning to accelerate decarbonisation

CEIG underscores the importance of a holistic and future-oriented approach to market design, focussing on what the NEM will look like with a high percentage of variable renewable energy, beyond the single focus on today's immediate market design challenges.

Resources for reducing emissions

CEIG does not support the use of carbon capture use and storage (CCUS) technologies due to their potential to send mixed signals to the market in terms of the ambition of Australia's energy and climate objectives. The government should avoid CCUS becoming a mechanism to retain emission intensive assets for the long-term across Australia. Rather, the government should focus its support on clean technologies.

CEIG thanks the Climate Change Authority for the opportunity to provide feedback on its 2024 Issues Paper and looks forward to continued engagement on those issues. Our Acting Policy Director can be contacted at daniel.zelcer@ceig.org.au if you would like to further discuss any elements of this submission.

Yours sincerely,



Daniel Zelcer

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¹⁸ Baringa (Mar-24) [Investing in storage - Assessment of the bankability of storage in the NEM](#)

¹⁹ Nexa Advisory (Mar-24) [Energy Storage Financeability in Australia](#)

²⁰ CEIG (Apr-24) [Response to the AER – Valuing Emissions Reduction](#)