

### **Presentation to Martin Foley from PECAN 31/1/2020**

CONTEXT: Worldwide emergencies. In Australia: bushfires, over 30 lives lost, loss of 1 billion native animals, over 12 million hectares destroyed, regional economies wrecked; XR community movement response and 1,300 Emergency Declarations made by major institutions worldwide.

THE TARGETS: Australia's climate has warmed by just over 1C since 1910, most of this occurring since 1950<sup>i</sup>. The Paris Agreement's long term goal is to keep global warming under 2C, and to try limiting the increase to 1.5C. These are the parameters the Expert Panel recommending Victorian Emissions Levels considered in making its recommendations of emissions reductions of between 32% -39% by 2025 and 45%-60% by 2030.

PECAN POSITION: Global increases must be held at 1.5C or below, and consequently we cannot support the Panel's targets. The Panel's modelling shows that to have a 50% chance of meeting the 1.5C target a 67% reduction would be needed by 2030. In other words, even a 67% reduction in emission only has a 50% chance of safeguarding an already diminished world. The recent bushfires testify to the fact that a 1C increase is devastating and requires a rethink by government of these targets that should include attention to 'draw down' as advocated by scientists such as Tim Flannery and Paul Hawken. PECAN therefore supports targets consistent with the Panel's 1.5C analysis showing the necessity of at least a 43% reduction by 2025 and 67% by 2030.

SUPPORTING ARGUMENTS: 2C of warming would lead to completely unacceptable impacts across Australia and the world. Australia's Paris commitments if adopted uniformly worldwide would lead to 4.4C of warming<sup>ii</sup>, and will prevent us having any possibility of reaching zero emissions by 2050<sup>iii</sup>. Australia's emissions are 15.4 tonnes per capita, only exceeded by the USA at 16.5 tonnes<sup>iv</sup>. Victoria could provide a strong, responsible and manageable example by adopting the 1.5C target.

TRANSITION METHODOLOGY: Energy Australia has indicated that it may close Yallourn earlier than 2032 if Victoria adopts strong targets. Modelling by Reputex<sup>v</sup> in December showed that Victoria could meet its energy requirements in 2023/24 by a combination of utility scale wind and solar, increased utility and domestic scale battery storage, transmission upgrades and increased rooftop solar. This pathway, while accelerated, is completely consistent with the methodology of AEMO's Integrated Service Plan 2020 for the National Electricity Market; building Energy Connect, the critical interconnector for the Victorian and SA grids will begin shortly and be completed by 2033.

ECONOMIC ADVANTAGES: Under this scenario wholesale prices would fall significantly from over \$100 MWh to around \$70; the transitioning process would create an additional \$6.8 billion in economic activity and an additional 1400 jobs being created annually through to 2033<sup>vi</sup>; and the early closure of Yallourn would enable stronger emissions reductions in other sectors like transport and areas relying on natural gas. The Expert Panel estimated that health impacts from coal burning for electricity cost Victoria \$600m in 2018<sup>vii</sup>.

The Expert Panel's modelling consistently shows that earlier and stronger targets are more cost effective: 'Emissions reduction pathways that require stronger emissions reduction by 2030 have a lower economic cost to reach net zero emissions than those with weaker reductions to 2030. In other words, it is not cost effective to delay emissions reduction '

JUST TRANSITION: It is critically important that the adjustment process is deliberately planned and effectively resourced. The Latrobe Valley Authority has played a significant role since the 2016 closure of Hazelwood: since its inception in 2016, an additional 10,600 people are employed in the Latrobe Valley, and unemployment rates have fallen by 3.7%, from 8% in October 2016 to 4.3% in October 2019<sup>viii</sup>. Its long-term continuation seems essential, as the stronger its capacity building the easier will be the transition after Yallourn's closure, whenever that may be.

## Footnotes

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<sup>i</sup> BOM Annual Climate Statement 2019

<sup>ii</sup> P2, GA, Robiou du Pont, Y. et al. Equitable mitigation to achieve the Paris Agreement goals. Nature Climate Change 7, 2017

<sup>iii</sup> Ross Garnaut, Superpower, p175

<sup>iv</sup> <https://www.economicshelp.org/blog/10296/economics/top-co2-polluters-highest-per-capita/>

<sup>v</sup> Reputex, The Impact of the Early Closure of the Yallourn Power Station on the Victorian Electricity System, Dec 2019 p20

<sup>vi</sup> Reputex, op cit, p22

<sup>vii</sup> Expert Panel Final Report p59

<sup>viii</sup> Latrobe Valley authority, Transitioning to a Strong Future, Nov 19.