



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

# Australia's 2020 pledge and Low Emissions Development Strategy



**Bonn, May 2012**

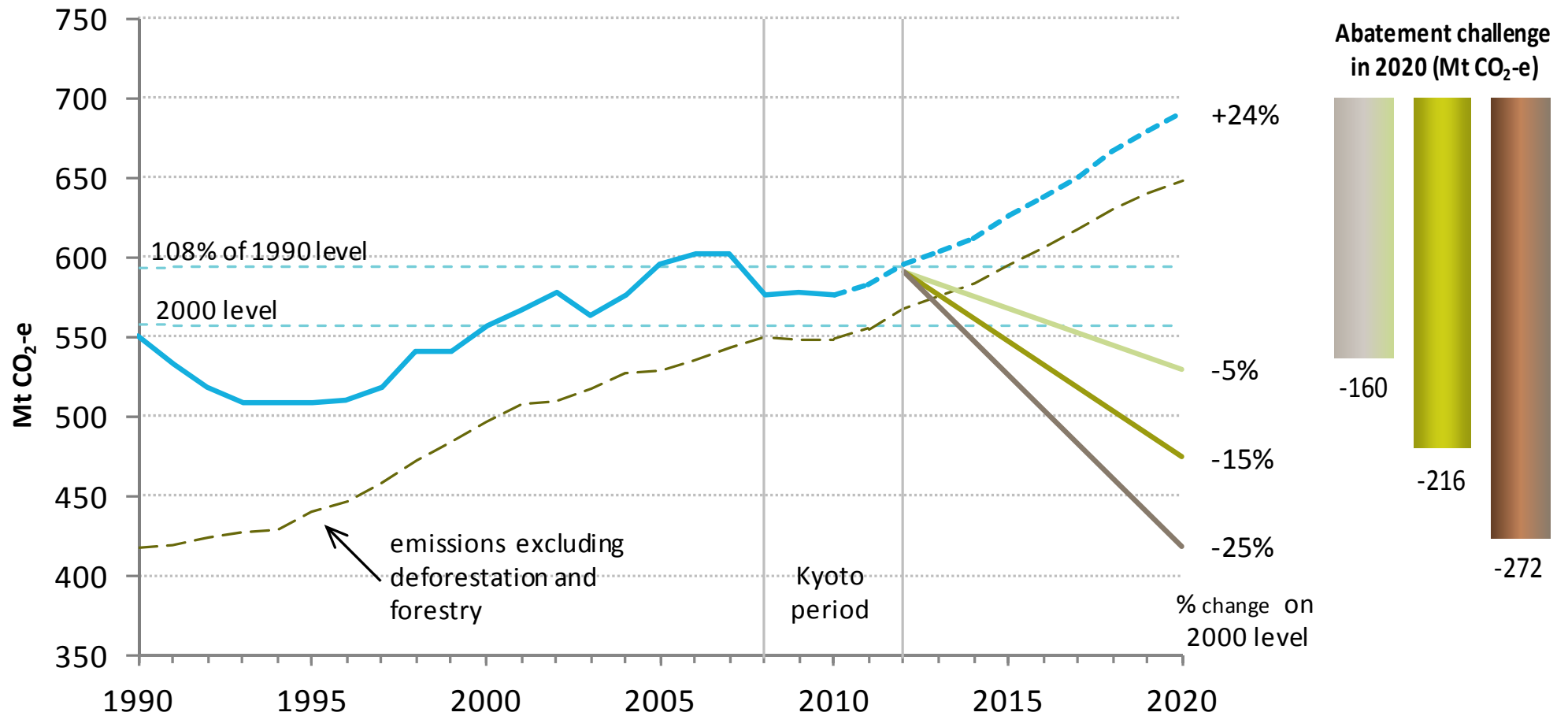
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# Australia's 2020 pledge & target range

- 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 CO<sub>2</sub>-e at 450 ppm or lower

# Australia's projected emissions and abatement challenge



# Australia's Abatement Challenge

<b>Commitment by 2020</b> (reduction from 2000 levels)		
	<b>Per capita</b>	<b>Emissions intensity</b>
%	<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