



EASTERN ALLIANCE FOR  
GREENHOUSE ACTION

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Climate Change Policies Review  
2017 Review Branch  
Department of the Environment and Energy  
GPO Box 787  
Canberra ACT 2601

By email: [climatechangereview@environment.gov.au](mailto:climatechangereview@environment.gov.au)

5 May 2017

Dear Sir / Madam,

**Re: 'Review of Climate Change Policies' discussion paper**

The Eastern Alliance for Greenhouse Action (EAGA) welcomes the opportunity to respond to the Department of the Environment and Energy's '*Review of climate change policies*' discussion paper.

EAGA is a formal Alliance of seven councils in Melbourne's East, comprising:

- City of Boroondara
- Knox City Council
- Maroondah City Council
- City of Monash
- City of Stonnington
- Whitehorse City Council
- Yarra Ranges Shire Council

EAGA is committed to delivering mitigation and adaptation projects and advocating for initiatives that support sustainable, low carbon communities. We consider that this review provides a unique opportunity to establish a comprehensive and integrated suite of reforms to ensure an efficient and timely transition to a zero emissions economy.

EAGA's response to the review is underpinned by the principle that cross party support be identified as the primary condition for success. Australians are already paying the price for the partisan politics that has hindered critical and urgent action on climate change. We call on the Government to bridge this divide by establishing robust policy measures informed by credible science and reinstate its position as a leader on climate change policy.

Whilst the discussion paper provides cursory discussion of the challenges facing the implementation of climate policy, we urge the Federal Government to consider the following recommendations in response to the question posed in the discussion paper:

**1. *Australia has committed to considering a potential long-term emissions reduction goal for Australia beyond 2030. What factors should be considered in this process?***

Australia should adopt a zero net emission target by 2050. This will enable a uniform approach and synchronise action with the States and Local Governments (22 in Victoria) who have committed to zero carbon goals. A zero net emissions trajectory should form the basis of all policy decisions and act as the critical factor for determining the strategies that Australia should adopt to keep global warming under the two degree threshold. A wealth of research demonstrates that Australia can achieve this goal using proven technologies whilst increasing economic growth.<sup>1</sup>

Harmonising Australia's climate policies with its energy policy will be an essential step in meeting the agreed two degree warming limit. As it stands, the Federal Government's energy policy is at odds with its Paris commitments, particularly through its support for the export of coal to international markets.<sup>2</sup> EAGA does not support taxpayer funded subsidies for infrastructure to establish new coal mines and calls upon the Government to address the incoherence between these key policy platforms.

**2. *What are the opportunities and challenges of reducing emissions from the electricity sector?***

Several key reports including the Climate Change Authority's *Special Review of Australia's Climate Goals and Policies*, the *'Finkel Review'* and the *AEMC's Integration of Energy and Emission Reduction Policy* point to three main approaches to reducing emissions from the electricity sector:

- A market based mechanism;
- Accelerated deployment of renewable energy technologies; and
- Staged generator exit

EAGA is broadly supportive of a combination of these approaches to meet Australia's emission reduction targets. However, careful consideration will need to be given to their implementation over the long term – for instance, an emission intensity scheme (EIS) is likely to provide capex bias toward gas fired generation<sup>3</sup>, which could deliver significant emissions reductions in the short term, but lock-in higher overall emissions in the long term. Furthermore, if an emission intensity scheme (EIS) were to only focus on intensity, emissions could still rise if total demand rises.

Similarly, the co-benefits of approaches must be factored into decision making. Analysis commissioned by the Australian Energy Market Operator (AEMO) indicated a renewable energy auction scheme could deliver similar emission reductions to an EIS whilst future proofing electricity infrastructure through smart grid technologies, storage, enhancing reliability and security.<sup>4</sup> EAGA supports an extension to the Renewable Energy Target (RET) which is likely to deliver similar outcomes. Advances in renewable energy production and storage provide the opportunity for Governments at all levels and the private sector to accelerate investment in renewables, creating energy security, job opportunities, affordable power and reduced emissions.

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<sup>1</sup> ANU (2014), "Pathways to Deep Decarbonisation in 2050: How Australia can Prosper in a Low Carbon World," (Climate Works Australia and the Australian National University (ANU))

<sup>2</sup> 2015 Energy White Paper ([link](#))

<sup>3</sup> AEMC 2016, Integration of energy and emissions reduction policy, Report, 09 December 2016, Sydney

<sup>4</sup> AEMO, Jacobs (2016) Retail electricity price history and projections ([link](#))

The staged exit of generators should facilitate an orderly transition that is mindful of the relevant workforce implications for the brown coal generation sector within the Latrobe Valley and other affected communities. EAGA urges the Government to consider the findings and recommendations within the Federal Government's report "Jobs and Skills Transition for the Latrobe Valley: Phase 1" which identifies a number of transition strategies for vulnerable workers.

Irrespective of which policies are chosen, EAGA recommends immediate changes be made to the National Electricity Objective (NEO) to include explicit environmental (i.e. emission reductions) and social outcomes, as in comparable international jurisdictions. The NEO should be redrawn as it is no longer appropriate to the current and future Australian energy market.

The NEO currently does not recognise the interests of the community at large and confines consumer interests mainly to economic interest. The focus on 'price' rather than the 'total cost' is often at odds with the 'long term interest of consumers' with respect to environmental and social sustainability in the context of climate change. It has driven short term decision-making throughout the market's various institutions. The interpretation of 'efficient investment' has resulted in unbalanced rule-making and a market bias that supports centralised infrastructure rather than distributed energy or other non-network solutions.

### ***3. What are the opportunities and challenges of reducing emissions for households, SMEs and the built environment? Are there any implications for policy?***

Low income households are particularly vulnerable to climate change, with high power prices and outages during heatwave events and other extreme events leading to higher morbidity and mortality risks, particularly for the aged. There is mounting evidence to demonstrate that the installation of solar PV supports greater capacity for cooling in households where energy costs represent a large proportion of ongoing living costs. The ability of the technology to provide low cost energy throughout the day means these householders can cool their homes without fear of 'price shock'. EAGA is currently delivering a program with three other greenhouse alliances to deliver solar PV for low income households to reduce dependency on centralised electricity. This program is aiming to improve access to clean energy for low income households through innovative delivery models and cross sector partnership with the finance sector. The scope of this program could be extended beyond the current twenty participating municipalities if the right cross-sector policies and mechanisms are established.

There is a wealth of evidence demonstrating that increasing efficiency of the building stock through improved regulation is cost effective, both for commercial and residential sectors. Marginal abatement cost curve analysis consistently demonstrates that building energy efficiency is one of the lowest cost forms of abatement across the economy.<sup>5</sup> EAGA recommends the introduction of higher mandatory energy efficiency standards for the building code for both residential and commercial buildings. This should include rental properties which are making up an increasing share of the market and often house vulnerable people.

In implementing these measures, we urge the Federal Government to consider the findings and recommendations within COAGs National Energy Efficient Building Project (NEEBP)<sup>6</sup> and its final report which clearly identifies the need for mandatory disclosure of building energy performance. This was informed by sector wide views that a revised building code (Section J) needed to focus on actual, as built whole building performance, rather than existing 'deemed to satisfy' and designed

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<sup>5</sup> ClimateWorks (2011) Low Carbon Growth Plan for Australia, ClimateWorks (2013) Melbourne's Zero Net Emissions Strategy

<sup>6</sup> Department of State Development - Government of South Australia (2014) National Energy Efficient Building Project ([link](#))

based approaches. This will be critical for driving accountability throughout the supply chain by making performance outcomes more transparent to consumers.

**4. What are the opportunities and challenges of reducing emissions in the transport sector?**

The benefits of introducing light vehicle emissions standards have been clearly quantified by the Climate Change Authority.<sup>7</sup> EAGA supports their immediate introduction and urges the Government extend mandatory standards for heavy vehicles in the first possible instance.

**5. What are the opportunities and challenges of reducing emissions from the resource, manufacturing and waste sectors? Are there any implications for policy?**

EAGA supports harmonising the Victorian Energy Efficiency Target (VEET) with other state energy efficiency schemes (particularly the NSW Energy Saving Scheme) and enabling a single national energy efficiency scheme as a key strategy for driving resource efficiency improvements in industry. These certificate based schemes have proved highly effective in driving emissions reductions in the residential sector and are already beginning to make substantial improvements in commercial sectors.

Waste to energy presents a significant emission reduction opportunity for many Councils who own and operate landfills, including five EAGA members. Local Governments need support to conduct regional feasibility studies on cross municipal waste to energy opportunities, detailed design and costing of solutions, and construction and commissioning processing facilities. Without this support (particularly for rural councils) many of these opportunities will go uncaptured.

EAGA is willing to work with the Federal Government to support the development of an integrated suite of climate change policies, founded on strong science and evidence base. We look forward to participating in the Department's next consultation on these important reforms.

Should you have queries or questions relating to this letter, please contact Scott McKenry, EAGA Executive Officer on [scott.mckenry@maroonodah.vic.go.au](mailto:scott.mckenry@maroonodah.vic.go.au) or 03 9298 4250.

Kind regards,



Cr John Mortimore  
Executive Committee Chair  
Eastern Alliance for Greenhouse Action  
Councillor, Knox City Council



*This submission has been approved through EAGA's formal governance structure as described in the EAGA Memorandum of Understanding 2016-17. The submission may not have been formally considered by individual member councils.*

<sup>7</sup> <http://www.climatechangeauthority.gov.au/files/files/Light%20Vehicle%20Report/LightvehiclesreportSummary.pdf>