

Report upbeat on emissions

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Australian companies will cut emissions of greenhouse gasses much more than initially expected under a carbon price scheme, according to new research by environment think-tank ClimateWorks.

According to the research, a carbon price starting at \$23 could eliminate 133 million tonnes of carbon emissions by 2020 within Australia. That's 83 per cent of the amount needed to meet the government's target of cutting 5 per cent of emissions by 2020.

The forecast assumes significant investment in clean energy technology and the agricultural abatement scheme known as the Carbon Farming Initiative.

The amount is more than double Treasury's prediction of domestic abatement, which said the target would be met in large part through the purchase of international emissions permits.

The government's modelling was based on a \$20 starting price and did not include the impact of the \$10 billion Clean Energy Finance Corporation or other planned measures such as a national energy efficiency scheme, industry grants for energy efficiency and payments for closure of power plants.

The use of funding from the Clean Energy Finance Corporation for commercial co-generation projects could also achieve more than half of the 12.1 million tonne of abatement from the scheme.

The modelling confirms other research that the carbon scheme will be insufficient to achieve significant

emissions reduction in the power industry – apart from closing dirty generators – because the price is too low.

ClimateWorks is a non-profit research centre funded by the Myer Foundation and Monash University.

ClimateWorks Australia executive director Anna Skarbek said the research looked at financial and non-financial barriers to reducing carbon emissions in three key areas of energy efficiency, land use and cleaner power.

"The package delivers a lot more domestically than many people hoped or expected, so it is encouraging to see it would be an easy step to go to a 25 per cent 2020 emissions reduction target because our research shows that domestic abatement exists and we know that is what the science requires," Ms Skarbek said.

The ClimateWorks forecasts estimate that the most significant abatement will come from the Carbon Farming Initiative – just over 50 million tonnes – through reforestation, savannah fire management and reductions in pollution from livestock and fertiliser. The Department of Climate Change estimated there would be 5 million to 15 million tonnes of emissions reductions.

Ms Skarbek said the government had underestimated the potential abatement because it had not included the effect of a carbon price.

"Forestry credits will be very attractive to industry in a price-based ranking and there is a large amount of forestry-based abatement in Australia," she said. Geothermal setback, page 14