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30 MAY 2013



ACT
Government

Environment and
Sustainable Development

Ms Anthea Harris
Chief Executive Officer
Climate Change Authority
GPO Box 1944
MELBOURNE VIC 3001

Dear Ms Harris

Thank you for the opportunity to provide a submission to the Climate Change Authority's Issues Paper on the Caps and Targets Review.

In November 2010, the ACT Legislative Assembly passed the *Climate Change and Greenhouse Gas Reduction Act 2010* (the Act). The Act establishes greenhouse gas emission reduction targets for the Australian Capital Territory of:

- 40 per cent less than 1990 emissions by 30 June 2020;
- 80 per cent less than 1990 emissions by 30 June 2050; and
- Zero net emissions by 30 June 2060.

These greenhouse gas emission reduction targets were developed on advice from the Intergovernmental Panel on Climate Change on the recommended level of abatement required of developed economies to ensure global warming is limited to 2°C. Scope 2 emissions from electricity imported into the Territory are included in the ACT's emissions profile.

AP2 is the second Action Plan and update to the Territory's 2007 Climate Change Strategy: *Weathering the Change*. It provides a pathway to achieve the Territory's legislated 2020 greenhouse gas reduction targets and a set of actions to progress the strategy to its next review point in 2015. All measures identified in AP2 are intended to be complementary to Australian Government measures, including a price on carbon.

The ACT has adopted a policy that a measure must be either:

- Complementary – being consistent with COAG Complementarity Principles that limit measures to those that reduce overall costs for greenhouse gas abatement in the Territory; and/or
- Additional – Resulting in greenhouse abatement above and beyond the national pollution cap.

The concept of additionality is specifically applied to the Territory's planned investments in renewable energy, where expected costs are not lower than the prevailing price on carbon but are recognised as 'voluntary action' under Section 289 of the *Clean Energy Act 2011*. For these investments to be recognised as voluntary

action, the ACT Government plans to voluntarily surrender Large-scale Generation Certificates (LGCs).

In order to meet our 2020 greenhouse gas reduction objectives, the ACT Government has estimated that we will need to displace around 90% of total electricity demand with emissions-free renewable energy, equating to around 2000 GWh per annum. As a result, the ACT will be among the largest participants in the national LGC voluntary market over the coming years. Our first investment in 20 megawatts of large-scale solar power generation is expected to come online in early 2014, followed by a second 20 megawatts from later in that year.

ESDD also notes the Australian Government's commitment to establish a tax-deductible Pledge Fund. ESDD is keen to explore this in pursuit of our emission reduction targets.

In consideration of the outlined ACT commitments and actions, the ACT has a significant stake in the development of transparent, efficient and robust procedures for the registration and accounting of voluntary action to ensure additional emissions reductions. This would provide confidence to the ACT community, as well as individuals, businesses and communities throughout Australia, that they are empowered to contribute to addressing climate change beyond the national pollution caps.

We would welcome the opportunity to discuss these matters with the Authority so as to inform our advice to Government. The contact within my Directorate is Mr Jon Sibley, Senior Manager Climate Change Energy and Sustainability Policy. He can be contacted on (02) 6205 1889 or by email at jon.sibley@act.gov.au.

Yours sincerely



Dorte Ekelund
Director General

27 May 2013