



8th November 2017

Tim Wilson MP
Member for Goldstein

Dear Tim,

Re: Government energy policy and climate change

The latest energy policy proposal adopted by the Government, coined the National Energy Guarantee (NEG), is an example of policy being contrived in complete isolation from the challenges and mounting threats of climate change that we face.

Climate Change is the elephant in the room that many conservatives don't want to see, the overwhelming and mounting evidence notwithstanding. Yet it is already creating havoc around the globe, causing catastrophic storms, floods, heat waves, wildfire, drought and famine attributable to climate change¹. It is killing tens of thousands annually through malnutrition, disease and heat stress, also attributable to climate change,² and costing billions in infrastructure damage as well as creating climate refugees, aggravating political instability, causing environmental degradation and species extinction and undermining food security.

Vested economic interests whose assets are at risk of becoming stranded are using their considerable muscle to generate doubt and confusion in the public mind and thwart effective action on climate change by governments. The Adani mine proposal is a classic example of this. We have presented you, Tim, with well researched evidence to demonstrate the absence of the case for this mine in any respect, other than to assist the mine owner to avoid a substantial financial loss. Yet politicians assisted by the popular media are resorting to outright lies to justify the mine project³. We can only wonder why they are behaving so perversely and irresponsibly.

The latest energy policy twist

Ignoring the advice of the Chief Scientist as well as other experts and business leaders the Government dumped a proposed emissions intensity scheme last year and now has dumped the Clean Energy Target, as proposed by the Chief Scientist, the only credible alternative. It is worth noting that the Young Nationals decided last April to support an emissions intensity scheme, a sign of generational shift in that party.

¹ <https://public.wmo.int/en/resources/bulletin/unnatural-disasters-communicating-linkages-between-extreme-events-and-climate>

² <http://www.who.int/mediacentre/factsheets/fs266/en/>

³ <https://www.theguardian.com/australia-news/2015/apr/27/adani-coalmine-would-not-deliver-jobs-and-royalties-promised-land-court-hears>

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In its stead, the Government has hastily put together a new concept, the National Energy Guarantee, or NEG. The NEG is just a framework with no detailed, implementable policy a situation that will prolong the policy vacuum.

The ideas implicit in the NEG indicate its intentions, its weaknesses and possible downfall.

- The Energy Security Board (ESB) has been directed to prepare the policy detail subsequent to receiving yet another report from AEMC, yet to be prepared.
- There is no long-term emissions reduction target, rather the ESB has been directed to assume a fixed target (26%??) post 2030. It thus perpetuates the grounds for uncertainty that has delayed long term investment decisions.
- Even short term market certainty is jeopardised by the termination of the RET in 2020 and the absence of policy to replace it.
- The ESB places slow response coal generation in the same category of dispatchable power with more flexible and fast response energy storage options.
- The outline appears to place a cap on renewables, leave open the possibility of extending the life of old coal-fired generation and allow for new coal-fired generation. This could become feasible if the price of coal drops sufficiently, and/or government incentives are provided (as has been hinted), thus ensuring that Australia will remain dependent on emissions from power generation well into the latter half of the century.
- The lack of long term, more ambitious emissions reduction targets leaves responsibility for such ambition with the states, not consulted about the NEG.
- The structure of the framework favours incumbents with fossil generation assets over more innovative renewable energy providers.
- The policy will take at least 12 months to be fully articulated before being launched and is likely to be challenged in the interim by more ambitious and forward looking state policies.

The main problem with the NEG concept, is that unlike the CET or its predecessors, it subordinates the need to reduce emissions to zero over time to more pragmatic, political considerations. In a talk at Murdoch University Prof. Ross Garnaut explained why the NEG may risk pushing prices up rather than down, will not adequately address emissions and takes the wrong approach to dealing with reliability (see attachment below for details of his talk).

By rejecting the CET proposal, the Government has abandoned the opportunity to reach cross-party consensus on the way forward and put a stop to the root cause of the surge in energy prices over the past decade, namely policy uncertainty and consequent lack of investment in new generation capacity.

Energy policy and Adani

It seems the Government has been providing assurances to the Chinese on behalf of Adani seeking finance towards the mine and related works. Details are vague and DFAT

is delaying making requested information public⁴ ⁵. It does however beg the question: how much is going on behind the scenes to help Adani gain finance to build the mine.

Given that the proposed loan from the NAIF would be last in line to get paid and potentially a form of quasi-equity, the Australian taxpayer now faces the prospect of subsidising a Chinese state enterprise investment. Furthermore, if a Chinese provider of export credits comes in, by definition that means some of the economic, employment or strategic benefits would be shifted to China, a consequence that Australians would also be subsidising.

This desperation to overcome all obstacles to ensure the mine project goes ahead is reaching the heights of absurdity. Not only will Australian tax-payers be expected to guarantee the viability of Adani's mine, but in doing so, they will be underwriting a competitor to mining operations in other regions of Australia,⁶ and pushing down the world price of coal. There can be one reason only why the Australian Government would see a positive in that, if they wanted to boost the ability of coal to compete with renewable energy.

Climate change and Risk management

When it comes to the military we spend many billions annually on hardware whose aim is to maximise our chances of successfully dealing with some possible, future major conflict that may or may not eventuate.

We spend billions to reduce the threat of terrorism on our soil, yet just three persons have been killed in Australia in terrorist attacks in the last 20 years⁷ an insignificant number compared to casualties in other risk areas that we take for granted.

Australians spend many billions annually on various forms of risk management (insurance), yet the greatest material threat of all to our future health and well-being, is shunted to the background, out of sight. Government policy promotes this attitude by avoiding climate change as an issue deserving of debate and meaningful policy development. The public assume that the political leadership has this threat under control.

For a 50/50 chance to hold global warming to below 2°C, 88% of global coal reserves must be left in the ground. For Australia to play its part, it must leave at least 90% of its coal reserves in the ground. In order to improve our chances of containing global warming from 50% to 75%, we need to cease all fossil fuel burning by 2032⁸. Not too many of us will board an aircraft that has only a 75% chance of not crashing en-route.

⁴ <http://www.abc.net.au/news/2017-10-26/bureaucrats-to-be-grilled-over-adani-funding/9086262>

⁵ <http://www.abc.net.au/news/2017-10-26/government-gives-assurance-to-china-over-adani-approvals/9088968>

⁶ <http://www.afr.com/opinion/columnists/federal-bankrolling-of-adani-will-damage-other-australian-coal-regions-20170426-gvsrzc>

⁷ <https://theconversation.com/australians-have-little-to-fear-from-terrorism-at-home-heres-why-66823>

⁸ <https://theconversation.com/unburnable-carbon-why-we-need-to-leave-fossil-fuels-in-the-ground-40467>

Climate feedback loops are likely to kick in during your lifetime creating an irreversible slide to climate catastrophe. Today's political leadership will then stand accused of dereliction of duty by the generation that inherits that scenario, for refusing to adopt the best scientific advice available. We can afford to devote 2 - 3% of our GDP towards improving the odds for avoiding catastrophic climate change.

What we request of our parliamentary representative

Developing ambitious climate mitigation targets can be embraced by the conservative side of politics. We saw this with George Bush Snr, Margaret Thatcher and Andrew Peacock. More recently we have seen it in Angela Merkel, Arnold Schwarzenegger and, indeed, Malcolm Turnbull when Leader of the Opposition.

Regrettably times have changed. In recent years, as the need for action has become more urgent, the Liberal-National Coalition have cut back on mitigation policies and budgets and placed regulatory hurdles in the way of renewable energy. They have engaged in deceptive fear-mongering about the reliability of renewable electricity in the energy system.

We want you, our representative in parliament who understands climate change, to speak up about these matters and to be a voice in the party room that demands honesty, transparency and responsibility in evaluating the climate risks we face as a nation and to be up front about the steps that must be taken to minimise these risks. Such steps include **the adoption of an energy policy that places emissions reduction as a priority without diminishing from reliability and affordability**. That can be achieved by imposing progressively increasing emissions limits on energy generation and creating an appropriate investment environment for that to occur.

To play our part in the international arena, we must discourage investment in the development of new fossil fuel extraction and facilitate emissions reduction across all sectors of the economy, including land management.

The scale of the challenge is immense and it will take courage from our political leaders to speak the truth about what needs to be done. We believe that a national mobilisation is needed to transform our energy, transport, waste, agriculture & land use systems, as well as to invest in carbon drawdown.

The longer we delay taking serious action the greater will be the burden of making the transition and the greater will be the risk of catastrophe overtaking us. For this reason, we shall be approaching you with the request that you consider signing a pledge of action. A draft of such a pledge is currently being considered by a coalition of climate action groups.

We will show you a copy of the draft for your consideration at our meeting tomorrow.

Kind Regards,

David Rothfield
President BCCAG