



Nature Conservation Council

The voice for nature in NSW

Climate Change and Resource Efficiency Policy Branch
NSW Office of Environment and Heritage
Via: Environmental.future@environment.nsw.gov.au

14 December 2016

Submission on Climate Change Fund Draft Strategic Plan and Plan to Save NSW Energy and Money

Dear Madam/Sir,

The Nature Conservation Council of New South Wales (NCC) is the state's peak environment organisation. We represent over 150 member organisations across NSW. Together we are dedicated to protecting and conserving the wildlife, landscapes and natural resources of NSW.

NCC welcomes the opportunity to make a submission to this important and timely draft strategic plan.

In our submission we welcome the government's aspiration of net-zero emissions by 2050, but express our concerns about the lack of measurable interim targets that are necessary to turn this aspiration into reality.

We're also concerned about the planned diversion of funding away from efforts to reduce climate pollution.

While the energy transition is already underway, the NSW government must set more ambitious renewable energy policies in order to maximise jobs and investment in NSW, maintain reliability of energy supply, minimise regional dislocation, and importantly to do our part to limit climate change to 1.5°C to 2°C as agreed in Paris.

If you seek any further information on the issues raised in this submission please do not hesitate to contact Brad Smith, Senior Energy and Climate Campaigner on (02) 9516 1488 or bsmith@nature.org.au.

Yours sincerely,

Kate Smolski

SUMMARY OF KEY ISSUES ON THE CLIMATE CHANGE FUND STRATEGIC PLAN

- This plan proposes to support up to 540 MW of renewable energy projects over five years. This amount should be increased five-fold. NSW is far behind other states when it comes to attracting renewable energy investment and jobs.
- As it stands in this draft plan, government investment in renewable energy will be slashed by up to 80%. The NSW government shouldn't reduce its investment in renewable energy.
- The policy framework sets out an "aspirational" objective of zero greenhouse emissions by 2050. This is an important commitment but should be a firm, legislated target. NCC also recommends bringing forward the target to achieve net-zero emissions by 2040.
- The plan lacks measurable objectives. We recommend a program goal such as achieving 23.5% renewable energy generation by 2020 - i.e. our fair share of the federal Renewable Energy Target. Progress toward this goal should be reported annually.
- We strongly support the initiative to model emissions pathways and develop a plan to get to net zero emissions. This modelling must be prioritised for completion within the first year of the implementation of the strategic plan.
- With our fleet of sub-critical power stations due to retire in the near future we support NSW playing a key role in COAG to set ambitious minimum emissions performance standards, however these must apply to existing power stations.
- Renewable energy projects should be supported in regions impacted by coal-fired power station closure to provide a just transition for workers and the communities.
- Community energy projects provide many benefits and we strongly support actions that remove barriers to these projects being successful.
- The Climate Change Fund should not be used to pay for new government commitments like private land conservation to make up for the impacts of the land clearing laws. These commitments shouldn't come at the cost of transitioning our energy system and maintaining a safe climate.
- The draft plan mentions biomass production for bioenergy in section 2.9. We strongly oppose the burning of native forest timber for electricity, as well as the use of agricultural land to produce bioenergy, as it can displace food, increase land-clearing, and increase pollution.
- We oppose the raising of the Warragamba dam, and we oppose using the climate change fund to pay for it. Raising the dam wall will have significant impacts on the Blue Mountains World Heritage wilderness, wildlife and the climate by flooding 2400 hectares of land.

- We strongly oppose continued government support for research into low emissions coal technologies. Hundreds of millions of dollars of public funds have already been spent on these projects, and they have been revealed to be uneconomical and fraught with risks.
- The draft plan contains many useful and important actions to help reduce greenhouse gas emissions and minimise the impacts of climate change. With the exceptions identified above, we strongly support these actions and look forward to them being implemented.

THE CASE FOR STRONG ACTION BY THE NSW GOVERNMENT ON CLIMATE CHANGE

Australia is experiencing the direct impacts of climate change with more severe and frequent events such as droughts, bushfires, heatwaves, floods and cyclones.

Increased CO₂ levels in the Earth's atmosphere are causing warming of the atmosphere and oceans, the breakup of ice sheets, glacial retreat, sea level rise, and ocean acidification.

Warming of over 1.5°C is incompatible with the survival of entire low-lying pacific island nations such as Kiribati and Tuvalu, as well as coral reefs in Australia and around the world.

Australia is one of over 190 countries who have committed to the Paris Agreement goal of limiting warming to “well below 2°C” above pre-industrial levels, and to pursue efforts to limit temperature rises to 1.5°C. Doing our share to meet this commitment and avoid dangerous global warming requires a rapid transformation of our energy system.

International Energy Agency modelling of the 2-degrees scenario demonstrates that coal-fired power plants in OECD countries must be almost entirely phased out by 2035¹.

To pursue efforts to limit temperature rises to 1.5°C, as we agreed in Paris, the timeline must be even shorter. We are therefore calling for a complete transition to renewable electricity by 2030.

Fortunately, people in Australia want renewable energy. NSW Government-commissioned polling released in April 2016 shows 91% of NSW residents support renewables and 83% say NSW should be generating more electricity from renewable sources². Furthermore, the states and countries that plan and cater for this transition will benefit the most from the economic opportunities presented by the global transition to renewable energy.

PURPOSE OF THE FUND

The purpose of the climate change fund is to reduce greenhouse gas emissions and the impacts of climate change, and to support water and energy savings. In the draft plan, the government is only consulting on \$500m of the fund's total \$1.4bn over the next five years, while the bulk of the fund, \$900m, is invested in so-called “ongoing priorities”, several of which are only tentatively linked to the purpose of the fund.

¹ International Energy Agency, Energy, Climate Change and Environment 2016 Insights report, p30, available at: <http://www.iea.org/publications/freepublications/publication/ECCE2016.pdf>

² Newpoll, NSW Office of Environment and Heritage, April 2016, available at: <http://www.environment.nsw.gov.au/communities/community-attitudes.htm>

If the whole \$1.4bn of the fund was invested to tackle the challenge of our polluting energy system, it would make a substantial contribution to transitioning NSW to clean energy, and capturing opportunities such as jobs, innovation and investment. This is the type of effort that is required for NSW to act in line with the Paris agreement do its fair share to limit climate change to 1.5 to 2°C.

Projects coming from the fund that we have concerns about include:

Private land conservation - \$240m (section 4.5, page 12, page 34)

While this is a welcome investment in biodiversity, particularly in light of the expected biodiversity loss from the new *Biodiversity Conservation Act*, it should not come at the expense of action to avoid dangerous climate change.

Coastal hazards - \$63m (section 4.4, page 12, page 33)

Similar to our comments on the private land conservation being funded through the Climate Change Fund, it seems that the reference to “supporting councils to reduce exposure to coastal hazards” relates to \$63 million already announced as part of the Coastal reforms and new *Coastal Management Act*³. While the costs of adapting to the impacts of climate change - like coastal erosion and inundation - are increasing, spending to cope with these impacts cannot come at the expense of working to stop them getting worse, or else they will simply keep getting worse. These efforts fall outside the purpose of the fund. We recommend that the NSW government establish a separate climate adaptation fund.

Warragamba Dam - undisclosed amount (section 1.1, page 5)

We oppose the raising of the Warragamba Dam wall. It will cause significant damage to world heritage-listed Greater Blue Mountains wilderness and national parks, by flooding 3,500 hectares.

INSUFFICIENT AMBITION AND INVESTMENT

This plan proposes to support up to 540 MW of renewable energy projects over five years. By comparison, Victoria will contract an additional 1800 MW by 2020, and 5400 MW by 2025. ACT has already contracted 600 MW which will provide for 100% of their energy use by 2020.

NSW is already far behind other states when it comes to attracting renewable energy investment and jobs. Depending on the baseline used, only 7.7% to 14% of the energy NSW generates comes from renewable sources, compared to 41% in South Australia.

This draft plan proposes slashing government investment in renewable energy by up to 80% - from \$214m in 2015⁴ to \$40m per year over the next 5 years (Climate Change Fund draft plan, page 10).

³ Minister Stokes and Treasurer Berejiklian media release 7/05/2016. Available at: <http://www.planning.nsw.gov.au/~media/Files/DPE/Media-Releases/2016/May/07052016-biggest-funding-boost-to-coastal-management-since-1970s.ashx>

⁴ Climate Change Fund annual report 2014-15, table 2. Also, see annual reports from other years. Available at: <http://www.environment.nsw.gov.au/grants/ccfund.htm>

The NSW government shouldn't reduce its investment in renewable energy. Instead, making greater use of the \$1.4bn fund, as it was intended, is an opportunity for NSW to do its fair share of the national RET and reach at least 23% new renewable energy by 2020 (i.e. excluding renewable energy power stations built before 1997, as per the RET rules). We recommend setting this as a program goal (under section 2).

If the government has concerns about setting a percentage target, then we suggest setting a program goal such as attracting and delivering \$7 billion in renewable energy investment in NSW, or constructing 4.8 GW of renewable energy generation capacity by 2022, and reporting on progress annually.

The lack of policy certainty beyond 2020 is a key barrier to additional renewable energy projects being built in Australia, and NSW could overcome this barrier at very low cost, or even at negative cost, while capturing thousands of jobs and billions of investment for regional NSW. The draft plan proposes using contracts-for-difference to provide investor certainty for up to 250 MW of renewable generation (section 2.1). This action should be increased tenfold to 2500 MW to ensure that NSW captures its fair share of the national renewable energy target.

TARGETS SHOULD BE IN LEGISLATION

It is uncommon to set targets which are 'aspirational'. Rather, than being an 'aspirational target', the goal of net zero emissions by 2050 should be set in legislation and with 5-yearly interim targets in keeping with the Paris agreement. The Government has raised concerns about putting targets in legislation but there is precedent for it being done, for example:

1. South Australia has targets in its *Climate Change and Greenhouse Emissions Reduction Act 2007*
www.environment.sa.gov.au/Science/Science_research/climate-change/climate-change-initiatives-in-south-australia/sa-climate-change-legislation
2. UK has targets in its legislation
www.theguardian.com/environment/2016/mar/14/zero-carbon-emissions-target-enshrined-uk-law

Legislated targets should ensure consistent, transparent reporting on progress, create clear accountability and responsibility and facilitate a whole-of-government effort needed to achieve zero emissions. All of these important governance mechanisms are dangerously lacking from the current aspirational target.

CANOPY COVERAGE AND HEAT EFFECT (section 4.5, page 12, page 35)

The plan notes the importance of canopy coverage, but fails to acknowledge the number of trees that have been cleared to make way for infrastructure projects (e.g. 10/50 rule, light rail down Anzac Parade, bushland removed for Westconnex carpark). If the Government is serious about increasing canopy cover, it needs to provide better protections for trees – including limiting the use of offsets and ensuring the proposed new State Environmental Planning Policy for urban vegetation provides strong protections for trees in urban areas.

BIOMASS (section 2.9, page 15, page 20)

We strongly oppose the burning of native forests for electricity, which was legislated for in 2013 via the *Protection of the Environment Operations (General) Amendment (Native Forest Bio-material) Regulation 2013*. We are concerned that burning native forests for electricity poses significant risks for forests, woodlands and native wildlife. Furthermore, we have concerns about the use of agricultural land to produce bioenergy. Bioenergy production can displace food production, increase land-clearing which in turn harms wildlife, and reduce carbon stored in soils⁵. Lifecycle carbon emissions from bioenergy can also be many times higher than alternatives like wind and solar.

THE IMPORTANCE OF A JUST TRANSITION (not mentioned in the draft strategy)

As the world transitions to 100% renewable energy, we're already seeing dislocation of workers and communities where there are coal mines and power plants. The government must ensure that affected workers and communities get the help they deserve, rather than having to shoulder the costs of transition. Coal affected communities are already suffering disproportionate impacts of pollution as well as economic dislocation as coal power stations and mines reduce production and close. Three coal fired power stations have already closed in NSW in the recent past. Economic adjustments take time, and so we recommend that investments via the Climate Change Fund are made with a just transition in mind. For example, regions with declining employment could be given priority in selecting renewable energy projects commissioned (sections 2.1-2.2).

Early research work on the impacts of the transition from coal-fired power to renewable energy on workers and communities in the Hunter/Central Coast region estimated a potential net-gain of over 3900 secure jobs in the region if the transition was well managed, despite 1300 direct job losses from coal-fired power station closure⁶. Since this Greenpeace-commissioned report was written in 2008, the Munmorah, Wallerawang and Redbank coal-fired power stations in NSW have already closed, with little planning or support for the affected workers, small businesses and local communities.

COMMUNITY ENERGY (section 2.5, page 17)

Community energy projects ensure that the benefits of New South Wales' excellent renewable energy resources are realised by NSW communities, rather than flowing out of the community where they're based. There are also many flow-on benefits from community energy projects - like increased energy literacy, increased social licence for clean energy, greater local economic development outcomes, and increased community resilience and empowerment⁷. We strongly support the five potential actions listed in section 2.5 of the plan, and emphasise the call for establishing regional community energy hubs to

⁵ Birdlife Europe and Central Asia and Transport and Environment, *The Black Book of Bioenergy* (2016), available at: <http://www.birdlife.org/campaign/black-book-bioenergy>

⁶ University of Newcastle, Centre of Full Employment and Equity, *A just transition to a renewable energy economy in the hunter region, Australia*, June 2008, available at: http://www.resourcesandenergy.nsw.gov.au/energy-consumers/solar/sustain-renew-fit-subs/sustain_renew_fit_subs_greenpeace_australia_pacific_attach_a.pdf

⁷ Coalition for Community energy, *Victorian community energy parliamentary inquiry submission*, October 2016, available at: http://www.parliament.vic.gov.au/images/stories/committees/eejsc/Submission_92_-_C4CE_Coalition_for_Community_Energy_10102016.pdf

share knowledge and help communities overcome barriers to implementing clean energy projects. In addition we recommend the establishment and funding of:

- a community energy target, and
- a fit-for-purpose policy mechanism to stimulate the development of community and mid-scale renewables projects.

ENERGY EFFICIENCY (section 3)

The energy efficiency actions in the plan provide an opportunity to reduce greenhouse pollution, improve the comfort of dwellings, alleviate energy poverty and save consumers money. Furthermore, improvements to thermal comfort of homes and access to efficient appliances among vulnerable households will reduce health impacts and the health system burden from heatwaves, and reduce disconnections and financial hardship. Addressing the barriers to energy efficiency is therefore an important role for government. We strongly support actions such as:

- Section 3.4 - Mandatory disclosure of energy efficiency ratings for buildings at point of sale. We believe that the necessity and benefits of mandatory disclosure have already been demonstrated, so these ratings should be mandatory much sooner than 2020.
- Section 3.4 - For tenanted homes, we recommend that minimum standards are crucial to drive change, as renters have very little market power in the rental market. We suggest setting a target of all homes reaching a minimum 5 star (Nationwide Home Energy Rating or equivalent) standard by 2020, and monitoring progress against this target.
- Section 3.4 - We support incentives and the establishment of low-cost finance schemes to remove the barrier of upfront capital investment. Beyond this, however, we don't believe that it is justified to use public funds to pay for upgrades to privately owned investment properties.
- Section 3.5 - We strongly support the proposed actions to support vulnerable households to reduce their energy bills.