

Garnaut Review Submission - Emissions Trading Systems

Solar Armidale & Cycle-Safe Armidale

The proposals set out in the Emissions Trading Review Paper are generally sound and sensible. Emissions Trading Schemes (ETS) are set up to provide incentives for individuals and organisations to reduce greenhouse gas emissions and, equally importantly, provide funds to research and implement emissions-reductions programs that, even with an effective ETS, the risk-averse commercial sector might not find attractive.

Where funds are used to compensate energy-intensive industries, payments should ideally be conditional on implementing suitable emissions-reductions plans. A power company that spends a proportion of its revenues on building or developing renewable alternatives, installing smart meters, or providing energy audits to stimulate energy savings by its customers deserves more compensation than companies that do little to promote emissions reductions.

There is no doubt that reducing emissions by the amount needed to protect our climate will be extremely difficult and that the best approach is for governments to commission research into the most promising strategies and also help fund their implementation. For example, according to Professor David Mills, solar thermal power, coupled with storage systems, could supply over 90 per cent of Australia's electricity on a continuing basis with no fuel - see <http://www.abc.net.au/7.30/content/2007/s2220232.htm>

Individual companies will often have vested interests in energy-inefficient equipment installed before the emissions trading scheme was introduced. Consequently, ETS may not be enough of an incentive for power companies to invest the necessary funds to invest in the solar-thermal systems described by Professor Mills. Funding for other valuable emissions-reductions schemes such as encouraging cycling or installing rooftop solar-thermal heating may also not be forthcoming despite an ETS.

Government should therefore set up an independent body whose aim is to invest the funds generated by auctioning permits into research and emissions-reduction strategies that will maximise our reduction in emissions for the lowest cost.

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