



EDOs of Australia

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Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

By email: ec.sen@aph.gov.au

Dear Sir/Madam,

Re: Inquiry into Coal-Fired Power Funding Prohibition Bill 2017

EDOs of Australia welcome the opportunity to provide comments on the *Coal-Fired Power Funding Prohibition Bill 2017*.

EDOs of Australia is a network of community legal centres specialising in public interest environmental law, with a long history of involvement in climate policy at both the State and Commonwealth level.

We note that the proposed Bill:

establishes an Act to prohibit the Commonwealth government or its agencies from funding the refurbishment, building, purchasing or assisting in the transfer of ownership of, a coal-fired power station. The Act allows for financial assistance or support for the purposes of providing transition assistance to affected workers or managing the closure of the coal-fired power station.ⁱ

We submit that public investment in technologies that are driving climate change does not make sense because:

- a) The evidence of impacts of coal-fired power on the climate is unequivocal,
- b) Australia has committed to addressing these impacts, and
- c) Renewables are a better investment of public funds.

While it should not be necessary to legislate to prohibit contradictory policy decisions, in our view the proposed Bill would provide clarity on this issue, particularly in the absence of other effective regulatory mechanisms to drive a transition away from fossil fuels.

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The evidence of impacts of coal-fired power on the climate is unequivocal

We've known for decades that the consequences of climate change will be severe for Australia. Since 1990, the Intergovernmental Panel on Climate Change has been issuing reports that provide increasing levels of confidence that anthropogenic emissions of greenhouse gases, particularly carbon dioxide from fossil fuels, are driving climate change and that this change is already having consequences for human and natural systems.ⁱⁱ

More recently the Commonwealth Government's own agencies have demonstrated that we are now experiencing impacts which are inarguably the consequence of climate change. For example, the impacts of climate change are already being felt in such iconic areas as the World Heritage listed Great Barrier Reef and Australia's food-bowl of the Murray-Darling Basin (which produces around one third of Australia's food).

Specifically, climate change was a driver of two consecutive years of mass coral bleaching and mortality across the Great Barrier Reef in 2016 and 2017. Even under the 1°C of warming we are already experiencing, more coral loss is inevitable. The Commonwealth government's Great Barrier Reef Marine Park Authority recently releasing a position statement saying:

*"Climate change is the greatest threat to the Great Barrier Reef. Only the strongest and fastest possible actions to decrease global greenhouse gas emissions will reduce the risks and limit the impacts of climate change on the Reef. Further impacts can be minimised by limiting global temperature increase to the maximum extent possible and fast-tracking actions to build Reef resilience."*ⁱⁱⁱ

Similarly, the recent fish kills in the Murray-Darling Basin have been driven by hot-dry weather which was found by a Commonwealth Government initiated inquiry to have been amplified by climate change.^{iv}

Australia has committed to addressing these impacts

Australia has been a signatory to agreements to mitigate climate change for decades including the *United Nations Framework Convention on Climate Change*, which entered into force in 1994. In 2016 Australia ratified the *Paris Agreement* which aims to hold the increase in global average temperatures to well below 2°C above pre-industrial levels and to pursue efforts to limit temperature increase to 1.5°C above pre-industrial levels.^v These commitments require urgent reductions in greenhouse gas emissions.

Renewables are a better investment of public funds

Renewable generation has been the cheapest form of new electricity generation for some years now. More recently new renewable energy generation has reached parity with, or is cheaper than, existing coal-fired generation (even when the coal-fired asset is fully depreciated).^{vi} The CSIRO and the Australian Energy Market Operator (**AEMO**) recently found that the cost of new wind and solar generation, even when firmed with storage, is cheaper than new coal-fired generation.^{vii}

As a necessary element of a rapid and just transition to renewables, the proposal to allow ‘financial assistance or support for the purposes of providing transition assistance to affected workers or managing the closure of the coal-fired power station’ is supported.

This Bill would provide certainty

Against this background it is troubling that concerns about affordability of our power generation systems or, worse still, programs designed for emissions reduction could actually drive investment in coal-fired power generation. We note:

- the *Underwriting New Generation Investment Program* (which purportedly responds to the recommendations of the ACCC’s retail pricing inquiry) has short-listed upgrades to the Vale’s Point coal-fired power station and allocated funds to investigate new generation (including coal-fired generation) in central and north Queensland;^{viii} and
- the current review of the *Carbon Credits (Carbon Farming Initiative - Facilities) Methodology Determination 2015* contemplates the inclusion of coal-fired generation projects as eligible projects.^{ix}

These examples demonstrate that there is a need for a clear unequivocal prohibition on the use of public funds to support coal-fired power generation. The critical need now is for the managed exit of coal-fired generation from our electricity infrastructure and the introduction of additional renewable generation, firmed by storage.

On this basis, we believe that the proposed Bill would usefully provide clarity on the imperative to move away from coal-fired power generation and transition to renewables.

If you have any queries about this submission, please don’t hesitate to contact me on (02) 9262 6989 or deborah.brennan@edonsw.org.au.

Yours sincerely,

On behalf of EDOs of Australia

**Deborah Brennan
Senior Policy and Law Reform Solicitor EDO NSW**

ⁱ Explanatory Memorandum available at:

https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/s1094_ems_e8b7ec7b-e104-425d-a5a5-66d57dee2bf2/upload_pdf/17245em.pdf;fileType=application%2Fpdf

ⁱⁱ IPCC reports are available at: <https://www.ipcc.ch/reports/>

ⁱⁱⁱ See: <http://elibrary.gbrmpa.gov.au/jspui/bitstream/11017/3460/1/v0-Climate-Change-Position-Statement.pdf>

^{iv} See: https://www.mdba.gov.au/sites/default/files/pubs/Final-Report-Independent-Panel-fish-deaths-lower%20Darling_4.pdf

^v See Paris Agreement, Article 2(1)(a): https://unfccc.int/sites/default/files/english_paris_agreement.pdf

^{vi} See discussion of the findings of Bloomberg New Energy Finance at: <https://www.climatecouncil.org.au/new-wind-and-solar-now-as-cheap-as-existing-coal/>

^{vii} See the CSIRO/AEMO *GenCost 2018* report, available at: <https://www.csiro.au/en/News/News-releases/2018/Annual-update-finds-renewables-are-cheapest-new-build-power>. This view would seem to be confirmed by the announced results of (government-owned) Snowy Hydro’s 2018 tender process - see: <https://reneweconomy.com.au/snowy-says-cost-of-firm-wind-and-solar-significantly-below-current-base-load-prices-76846/>

^{viii} See: <https://www.pm.gov.au/media/delivering-affordable-and-reliable-power>

^{ix} See: <https://www.environment.gov.au/system/files/consultations/69358e40-324c-4ac1-b270-43e1d7f62332/files/facilities-method-review-consultation-paper.pdf>