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Discussion Paper on Tasmania's Climate Change Act

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission to the Tasmanian Government's *Discussion Paper on Tasmania's Climate Change Act* ('Discussion Paper').

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia, sell gas and electricity to over ten million homes and businesses, and are major investors in renewable energy generation.

The AEC supports the transition to a low-carbon economy and recognises the important role energy plays in driving this change. Consistent with this view, the AEC has endorsed a position of net-zero by 2050 to align with the goals of the Paris Agreement.¹ We note the role of Tasmania in progressing the goals of the Paris Agreement, achieving net-zero status in 2015 and maintaining it subsequently. Tasmania's electricity sector has been a vital cog in these efforts, not only reducing its own emissions to a net-zero level, but also enabling emissions reductions in other sectors now and into the future.

In light of these achievements, the intent of this Discussion Paper is to assist the Tasmanian Government in seeking a more ambitious and legislated emissions reduction target for the State. The AEC cautions that sub-national carbon targets tend to be less efficient than national arrangements and can lead to undesirable outcomes, such as an increase in customer prices as the recent price determination in the ACT illustrates.² While we do acknowledge that the characteristics of Tasmania's electricity sector, namely its self-sufficiency and high renewable generation, may partially mitigate some of these outcomes, the AEC still sees greater value in the Tasmanian Government leveraging its achievements to date to prosecute a more ambitious carbon target at a national level. This is likely to achieve more sustained, and economically efficient, emissions reductions over time.

Importantly, there remain various and large opportunities for the Tasmanian Government to drive emissions reductions in sectors that are conducive to sub-national policies, especially transport, through the setting of interim targets and leveraging Tasmania's existing renewable energy infrastructure.

Leveraging Tasmania's electricity sector

Tasmania is Australia's largest generator of renewable energy, driven overwhelmingly by Hydro Tasmania's hydropower electricity stations, which produce almost 9000 gigawatt hours of renewable generation each year. Possessing an already decarbonised electricity sector puts Tasmania in a unique position:

¹ Sarah McNamara, 'Towards net zero: Australian Energy Council backs long-term carbon policy', Australian Energy Council, 25 June 2020, <https://www.energycouncil.com.au/analysis/towards-net-zero-australian-energy-council-backs-long-term-carbon-policy/>.

² Energy Networks Australia, 'ACT Government charge to hit customer bills', 6 April 2021, <https://www.energynetworks.com.au/news/media-releases/2021-media-release/act-government-charge-to-hit-customer-bills/>.

- Its interconnection with the National Electricity Market enables Tasmania to assist the transition in the mainland states through providing a firm source of renewable generation, though this will require national coordination to optimise efficiency. This includes further interconnection through Marinus Link subject to the RIT-T.
- With the right incentives in place, such as a Guarantee of Origin certification scheme, it can capitalise early on the anticipated pivot towards using hydrogen, especially green hydrogen, in manufacturing and steel production.
- It is primed to support, and provide national leadership, with respect to research and development into renewable energy integration, low-carbon fuel switching and electrification of the transport sector.

Electrification in the transport sector

When the Federal Government published its emissions projections in December last year, it projected that emissions in the transport sector in 2030 will have increased by almost 22 percent on 2005 levels.³ This represented one of the largest overall emissions increases by sector and highlighted the untapped abatement opportunities that exist in transport. The transport sector is well-suited to state-based policies and incentives to drive abatement given the jurisdictional responsibility state governments have over land transport infrastructure and regulation.

There are multiple ways to encourage electrification. International experience indicates there is a strong correlation between building public charging or refuelling infrastructure and the uptake of electric vehicles.⁴ In this respect, the AEC notes Tasmania's Government has supported the installation of charging stations through its Electric Vehicle ChargeSmart Grants Program. Given the success of this program to date, the AEC sees value in grant funding now being directed towards developing smart electric vehicle charging at both households and business premises. At a government level, introducing a government fleet target for electric vehicles would be consistent with the aim to make Tasmania's Government operations carbon neutral.

Additionally, the Tasmanian Government should look to incentivise research and development into electrification technologies, in particularly how to efficiently convert Tasmania's hydrogen generation into a liquid hydrocarbon fuel replacement. As the Discussion Paper states, the benefits of electrification are likely to be multi-sectoral and can drive emissions reduction efforts in other sectors too, like stationary energy, which is otherwise anticipated to significantly rise by 2030.⁵ From the AEC's viewpoint, directing sub-national policies towards these sectors, rather than prioritising a broader net-zero carbon target, will better position Tasmania as a climate leader and provide a model for other governments to learn from.

To support electrification, the AEC would not oppose the Tasmanian Government setting interim emissions reduction targets for the transport sector as a way to create policy certainty and encourage private investment.

Cement substitutes

The Discussion Paper states its intent to explore low-emissions cement substitutes and describes it as a 'large' opportunity for emissions reduction. The AEC encourages the Tasmanian Government to

³ Australian Government, 'Australia's emissions projections 2020', Department of Industry, Science, Energy and Resources, December 2020, p13.

⁴ Transport & Environment, 'Roll-out of public EV charging and infrastructure in the EU', September 2018, https://www.euractiv.com/wp-content/uploads/sites/2/2018/09/Charging-Infrastructure-Report_September-2018_FINAL.pdf.

⁵ Australian Government, 'Australia's emissions projections 2020', Department of Industry, Science, Energy and Resources, December 2020, p13.

consider the viability of re-using coal ash from the mainland states, which can serve as a partial substitute for cement in the making of concrete and has a significantly lower emissions footprint while still being technically sound.⁶ Collaborating with other Australian states to drive this re-use would deliver various environmental goals: it reduces carbon emissions in an important yet hard-to-abate sector, bolsters the Tasmanian Government's vision to demonstrate climate leadership, and provides a practical solution to minimising what otherwise becomes a waste stream.

Any questions about this submission should be addressed to Rhys Thomas, by email to Rhys.Thomas@energycouncil.com.au or by telephone on (03) 9205 3111.

Yours sincerely,



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⁶ See, for example, the Ash Development Association of Australia's *Coal Combustion Products Handbook*, which provides a detailed overview of the beneficial re-use capabilities of coal ash and actual use cases.