12 September 2008

Professor Ross Garnaut
Garnaut Climate Change Review
Level 3, 3 Treasury Place
Melbourne VIC 3002

Dear Ross,

Thank you for your letter of the 9th September regarding The Climate Institute's response to the Review's *Targets and Trajectories* Supplementary Draft Report. The Climate Institute (CI) has greatly appreciated the contribution you and your team have made to the calibre of the climate change debate in Australia over the last year.

We agree that achieving stabilisation of greenhouse gas concentrations at lowest possible levels is an urgent and challenging task. CI's concerns with the latest report of The Garnaut Review (The Review) relate primarily to the assessment of diplomatic prospects and the extremely high risks associated with a '550ppm pathway first' strategy.

Diplomatic prospects of a post-2012 agreement consistent with 450 ppm

Achieving an agreement in the short-term that is consistent with early action towards 450 ppm or below will be challenging. We both agree this is an outcome that is in Australia's interest – surely more appropriately described as the "first best" outcome.

We understand that it is your view that this outcome is "unlikely…to be achieved at negotiations in Copenhagen and immediately afterwards." However, The Climate Institute is of the view that it is too early in the negotiations to preclude this option.

We have been encouraged for example by recent constructive and ambitious commitments and proposals by some developing countries. For example:

- South Africa – a leader within the G77 developing nations bloc – has recently articulated the need to keep global temperatures below 2^{o}C (almost certainly impossible under 550ppm) and committed to peak it emissions by 2020-2025;
- South Korea – setting 2020 target next year with announced policies to stabilize emissions growth and introduce emissions trading;
- Indonesia – 2020 emissions to be 17% under business as usual with strengthening renewable energy polices.

Recent climate negotiations in Ghana also showed signs of promise in sectoral CDM and in deforestation and degradation (REDD) negotiations.

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We are separately undertaking a short review of other studies that examine regional allocations of emission allowances and comparing them to The Review's results. We will forward this to you as soon as it is available.

Australia's re-emergence as a positive player at the Bali UN climate talks has magnified the importance of the position it takes in the negotiations. Our position, and the ongoing strength of public attitudes supporting reform, are being closely watched in the US, Canada, Japan and Europe. We agree with, and applaud, your view that "what Australia does matters".

The chances of achieving an outcome consistent with stabilising at 450ppm or below will thus be enhanced if this December the Australian Government's 2020 emission reduction range includes a willingness to make our contribution to stabilising concentrations at these levels. The Review has assessed this contribution at a 25 per cent reduction of 1990 levels by 2020.

Based on our discussions, I believe this was The Review's intention and I would urge The Review to make this more explicit in the final report.

As you are aware, it is our position that this 25 per cent reduction is the minimum target Australia should adopt and that this is affordable and achievable[1].

A 550 ppm-e emission then redirection to 450 ppm-e pathway is very high risk

To achieve a given stabilization target there are many possible emission pathways but the global response should ensure that our short-term actions do not rule out the possibility of achieving our long-term objectives. Recent assessments have suggested that redirecting from a 550 ppm pathway to a 450 ppm pathway may not be feasible after 2015 (e.g. den Elzen et al. 2007)[2].

It is extremely unlikely that a new, post Copenhagen, global agreement to such a redirected pathway could be reached to achieve this 2015 outcome.

Achieving such an outcome would require very rapid emission reductions and have more dramatic economic and social costs than if action had been taken earlier. As you have commented the kind of transport, energy and other infrastructure built by developing countries in the coming decades matter. Tony Blair and The Climate Group recently noted:

[1] See Climate Institute (2008) *Australia's 2020 Carbon Pollution Reduction Potential* which inter alia stated that around half of these reductions could be achieved as a net saving to the economy through increased efficiencies and productivity.

[2] Michel den Elzen, Malte Meinshausen, Detlef van Vuuren (2007), Multi-gas emission envelopes to meet greenhouse gas concentration targets: Costs versus certainty of limiting temperature increase, Global Environmental Change 17: 260–280.

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> If that infrastructure is built with high emissions technology, then a significant overshoot is more likely and returning to a 450 ppm path will be far more expensive, if possible at all.[3]

It also might prove ineffective as the capacity of natural sinks of greenhouse gases diminish. This would leave future generations more reliant on the readiness of unproven technologies that have negative emissions (e.g. biomass with carbon capture and storage, industrial air capture with geological storage). It would also lock in higher levels of climate change and increase the risk that global tipping points are triggered.

There is also significant concern that future policy makers would not feel bound by our decision to pass the burden to them and be reluctant to close energy related-capital stock and instead opt for a higher stabilisation target, causing further delay and even higher future impacts.

The Review has consistently considered and articulated the intergenerational implications of current decision making. Your earlier reports have lucidly highlighted that climate change poses significant risks to regional economic growth (and as a consequence Australia's), security and population displacements. In your final report we would encourage you and your team to clearly discuss the economic, social and environmental risks associated with a strategy that follows a 550 ppm emission path to 2020 and attempts to redirect to 450 ppm.

CI has the greatest respect for The Review's contributions and analysis and understands that you clearly see stabilisation of greenhouse gases at 450ppm or below as the ultimate objective. However, we believe that the Australian Government should pursue a 450ppm or below first strategy with all of its capabilities.

Again, thank you for your letter and I look forward to more constructive and rigorous debate in the future.

Kind regards.

John Connor
Chief Executive
The Climate Institute

[3] Blair T., The Climate Group (2008) *Breaking the Climate Deadlock: A Global Deal for Our Low-Carbon Future* http://www.theclimategroup.org/assets/resources/BTCDJune08Report.Fin.pdf

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