

## What role for the states on climate and energy policy? NSW enters the fray

Written by Anna Bruce, Lecturer in the School of Photovoltaic and Renewable Energy Engineering, UNSW Australia

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We're currently having a national conversation about climate and energy, with reviews of climate policy and the National Electricity Market underway. Up for debate is how the states and federal government will share these responsibilities.

Following the recent statewide blackout in South Australia, the [federal government](#) pointed the finger at Labor states' "aggressive", "unrealistic" and "ideological" renewable energy targets.

Victorian [Premier Daniel Andrews returned](#) : "Rather than peddle mistruths, Malcolm Turnbull and Barnaby Joyce should start providing some national leadership and focus on developing a renewable vision beyond 2020."

It might seem to be yet another partisan, ideological stoush between a Liberal federal government and three Labor state governments.

However, the Liberal-led New South Wales government has now also entered the fray, with a [2050 emissions target](#) that will almost certainly require complete decarbonisation of the electricity sector within the next 25 years.

And to achieve this, renewables will have a key, many would argue overwhelming, role to play.

### What are the states already doing?

NSW released its [climate policy framework](#) in November, joining Victoria, South Australia and the ACT with an aspirational target to reduce carbon emissions to net zero by 2050.

While NSW didn't announce a renewable target, the [majority of states now have one](#) . Queensland is seeking 50% renewable generation by 2030, Victoria 40% by 2025 and South Australia 50% by 2025.

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Tasmania's generation is already mostly renewable (albeit mostly conventional hydro generation). The Australian Capital Territory looks set to achieve 100% renewables by 2020 and the [Northern Territory has announced a 50% target for 2030](#) .

At present, the federal government has a renewable energy target of around 23.5% renewable electricity by 2020 and a 2030 target of 26-28% greenhouse emission reductions from 2005 levels. These ambitions fall way below those of the states.

And way below the almost complete electricity sector decarbonisation by 2040 that the [International Energy Agency says](#) is required globally to avoid dangerous global warming.

### What does the law say?

Constitutionally, energy policy in Australia is a matter for state governments. The development and implementation of the National Electricity Market over the past two decades has been achieved through the Council of Australian Governments (COAG), with harmonised legislation in each state.

State governments therefore have the constitutional scope to act both independently and in consort to achieve clean energy related goals.

Whether they should choose to do this, however, is another question. There is an obvious national context including Australia's participation in international climate change processes such as the UN Framework Convention on Climate Change.

National policy coherence also has value in avoiding uncoordinated policies that can adversely impact investment incentives, increase compliance costs, and generally [lead to less efficient outcomes](#) .

While suitably ambitious, nationally consistent, legislation under federal government leadership may be ideal, it hardly seems realistic at present. The apparent divisions within the federal

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government seem likely to prevent useful progress, even with the two reviews.

It might well be a choice between state leadership or very little leadership over the next few years. And these years will be key to setting Australia on a clean energy path fit for the future.

### New South Wales' climate plan

The NSW [climate change policy framework](#) proposes to meet the net zero target through a number of policy “directions” to reduce emissions. It also proposes adaptation measures to cope with the warming that is already underway.

The emission reduction directions include: enhancing investment certainty for renewables; boosting energy productivity (energy efficiency); capturing other benefits of reducing emissions (such as improved health from reduced air pollution) and managing the risks; and growing new industries in NSW.

These are to be advanced through government policy, government operations, and advocacy. Specific initiatives are to be outlined in a set of action plans, including a [climate change fund](#) and an [energy efficiency plan](#), which are currently under consultation.

A further advanced energy plan will be developed in 2017. This will include provisions for the future role of renewable energy. Clearly the government will not be able to achieve its aspirational emissions target in the absence of a transformation of the energy system, so how will renewable energy figure in the absence of a state target?

While we can't preempt the plan, the policy framework defines advanced energy to not only cover renewable generation itself but also how it is integrated into industry structures and adopted by end users.

Given the importance of integration in transitioning the energy system, such a broad focus could

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usefully complement the activities of other states as well as NSW.

The policy also emphasises collaborating with the commonwealth and other states through COAG.

### NSW: a climate advocate?

Combined state action has historically played a key role in federal climate policy. It was bottom up pressure from states that resulted in the [Howard government's initial emissions trading scheme \(ETS\) proposal](#) in 2007.

The [Garnaut review](#) that formed the basis of Kevin Rudd's ETS was originally commissioned by Labor state governments.

On this point [SA Premier Jay Wetherill has taken the lead in calling for a national emissions trading scheme](#) to be implemented through harmonised legislation at a state level.

While this seems unlikely to be a feature of NSW's advocacy in 2017, continued failure by the federal government to advance climate and energy policy might require such types of coordinated state efforts.

In this light, state government efforts do not appear "ideological". That would seem to better describe the federal government's present opposition to even exploring promising emission reduction options.

And while it is too soon to know if NSW's climate policy is fit for the future, it certainly represents welcome progress, and provides a basis that can be built upon.

*Anna Bruce receives funding from the Australian Renewable Energy Agency (ARENA), Energy*

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