

Labor unveils phased emissions trading scheme

Written by The Conversation USA

A Labor government would bring in its emissions trading scheme (ETS) in two stages, together with a separate scheme for the electricity sector, under a climate change action plan released by Opposition leader Bill Shorten and climate spokesman Mark Butler on Wednesday.

The plan confirms an ALP government would commit to 45% emissions reduction on 2005 levels by 2030, and pledge to ensure that 50% of Australia's electricity was sourced from renewable energy by then. Australia's pledge for last year's Paris climate conference was to reduce emissions by 26-28% on 2005 levels by 2030.

With Labor's proposed ETS set to be a battleground in the July 2 election, Shorten will stress that it would not include a carbon tax – which was so politically damaging for the Gillard government - or a fixed price on pollution.

The ETS details are part of a broad climate policy that would cost about \$850 million over a decade - around half of that over the forward estimates.

The funding would include \$300 million to assist trade exposed industries to move to a cleaner economy; commit more than \$200 million for the Australian Renewable Energy Agency to undertake a solar thermal funding round, and provide about \$100 million for a community power network to connect community housing and other projects to renewable energy.

The policy would also allow the Clean Energy Finance Corporation more flexibility for investments in renewables.

Phase one of the ETS would operate for two years, from July 2018 until June 30, 2020, to establish the architecture of the permanent scheme, which would aim to drive a long term transition in the economy to clean energy.

The first phase would cover facilities emitting more than 25,000 tonnes of carbon pollution annually. It would put a cap on pollution from these enterprises, that was consistent with

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meeting the current bipartisan target of ensuring a reduction in emissions levels of 5% on 2000 levels by 2020.

No price would be imposed in this phase, and polluters would not be required to buy permits if they stayed within their limits. But when a polluter breached its cap, it would have to provide the regulator with an equivalent number of “offsets”. Offsets could be sourced internationally as well as locally.

The policy says that given that Australia’s emissions intensive, trade exposed sector competes in global markets, those companies should have full 100% access to international offsets under phase one of the ETS.

In phase two, pollution levels would be capped and reduced over the decade to 2030. The design of the 2020 ETS would be finalised during the 2016-19 parliament.

The separate scheme for energy generation would start from 2018. Labor says this scheme would ensure “that reducing carbon pollution from generation can be internalised and managed in a manner that strengthens energy security and protects consumers”.

Electricity generation would be covered by a cap on carbon pollution reflecting a proportional share of the overall emissions reduction task set for the broader ETS. Each generator would be given a baseline.

Labor argues there would not be a significant impact on the price of power for consumers.

The opposition says that when China’s national emissions trading scheme comes online, one in every three people in the world will live under an ETS. “By 2030, emissions trading will be the biggest market in the world. Rejecting an ETS means isolation from the global marketplace.”

The opposition contrasts its policy with the government’s Emissions Reduction Fund “which

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sees billions of taxpayer dollars paid to polluters without achieving any additional and enduring emissions reductions”.

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.

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