

Australia makes a big step in the right direction, but more needed to get on 2 degree C track

Durban-29 November 2011 - Australia's new climate legislation is a historic breakthrough and a substantial step in the right direction, but is still not stringent enough to help the world keep global warming to below 2 degrees C, according to a major analysis of the country's climate actions, released here today by the Climate Action Tracker, a joint project by Climate Analytics, Ecofys and the Potsdam Institute for Climate Impact Research.

The 150-page analysis is part of an ongoing investigation by the Climate Action Tracker (CAT) team as to whether current or pledged climate action will be enough limit the negative effects of climate change by holding long term global temperature increase below 2°C. It examines all sectors: electricity, industry, transport, agriculture, forestry and buildings and compares action against the CAT's own long term low-carbon vision.

"After so many years of lagging behind the rest of the world, Australia has fundamentally changed the way it will tackle climate change. It has now set in place a legislative system that, if applied well and increased in stringency over time, can get it on the right track to a low carbon future," said Bill Hare, Director of Climate Analytics.

He noted that it was a difficult starting point for Australia, which has world's sixth highest per capita emissions. "It's a classic example of the longer you wait to take action, the more difficult it gets."

Ecofys Director of Energy and Climate Policy, Dr. Niklas Höhne, said that Australia still had a lot of work to do on setting the right policies.

"The new climate legislation provides a positive long term signal, but Australia still needs to enhance policies in all sectors to be on track for a 2°C pathway, especially the transport sector and supporting renewable energy in industry and buildings, where it has huge resources," said Höhne.

Main points from the report:

Policies:

- With the Clean Energy Future plan, Australia has set up the right structures to build on, the tools that can deliver in the coming years – but only if the caps are stringent and no new exceptions are created.
- Australia's renewable energy target of 20% by 2020 is the only policy that gets top marks. Australia has massive renewable energy resources. Setting more stringent targets in this area for the future could help it achieve its long-term pledge of reducing total emissions 80% by 2050 (compared to 2000 levels).
- The legislation will have its largest impact on the industry sector, where policies reducing GHG emissions were virtually non-existent in the past.
- There is a gaping hole in policies for the transport sector, where the relatively low hanging fruit of emissions standards for light vehicles could be introduced tomorrow, but still isn't formally on the table. Neither does the legislation address heavy transport

and, with a massive growth in emissions expected from this sector, the Government would need to include it in the carbon price scheme by 2014 at the latest.

International impact

- Australia has pledged a unilateral, 5% reduction by 2020 target at 2000 levels, which translates into a 28% increase from 1990 levels. The new policies are not yet sufficient to meet it through domestic action only. It is also unclear how Australia would meet its conditional pledges of 15% and 25% by 2020 through domestic action.
- Australia has always relied on the special accounting rules created by the Kyoto Protocol's Article 3.7, (often referred to as "The Australian Clause") which meant it could use its reduced emissions under LULUCF (Land Use, Land Use Change and Forestry) to meet its targets. This allowed Australia to have a +8% target from 1990 levels in the first commitment period, whereas without LULUCF this would have translated into +42%. However, Australia *could* decide not to include deforestation emissions in their base year. This would increase the level of effort required to meet their target and actually reduce its industrial and energy greenhouse gas emissions.

Domestic impact

- The Clean Energy Future plan brings Australia's emissions trajectory below BAU, and stabilises it according to our analysis.
- The stringency of the actions under the plan would need to be increased to reach the pledged 15% and 25% targets domestically, which would also be more in line with Australia's long-term target to reduce emissions by 80% by 2050.
- Australia is well on the way to achieving its energy intensity target of a 45% reduction below 2005 levels by 2035. If the trend continues, it could reach a 39% reduction from 2005 levels by 2035 (165 ktOE / billion US\$).

Project Manager for the report Marion Vieweg said the Climate Action Tracker's benchmark low carbon policy package clearly showed that it was possible for a country to shift to a low carbon economy in all sectors.

"Our analysis shows that, in order to move to a low carbon economy, a country needs to set the right incentives while at the same time removing barriers in all sectors. There are many ways to create the necessary environment to motivate the right decisions at private and corporate levels. The carbon price mechanism - as implemented now - is one of the possible instruments to achieve this."

The report is the first in what will be a series of country reports that analyse policies and actions across all sectors: electricity, industry, transport, buildings and agriculture and forestry. Next up: Mexico, due out early next year.

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CAT will present the Australian findings and outline the Mexico report – at a side event in Durban on Tuesday 29 November, 6.30 - 8 pm in the Blyde River Room, ICC.

Climate Analytics

CLIMATE ANALYTICS GmbH is a non-profit organization based in Potsdam, Germany. It has been established to synthesize climate science and policy research that is relevant for international climate policy negotiations. It aims to provide scientific, policy and analytical support for Small Island States (SIDS) and the least developed country group (LDCs) negotiators, as well as non-governmental organisations and other stakeholders in the 'post-2012' negotiations. Furthermore, it assists in building in-house capacity within SIDS and LDCs.

www.climateanalytics.org

About Ecofys – Experts in Energy

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