POLICY INITIATIVE

THE GREENS

BRINGING BACK A PRICE ON CARBON

A PLAN FOR ZERO NET EMISSIONS BY 2040

The NSW Government's target of zero emissions by 2050 is too little too late, and the government has no plan whatsoever to achieve its target.

The Greens plan to put a price on Carbon will deliver net zero emissions ten years earlier, by 2040, and includes a detailed roadmap for how it will be achieved.

KEY POINTS

1. **Use the Load Based Licensing Scheme to set a state-based price on carbon.**
2. **Set a two year fixed price of $30/tonne for large industrial emitters**
3. **Transition to an economy-wide emissions trading scheme after two years.**
4. **Money raised helps households reduce electricity bills, industries transition**

BACKGROUND

Total 2016 emissions for New South Wales were 131.6 Million tonnes, meaning NSW will need to reduce net emissions by approximately 4.4 Mt per annum or 3.3% to achieve the Government's 2050 target. But emissions have remained relatively stable in recent years, down by only 0.3% from 132 Mt in 2013 - just 9% of the required rate to meet the government's 2050 target.

The Greens plan to achieve net zero emissions in NSW by 2040 will require a reduction of 6.58 Mt per annum or 5% of current emissions every year across the entire economy.

NSW was the first place in the world to put a price on carbon, under the Greenhouse Gas Reduction Scheme (GGAS), which ran between 2003 and 2012. That scheme imposed obligations on all NSW electricity retailers, known as Benchmark Participants, to reduce a portion of the greenhouse gas emissions attributable to their sales/ consumption of electricity in NSW.

Both the NSW and federal schemes were a success. In 9 ½ years the NSW scheme reduced emissions by 144 million tonnes or 15 million tonnes/year from the electricity sector. The Federal scheme resulted in a reduction of 17 million tonnes of carbon in the electricity sector in the 2 years it was in effect until it was shamefully torn down by Tony Abbott

The community is clearly demanding that a carbon price be installed once again. Even with an absence of federal leadership in this area, the state could nonetheless take collective action in this area across Australia. In the USA, for example, nine states (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island and Vermont) jointly operate a regional CO2 cap-and-trade system known as the Regional Greenhouse Gas Initiative. States in Australia could work collectively to set up a carbon market regardless of the intransigence at a federal level and The Greens will be pushing for this.

POLICY

1. Use the Load Based Licensing Scheme to set a state-based price on carbon.

Under the Protection of the Environment Operations Act 1997, the Load based Licensing Scheme empowers the Environment Protection Authority to set "limits on the pollutant loads emitted by holders of environment protection licences and links licence fees to pollutant emissions."

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The scheme is already used to impose prices on emissions of pollutants such as nitrous oxide and particle pollution, and is described by the EPA as "a powerful tool for controlling, reducing and preventing air and water pollution in NSW".

The EPA also says the scheme "provides the administrative infrastructure for wider use of emission trading schemes in NSW, through its robust calculation and annual reporting procedures, under conditions of high public accountability".

The EPA describes emissions trading as "the most cost-effective way" for established emission goals to be met "by letting the market determine the lowest-cost pollution abatement opportunities."

2. Set a two year fixed price of $30/tonne for large industrial emitters.

The proposed carbon price would be a two year fixed price of $30/tonne. This is based on the Garnaut Climate Change Review recommendation in 2008 of a price between $20 and $30 per tonne of carbon dioxide (CO_2) equivalent.

The carbon price would apply to large industrial emitters including power stations, mines, concrete, fertiliser and chemical manufacturers, steel mills and aluminium smelters. According to the 2016 National Greenhouse Gas Inventory, together these industries account for approximately 87.8 Mt or two-thirds of CO_2 emissions in NSW per annum.

The scheme would not initially apply to road transport and agriculture. The carbon price is expected to raise total revenue in the first two years of $5.13 billion.

3. Transition to an economy-wide emissions trading scheme after two years.

In line with Garnaut's recommendations, the scheme would transition after the initial two years to an emissions trading scheme which can be linked to schemes in other states or countries if a national policy was not enacted.

The Greens plan would set a NSW economy-wide emissions reduction target of 5% per year to reach net zero emissions by 2040.

Under the Load Based Licencing Scheme, polluters would be able to buy and sell permits for emissions, or credits for reductions in emissions, to meet the overall state cap. Farmers and other land managers would be able to make money by storing carbon in the landscape through carbon credits.

No additional revenue would be raised once it becomes an emissions trading scheme.

4. Money raised helps households reduce electricity bills, industries transition

The money raised from the price on carbon imposed in the first two years of the scheme would assist households to reduce energy bills through installation of solar panels and batteries and through energy and water efficiency measures.

It would also assist the wider economy to transition away from carbon intensive activities, build large scale renewable energy and storage and assist carbon intensive industries such as manufacturing and aluminium smelting to reduce their emissions.

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