

### → **The role of Queensland Resources Council (QRC)**

QRC is a non-government organisation representing the interests of companies involved in exploration, mining, minerals processing, gas and energy production in Queensland. QRC will focus on policies to secure the least-cost transition to a low emissions economy by:

- Promoting industry's achievements on issues such as energy efficiency, funding research, deploying demonstration projects and reducing greenhouse emissions.
- Encouraging continual improvements in the management of energy and emissions within Queensland's resource sector.
- Working to achieve practical legislative and administrative frameworks for industry that minimises the cost of policy uncertainty or surprises.

### → **Queensland's contribution to a global challenge**

Reconciling energy security with climate change management is one of the greatest challenges confronting the global and Queensland economies. Managing climate change requires a global solution that is (a) environmentally effective, (b) economically efficient and (c) socially acceptable.

QRC suggests that there are three principal climate change challenges to address:

1. Generating certainty by ensuring a smooth market-driven transition to a low-carbon economy – there are real economic costs when policies create surprises or uncertainty.
2. Managing emissions to ensure that the economy stays on the least-cost transition path.
3. Developing a national carbon plan – a coherent set of complementary policies to manage emissions by integrating policies on energy efficiency, emissions trading, adaptation, and encouraging large investments in low emission technologies.

Queensland's world-class endowments of both research capability and energy sources positions the State to make a disproportionate international contribution to reducing emissions. Queensland's world-first demonstration projects exemplify the confluence of the state's wealth of scientific and resource endowments – including industry's direct funding for the demonstration of oxy-fuel retrofitting and integrated gasification combined cycle coal-fuelled geosequestration projects. These landmark projects are essential to achieve substantial future reductions in carbon emissions.

### → **Queensland's trade-exposed and emissions intensive industries**

With major energy reserves, growing energy exports, and energy intensive industries, Queensland is particularly exposed to the costs of any hastily implemented energy and greenhouse policies.

The international competitiveness of Queensland's trade-exposed emissions and energy intensive industries should not be eroded for the benefit of international competitors (existing and potential) who are not exposed to the cost of comparable carbon constraints. Policies should avoid exporting emissions by diverting new and existing investment overseas.

### → **We need ALL low emissions technologies**

Global energy forecasts point to a doubling of demand for electricity in twenty years; so existing fuels such as coal, gas and uranium are going to play an increasingly important role alongside, rather than in competition with, renewable technologies.

Queensland has good potential for both geothermal energy and underground storage of carbon dioxide. Queensland's population distribution also offers bright prospects for the adoption of solar generation as costs fall. Queensland's uranium reserves represent an important energy source for the world's growing demand for low emissions energy.

### → **National carbon plan – key policy components**

A national carbon plan is required to ensure that the economy continues to grow without a concomitant growth in emissions. This fundamental restructuring of the economy will involve significant costs whose incidence will be unevenly distributed. The national carbon plan provides an explicit focus on minimising and managing the impact of these costs, including industry's role in governance structures. This plan requires a coherent set of policy settings across the following six key policy areas:

1. Establish an **emission trading scheme** as the most efficient means of putting a market price on carbon. The adoption of any targets needs to reflect the best possible scientific and economic advice. Other features of an emissions trading scheme should seek to:
  - Recognise the imperative to protect the competitiveness of trade-exposed energy-intensive industries.
  - Streamline all existing emissions and energy reporting requirements along with mandated targets and compliance programs into a single economy-wide carbon price.
  - Develop other policy mechanisms, as tested with industry, which provide an equal incentive for abatement where emissions trading will not be efficient – for example managing fugitive emissions and methane emissions from agriculture.
  - To ensure future investment and availability in generation capacity, existing assets need an explicit transition provision to offset the impacts of adverse policy changes.
2. Establish clearly defined **carbon offset mechanisms** that recognise opportunities in other jurisdictions (both domestic and international).
  - There is a particular need for government to provide market certainty by ensuring that the accreditation and verification of *any* offsets is as robust as possible.
3. Fund the research, development and deployment (RD&D) of **all low-emission technologies** – creating future reduction opportunities in energy generation and emissions intensive production processes. This RD&D needs to be carefully coordinated with international efforts.
  - This will require an enduring program of funding as an emissions price alone will not provide sufficient stimulus to drive the long-term RD&D task.
  - Implement a fuel and technology neutral policy focused on emission performance to realise the most efficient solutions while also recognising the need to transition away from the distortions from existing mandatory targets for gas and renewable energy.
4. Systematically secure **energy efficiency** savings across the economy to defer the need to construct new generation capacity until low emission technologies are commercialised.
  - Incentives, policies and programs to promote energy efficiency and conservation – this should extend from household savings through to energy use by major commercial and industrial businesses.
5. Development of appropriate **planning approval guidelines** for energy generation and emissions intensive industries.
  - An emissions price signal should replace the need for any emissions related project approval requirements. Project based emissions conditions, in addition to a market price for emissions, also risks reducing investor uncertainty and promotes vexatious litigation.
6. Implement **adaptation policies**, in consultation with local governments, to enable Australian society to adjust to changing circumstances and conditions resulting from climate change.