


Australian Government



# Australia's Clean Energy Future


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and Energy Efficiency

[www.cleanenergyfuture.gov.au](http://www.cleanenergyfuture.gov.au)

## Climate Change Policies

- Productivity Commission report on Carbon Emission Policies in Key Economies found that an economy-wide price on carbon is the most efficient and effective mechanism for reducing emissions
- The PC examined seven of Australia's top ten trading partners and found they have adopted major policies to reduce pollution
  - Over 1000 policies
  - Costs range from less than \$10 per tonne to above \$400 per tonne
- Inefficient policies impose costs without significantly reducing emissions

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## Effective carbon pricing policy

- Economy-wide price applying to most emissions
- Transitional measures to minimise structural dislocation
- International linking for efficient global emissions reduction
- Strong governance arrangements and review mechanisms

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## Australia's Clean Energy Future

- Announced 10 July 2011

Encouraging **energy efficiency**

Promoting innovation and investment in **renewable energy**



Introducing a **carbon price** and using revenue raised to assist households and businesses

Creating opportunities in the **land sector** to cut pollution, improve productivity, sustainability and resilience

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## A two-stage approach to pricing carbon

- The carbon pricing mechanism will commence on 1 July 2012 with a three year fixed price period.
- Pricing during the fixed price period:
  - \$23.00 in 2012-13
  - \$24.15 in 2013-14
  - \$25.40 in 2014-15
- Automatic transfer to flexible price on 1 July 2015.
  - Permit auctioning
  - Flexibility to meet obligation through emissions reductions or permit purchase

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## International linking

- International linking from 1 July 2015 (flexible price period).
- Assists businesses to meet their obligations in the cheapest way.
- Fosters adoption of clean technologies in developing countries.
- Safeguards in place:
  - At least half of each business' annual obligations to be sourced domestically until 2020
  - Eligible international units specified in Clean Energy Package legislation

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## Transitioning to cleaner energy



### Innovation in Renewable Energy

Encouraging Australian innovation in the energy and technology of the future

**\$10 billion  
Clean Energy  
Finance  
Corporation**

Investing in renewable energy, low-pollution and energy efficiency technologies

**Australian  
Renewable  
Energy Agency**

Streamlined governance of \$3.2 billion in Government support for renewable energy innovation

**Clean  
Technology  
Innovation  
Program**

Grants for R&D, proof-of-concept of and early-stage commercialisation of clean technology

**Renewable  
Energy Target**

Ensuring that 20% of Australia's electricity supply comes from renewable sources by 2020

**Continuing  
existing support**

Additional support for clean energy innovation with committed funding of over \$2 billion

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## Encouraging energy efficiency



### Energy Efficiency Measures

Helping households, businesses and communities improve energy efficiency to reduce carbon pollution and save money

**Cross-cutting**  
Further work on a national energy savings initiative



**Communities**  
Expansion of Low Carbon Communities  
Remote Indigenous Energy Program



**Households**  
Household advice line and website  
Smarter appliances  
Renewable Energy Bonus



**Business**  
Energy efficiency information grants  
Clean Technology Programs: grants for energy-efficient equipment  
Expansion of Energy Efficiency Opportunities program



**Transport**  
Mandatory emissions standards for light vehicles  
Green Vehicle Guide and Fuel Consumption Label



**Buildings**  
Commercial Building Disclosure program  
Tax breaks for Green Buildings program



**Government**  
Energy Efficiency in Government Operations program



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## Creating Opportunities in the land sector



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## Thank you for your time

Further information about climate change and renewable energy is available online at:

- [www.climatechange.gov.au](http://www.climatechange.gov.au)
- [www.cleanenergyfuture.gov.au](http://www.cleanenergyfuture.gov.au)
- [www.livinggreener.gov.au](http://www.livinggreener.gov.au)

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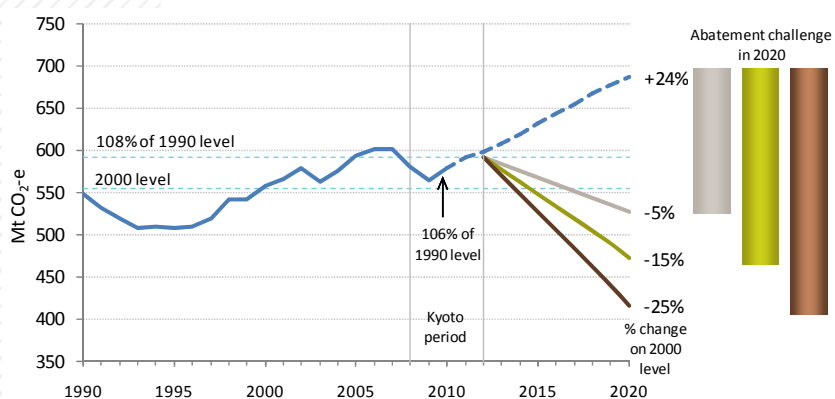
## Extra slides

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## Australian Targets

Projected growth in emissions and the abatement challenge

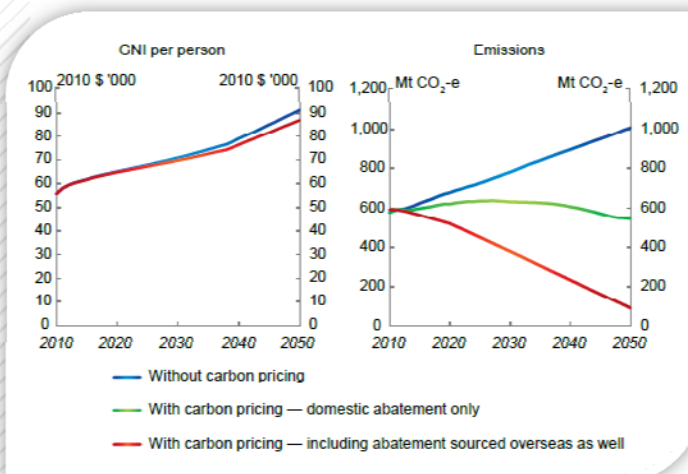


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## Treasury Modelling

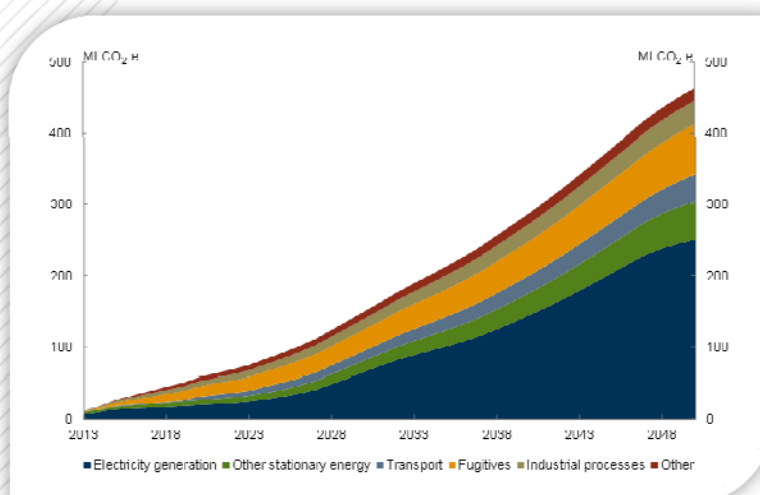
A carbon price breaks the link between emissions and economic growth



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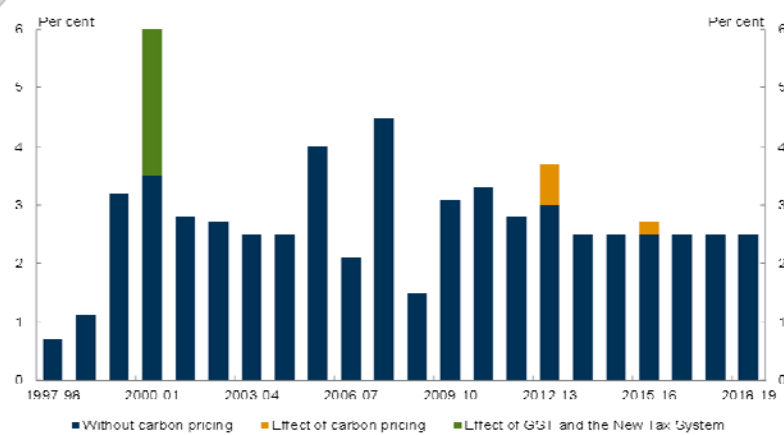
## Emissions reductions by sector



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## Impact on CPI



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