



Australian Government
**Department of Climate Change
and Energy Efficiency**

Australia's 2020 pledge and Low Emissions Development Strategy

AWG-LCA Clarification Workshop
Bonn, May 2012

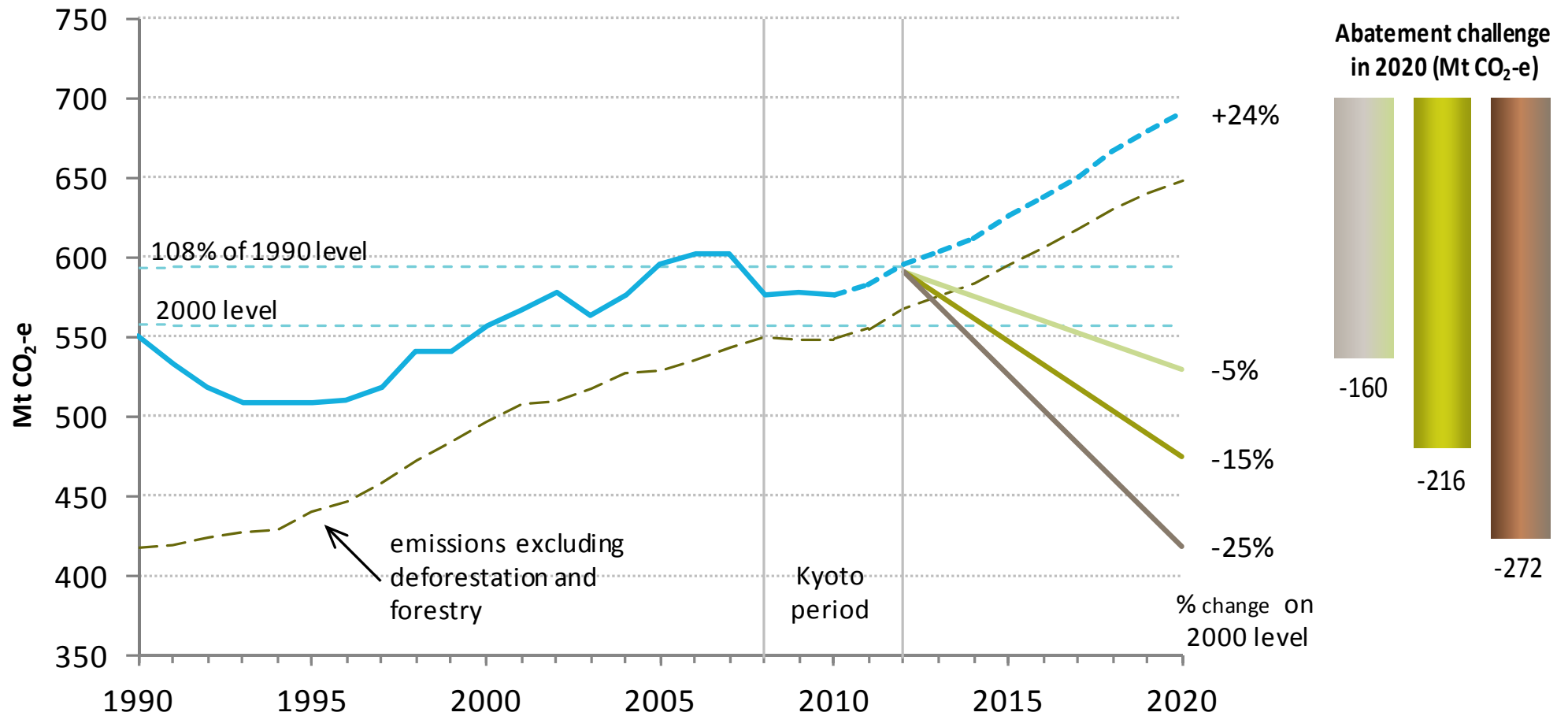
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Australia's 2020 pledge & target range

- Between 5 - 15 per cent below 2000 levels
 - 5 per cent below: minimum (**unconditional**) commitment
 - Prepared to move beyond 5 per cent, up to 15 per cent below, under strict conditions
- Or 25 per cent below 2000 levels
 - Comprehensive global action capable of stabilising levels of CO₂-e at 450 ppm or lower

Australia's projected emissions and abatement challenge



Australia's Abatement Challenge

| Commitment by 2020 (reduction from 2000 levels) | | |
|---|---------------------|----------------------------|
| | Per capita | Emissions intensity |
| % | <i>% per capita</i> | <i>% per \$GDP</i> |
| -5 | -29 | -47 |
| -25 | -44 | -58 |



Australia's Clean Energy Future Plan

Energy Efficiency



Renewable Energy



Carbon Price



Land use



Carbon Pricing Mechanism



- **Covers 60% of Australia's emissions**
 - Stationary energy; industrial processes; fugitive emissions; emissions from non-legacy waste
 - Emissions from agriculture and land covered separately
- **Fixed carbon price for every tonne emitted from 1 July 2012**
 - AUD\$23/tonne in 2012-13; increasing 2.5% in real terms after that
 - No international units
 - Fixed price permits cannot be used after 2015
- **Cap and Trade from 1 July 2015**
 - Caps set on a rolling five year basis
 - With reference to Australia's international obligations and state of progress
 - Independent Climate Change Authority will make recommendations on cap
 - Permits auctioned or freely allocated
 - Unlimited banking of units in future years
 - International permits and domestic offsets allowed for compliance

International Units



- **Can be used to meet liabilities from 1 July 2015**
- **Initially Kyoto Units** – CERs, ERUs, RMUs
- **Potential to link to other international markets**
 - Exploring options for linking to existing ETS
- **Safeguards to ensure credibility and environmental integrity**
 - Quantitative and qualitative limits



Key assumptions and methodologies

- Base year
- Global Warming Potential values
- Gases
- Sectors
- Use of LULUCF
- Use of international units

Lessons

- Building capacity, experience, confidence
- Ex ante understanding of pledges and emissions outcomes critical to building ambition
- Continue fostering understanding of all pledges and emissions outcomes through regular and more structured submission of information