

11 April 2008

Garnaut Climate Change Review

Level 2

1 Treasury Place

Melbourne 3002 VIC

Attention: The Secretariat

Re: Issue 5 - Transport, planning and the built environment

Dear Sir

In reading the reports that have been made public to date by the Garnaut Review there has been references to a shortage of supply when discussing oil, but nowhere has the real issue of Peak Oil and the discontinuity of supply been discussed in detail. The ramifications of the diminishing supply, let alone the total lack of supply, could be more detrimental to our society than even climate change if not managed correctly. Economic theory of basic supply and demand does not deal well with discontinuity of supply, as the models break down.

This submission brings to the attention of Professor Garnaut the following key points;

1. Peak Oil will occur soon, within the next 20 years[#]
2. It will take 20 years to retool our society to manage thereafter*

'Peak Oil' falls in to the Terms of Reference of the Garnaut Climate Change Review in that Oil or its diminishing supply has, and will continue to have, a direct effect on the level of Carbon Emissions world-wide. As a positive the CO₂ created from the burning of Oil will naturally decrease after the peak. However this finite quantity will need to be used in a wise manner. Special considerations will need to be given to those involved with retooling. The current view on our usage and therefore emissions will not hold. As an example there will an increase in electricity usage from electric cars.

In terms of costing carbon, the fee should be directed at the business or individual that creates the CO₂ and also needs to be proportional to the societal need for the delivery of the resulting product or service. The costs proposed by industry based on the Interim Report of \$5-\$20 per MWh for energy will become insignificant when compared to the ludicrous amounts that some people are speculating with Oil ie >\$200 per barrel by 2009 and doubling thereafter. The bowser price could be as high as \$4.00 by 2010 as stated by Dr Ali Samsam Bakhtiari – a national planner with the National Iranian Oil Company.

As has been stated over and over, this is not an energy crisis, but a looming transport crisis[#]. The majority of commercial and private transport relies on oil. Without this product

our roads would become empty and the economy will grind to a walking pace. Our society will undergo its biggest change since the industrial revolution.

It is accepted by industry expert that there will be a peak in the world's oil supply and the quantity and flows that should be expected thereafter. The only unknown is WHEN. There are many that subscribe to the belief that we have already peaked and those like the USGS that put it out to 2037. Either way it occurs well before 2050.

As a society and race we are very industrious when it comes to surviving in the face of adversity and there are many cases of ingenious developments where a product has been superseded. Oil is different in so much that there is NO one product currently available that can take its place on such a large scale. There is no substitute.[^]

There are many documents available on Peak Oil however this submissions objective is to highlight the Hirsh Report as an authority on Peak Oil and how this will directly effect CO2 emissions.

In a transparent democracy it difficult to refer to something that does not exist. However since the early nineties large oil producing countries have increased their stated Oil Reserves (sometimes referred to as 'Paper Barrels'). With no credible auditing authority there is no evidence of the over reporting and therefore no references can be provided other than the opinions that 'Paper barrels' represents more than 25% of stated reserves.

Yours sincerely

Mark Jeremy (BSc Syd, DipEM CIT)

Director

Green Star Accredited

P5 - Peaking of World Oil Production: Impacts, Mitigation & Risk Management
(The Hirsch Report) author Robert L. Hirsch 2005.

*P4 - Peaking of World Oil Production: Impacts, Mitigation & Risk Management
(The Hirsch Report) author Robert L. Hirsch 2005.

^P37-48 - Peaking of World Oil Production: Impacts, Mitigation & Risk Management
(The Hirsch Report) author Robert L. Hirsch 2005.

The Hirsh Report is available at the following URL;
http://www.netl.doe.gov/publications/others/pdf/Oil_Peaking_NETL.pdf