Jobs & Competitiveness Program

Submission

Queensland Murray-Darling Committee Inc.'s Submission on exposure draft regulations for the Jobs and Competitiveness Program under the Clean Energy Bill 2011

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Submission to:

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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 Buy-back arrangements

The free carbon units are intended to provide assistance in relation to an entity's direct liability under the carbon pricing mechanism and the carbon costs incurred indirectly from some suppliers that are liable entities under the scheme, such as electricity generators (Clause 19; Commentary on exposure draft regulations for the Jobs and Competitiveness Program under the Clean Energy Bill).

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.

One of QMDC's major concerns is that industry is the driver for the proposed assistance. Arguments for this assistance are clearly about reducing costs to the biggest industrial polluters and thereby 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 is not confident that the investment needed to secure a clean energy future by both industry and government is captured by these regulations.

4.0 Assessment of application for assistance

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 (BAS) 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 Significant expansions

Similar to newly operating facilities, investments in significant increases in facilities on 'brownfield' sites could be disadvantaged relative to new entrants if they only had allocations based on the previous year's production until assistance is trued-up for actual production on the following year. The Government has determined that an upfront allocation of free carbon units will be provided in situations which involve the installation of new equipment increasing production capacity by more than 20 per cent. This special allocation for expected production would be additional to the production of that facility in the previous financial year (Clause 33; Commentary on exposure draft regulations for the Jobs and Competitiveness Program under the Clean Energy Bill).

QMDC does not support transitional assistance to EITEs that expand their activities using non-renewable energy sources. This is contrary to the purpose and intention of securing a clean energy future. Additionally in QMDC's opinion an upfront special allocation is not supported by stringent assessment but relies more on the exercise of discretion by the Regulator. QMDC seeks a clear message from government that EITEs should be seeking to increase productivity through renewable energy sources.

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.

6.0 Design of program

Accordingly, the Government has designed the Program to define clear and objective rules for the issue of carbon units. By relying on clear rules and decision points, the Regulator will be able to make timely decisions on past production levels or identify circumstances in which expected production levels can be considered. The Government has designed the Program to ensure that the Regulator is not put in a position where it is asked to consider broad public policy questions about the value or necessity of providing assistance in particular circumstances and to particular industries (Clause 38; Commentary on exposure draft regulations for the Jobs and Competitiveness Program under the Clean Energy Bill).

[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.

QMDC asserts that by removing a public process and a broader public policy context as a part of these regulations denies key stakeholders such as NRM bodies and the region's communities an important opportunity to engage in the energy future of the region and deliver on national emissions reductions targets.

QMDC would like to see comprehensive baseline data on carbon emissions and that there has been adequate assessment of the Job and Competiveness Program to address current and future potential impacts.

QMDC submits that it should be a mandatory requirement that all applicants use a set monitoring and data collection methodology that is independently reviewed and regularly evaluated against community values and regional guidelines on air quality and GHG emissions. Raw data and methodology should be made public. This should assist in filling gaps in the identified need to have baseline data as per the above paragraph.

QMDC recommends the requirement for draft monitoring and evaluation reports on the Program to be published for public consultation. However in order for this to be valuable it requires statutory timeframes that allow for real time disclosure and consultation.