



Submission by
Alternative Technology Association

on the

**National Carbon Offset Standard
Discussion Paper**

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By Email to: offset@climatechange.gov.au

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1. Introduction

The Alternative Technology Association (ATA) welcomes the opportunity to provide comment on the *National Carbon Offset Standard Discussion Paper*, prepared by the Department of Climate Change.

ATA is a not-for-profit organisation established in 1980 to empower our community to develop and share sustainable solutions for the way we live and to promote the uptake of sustainable technologies in order to protect our environment. The organisation provides service to over 5,000 members, who are actively promoting sustainability in their own homes by using good building design and implementing water conservation and renewable energy technologies.

As Australia's peak member-based organisation representing early-adopters of renewable energy systems and individuals and organisations who undertake voluntary action to reduce their carbon emissions, ATA is in a unique position to highlight the needs and concerns of this important sector of our community.

2. Voluntary Action & the CPRS

As a representative of individuals and communities seeking to make a difference with respect to climate change, ATA is concerned by the inability of the Carbon Pollution Reduction Scheme (CPRS) to respond to individual or community voluntary action – particularly where this action is clearly measurable, verifiable and additional to any mandated Government targets or price signals.

ATA highlighted this particular issue in its response to the Department of Climate Change's *Green Paper* in mid 2008. In response, it has been disappointing to note that the Department of Climate Change's *National Carbon Offset Standard Discussion Paper* does not address this particular aspect of the CPRS. Indeed the Discussion Paper states:

"... as the Scheme places a cap on aggregate emissions from covered emissions sources it breaks the link between individual action and aggregate emissions".

ATA believe this to be an inadequate design feature that will disempower individuals and local communities wishing to be directly engaged in the climate change challenge and will ultimately build cynicism toward the CPRS more generally.

2.1 Motivations for Voluntary Action

ATA has conducted specific research with its members in regards to their motivation for taking voluntary action such as installing solar PV systems and/or purchasing GreenPower. Ultimately, there is little doubt that the main motivation of most people undertaking these activities is to make a difference with respect to Australia's overall emissions profile.

A 2007 survey by the ATA of over 1,300 individuals' motivations for installing solar PV systems found that 78% cited the desire to have a positive impact on the environment¹.

¹ ATA (2007) *The Solar Experience - PV System Owners' Survey* [Available online at: <http://www.ata.org.au/projects-and-advocacy/solar-system-owners-survey>]

A 2009 survey of 520 ATA members who are currently purchasing GreenPower found that 93% stated that either their *primary* reason, or one of their main reasons for doing so was to reduce carbon emissions². Results of this survey are included in **Attachment A**.

The 2009 survey also found that 33% of respondents who already purchased GreenPower would cease doing so if it did not make a difference to Australia's overall net emissions. A further 49% of those who were considering purchasing GreenPower stated that they would not do so should their efforts not make a difference.

Awareness of the design of the CPRS and its implications for voluntary action is growing, both within ATA's membership base and throughout the broader community. On this basis, ATA believes that these statistics are preliminary and likely to grow as more people become aware of the impotence of additional voluntary action under the CPRS.

2.2 Role of Voluntary Action

The Government has stated³ that there has been a misunderstanding of the role of voluntary action undertaken by households in relation to the CPRS:

"Strong household action also helps make it easier for governments to set even more ambitious targets in the future."

This line however is inconsistent with the Government's own National Carbon Offset Standard Discussion Paper which categorically states that once announced, CPRS targets will not change:

"Scheme caps will not be adjusted once announced except where Scheme coverage is expanded." (National Carbon Offset Standard Discussion Paper, 2008, pg 7)

In addition, it is also inconsistent with the position stated in the *White Paper*, whereby the CPRS trajectory is locked in for the following five year period. Either way, the implication is that for either the first five or ten years, no amount of additional action undertaken by households and communities in CPRS covered sectors will make a net difference to Australia's aggregate emissions.

This is at a time when the Government is specifically seeking to increase the number of Australian's who source their energy from renewable sources. The only possible outcome of such action over the next decade is indeed to free up carbon permits within the CPRS system and place downward pressure on the carbon price.

Given the already proposed assistance measures to carbon intensive industries under the CPRS (who will be passing on the full cost to consumers in any case), the lack of recognition of investing in GreenPower or small scale renewable energy represents a further cross-subsidy from householders to industry within the CPRS system.

² ATA (2009) *GreenPower Motivation Survey*. Unpublished, ATA Melbourne

³ The Australian (2009) *ETS is better than Tax* [Available online at: <http://www.theaustralian.news.com.au/story/0,25197,25091503-7583,00.html>]

2.3 Potential of GreenPower and Solar PV

The potential of voluntary action in the GreenPower and small scale renewable energy markets is significant.

Investment in GreenPower by end electricity consumers has grown consistently since program inception and markedly in the past three years⁴. Annually, GreenPower sales to end-consumers grew by 50% in both 2005/06 and 2006/07. In 2007/08, GreenPower sales grew by 86%.

At an average uptake rate of the past three years (i.e. 62%), GreenPower would represent almost 30% of all renewable energy sales by the end of 2012 and achieve an additional 6,500 GWh of renewable energy investment. This is significant investment in clean energy that is threatened on the basis that one of people's primary motivation for investing (i.e. to reduce emissions) cannot be satisfied.

Equally, investment in small scale solar PV has risen dramatically over the past three years⁵, particularly in response to Federal Government subsidy through the *Photovoltaic Rebate Program*. (In 2005 and 2006, solar PV investment grew by 30% and 17% respectively, and by over 150% annually in both 2007 and 2008). Once again, not allowing this voluntary action to influence aggregate emissions puts this continually increasing community investment at risk.

2.4 The Need to Account for Voluntary Action

ATA is strongly of the view that voluntary action such as investing in GreenPower and/or small scale renewable energy should be counted as additional to the CPRS cap. This is particularly the case in light of the Government committing itself to such low mid-term (i.e. 2020) emission reduction targets. Had the proposed mid-term targets been more closely aligned with what is required under climate science (i.e. 25% – 40% reduction by 2020), the potential of additional voluntary abatement would not be such a significant issue.

However, by setting such a low mid-term target and constraining the capacity of the CPRS to respond to changes in climate science and community attitudes, ATA believe that every opportunity to further reduce emissions where clearly measurable, verifiable and additional action can be quantified should further reduce the CPRS cap.

Given that the Government has already stated in the White Paper that there will be the ability under CPRS to purchase and voluntarily retire permits as a way of influencing the level of aggregate emissions, it is not a significant leap to further include GreenPower and small scale renewable investment in the same way.

⁴ National GreenPower Accreditation Program (1999 – 2008) Quarterly Status Reports. NSW Department of Water and Energy. [Available online at: <http://www.greenpower.gov.au/our-audits-and-reports.aspx>]

⁵ Department of Environment, Water, Heritage and the Arts (2008) *Watts by Month Jan-09*. [Available online at: <http://www.environment.gov.au/settlements/renewable/pv/index.html#statistics>]

Indeed, if the option to voluntarily retire permits is taken up by individuals to the same degree as they were previously purchasing GreenPower and/or installing small scale renewables (i.e. instead of), the price impact would be exactly the same as if GreenPower and small scale renewable investment were incorporated as additional to the Scheme cap.

Ultimately, individuals and communities investing in GreenPower and small scale renewable energy do so at their own expense, and they do so in addition to activities where they will be forced to pay for the future carbon price.

Unlike energy efficiency, these investments are not being made in response to the introduction of a carbon price and are therefore in our view quantifiably additional. As such, householders and communities should be provided with the opportunity to further reduce Australia's aggregate emissions through these investments.

ATA calls upon the Government to incorporate the ability within the CPRS to adjust the scheme cap in response to additional abatement achieved through investment in GreenPower and small scale renewables.

3. Further Contact

Feel free to contact me should you have any questions regarding the content of this submission. I am available directly on (03) 9631 5417 or via email at: damien@ata.org.au.

Yours sincerely,



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Attachment A