Transitional Assistance

Submission

Queensland Murray-Darling Committee Inc.'s Submission on Clean Energy Regulations 2011 – Application Requirements for Transitional Assistance (Free Carbon Units) to Coal-fired Generators Under the Energy Security Fund

13 October 2011

Submission to:

Energy Markets and Renewable Branch
Department of Climate Change and Energy Efficiency
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This submission is presented by the Chief Executive Officer, Geoff Penton, on behalf of the Queensland Murray-Darling Committee Inc. (QMDC). QMDC is a regional natural resource management (NRM) group that supports communities in the Queensland Murray-Darling Basin (QMDB) to sustainably manage their natural resources.

1.0 Background

QMDC recognizes the need to analyse opportunities to generate and co-generate electricity from all forms of renewable energy against regional Natural Resource Management (NRM) plans and other relevant regional planning instruments.

The regional NRM Plan covering the Queensland Murray-Darling Basin and Bulloo Catchment areas provides a general overview of the major users of energy in the region. It considers a number of sources of renewable energy including biomass, wind, photovoltaic, solar, thermal, geothermal, agricultural crops and residues, animal wastes, forestry crops, municipal solid waste, hydro, and sewage, discussing their suitability in the region; the condition and trend of the asset; as well as threats to those assets.

Reducing greenhouse emissions from the generation of electricity is a key climate change mitigation strategy for QMDC.

Overall QMDC's goal is to improve demand management and further the development and use of renewable energy technologies in the region.

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2.0 General Comments

QMDC considers the following design principles to be critical to the development and implementation of a national scheme to secure a clean energy future:

a) An appropriate emissions reduction target and an appropriate mix of integrated policy tools, which includes well designed market mechanisms, targeted incentives which include small to medium scale generation and opportunities for expanded participation outside conventional generation institutions – even if only supplementary generation, rather than replacement scale where appropriate.

b) Regional investment in climate change mitigation *and* landscape scale adaptation, including the protection of existing stores of carbon, particularly in the face of emissions intensive activities such as extractive coal and gas mining for generation. These developments appear as hypocrisy to efforts to reduce emissions in those regions impacted and leads to disengagement of communities on the broader topic due to lack of vision and leadership which these actions portray.

c) Alignment with regional NRM plans (subject to appropriate amendments and updates in the context of emerging energy efficiency and generation standards and best practices).

d) An appropriate natural resource accounting framework or a set of national environmental accounts to measure progress towards improved resilience in the Australian landscape. This framework needs to be regionally accessible and informed given changes in regional economic growth impacts on 'regional' emissions, abatement and offset opportunities. Development of regional capacity to support businesses and community in this function would be critical to effectiveness. The time old adage, if you can't measure it, you can't manage it and there is limited understanding of what activities contribute to what levels of emissions for the general consumer to make an important choice regarding environmental impacts of their purchasing decisions.

e) Fully assessing and addressing the adaptive capacity of regions more acutely impacted by structural adjustment related to implementation of the Clean Energy Future package should inform any means of compensation to target those most constraining attributes of capital (social, human, financial, natural, physical) to transformation and change.

3.0 No public process

One of QMDC's major concerns is that industry is the driver for licensing regulatory reform and arguments for change are often couched in terms such as reducing costs to industry and government whilst removing "compliance burden" on industry and "administrative burden" on government. The need to uphold environmental standards is recognised as an important factor for community and must remain a high priority in the context of any transitional assistance offered to coal fired generators.

QMDC asserts that the foundations of a clean energy future must highlight the importance of ecosystems, equity and governance by local and regional communities. Valuing natural and social capital in its economic analyses will allow NRM bodies and the region's communities to contribute in the energy future of the region.

QMDC is one of fourteen endorsed regional natural resource management bodies in Queensland with specific expertise to offer in regards to the strategic direction of natural resource management in Queensland. QMDC as a key regional stakeholder has the means of offering valuable input to the progress of "clean energy" in the region.

QMDC's activities are influenced by its member organisations with representation from a wide range of community interests e.g. catchment management associations, local government, Aboriginal Traditional Owners, Landcare and resource conservation groups and rural industries. The primary role of QMDC's member delegates is to provide strategic direction for the delivery of natural resource management in the Queensland Murray-Darling Basin, based on their area of interest.

QMDC therefore offers the Department of Climate Change and Energy Efficiency a significant opportunity to gauge relevant issues affecting the region and its communities.

Removing a public process as a part of these regulations denies NRM bodies and the region's communities an important opportunity to engage in the energy future of the region and deliver on our post-Kyoto national emissions reductions targets.

QMDC agrees that legislation should be reviewed periodically to ensure legislation remains on par and supports best practices. QMDC asserts the starting point for reform must be ensuring the objectives of the Clean Energy Bill are not watered down because of industry having issues with the costs or the burden of compliance. QMDC believes the protection of the environment must be the baseline from which any reform needs to start. We are denying future generations if we don't.

A comprehensive understanding of the projected impacts of industry and business and compliance with environmental legislation in the QMDB should be explored in relation to the impact on the region's natural resources and other assets as identified in the Regional NRM Plan.

4.0 Peer review

QMDC accepts that the regulations provide some mechanisms to ensure the integrity of the information presented with a transitional assistance application.

QMDC suggests that the development and application of ecologically sustainable management to the transitional assistance application process should be underpinned by best available science and a peer review of the information, documents and reports that must accompany an application. This would assist a consistent and transparent approach within policy and legislative frameworks. QMDC offers BAS and the peer review process as an additional mechanism that will provide a more robust scope to a national "clean energy" future.

"Best available knowledge", for example, can be recognized as building on:

- *Community based processes*; where, for example, indigenous communities and land care groups and other key community organisations are empowered to direct the scope of the definition on the basis of their specific local knowledge and experience.

- *Best available science*; where definitions and criteria are based on peer reviewed scientific research. The aim of such science would be to produce information from data gathered from each specific region. The collection of this information should be used to understand the potential consequences of actions and not advocate for commercial interests of key stakeholders. QMDC would argue that in order for science, and problems addressed by scientists, to effectively influence decision-making and contribute to "best available knowledge", the science must also have these attributes (Clark et al. 2002)[1]:
  (i) Saliency—whether science is perceived as addressing policy relevant questions
  (ii) Credibility—whether science meets standards of scientific rigour, technical adequacy, and truthfulness
  (iii)Legitimacy—whether science is perceived as fair and politically unbiased

5.0 Buy-back provisions

QMDC is concerned that the buy-back provisions will be at the detriment of investment into renewable energy investment. QMDC does not support this provision and recommends the free carbon units must be surrendered or returned to the Regulator at no cost. QMDC would also recommend that 'regional limits' are placed on applications.

6.0 Stringent tests

The relevant tests set out in the Bill in QMDC's opinion should be stringent and clearly outlined so that they do not allow for the exercise of discretion by the Regulator. If they were clearly defined more certainty would be provided to the applicant and the community to ensure a consistent decision making process.

[1] Clark, W., R. Mitchell, D. Cash, and F. Alcock. 2002. *Information as Influence: How Institutions Mediate the Impact of Scientific Assessments on Global Environmental Affairs.* John F.Kennedy School of Government, Harvard University, Cambridge, MA.