



The Direct Action Plan

How it can work for you

Dr Andrew Maddocks | Infrastructure Advisory Group | GHD



Carbon pricing in Australia

2006 Bipartisan support for an ETS 2006

2007 Rudd ratified Kyoto Protocol 2007

2009 CPRS fails to pass Senate in 2009 with the leadership coup from Tony Abbott

2011 Gillard introduced the Clean Energy Bill – (Carbon pricing effective July 2012)

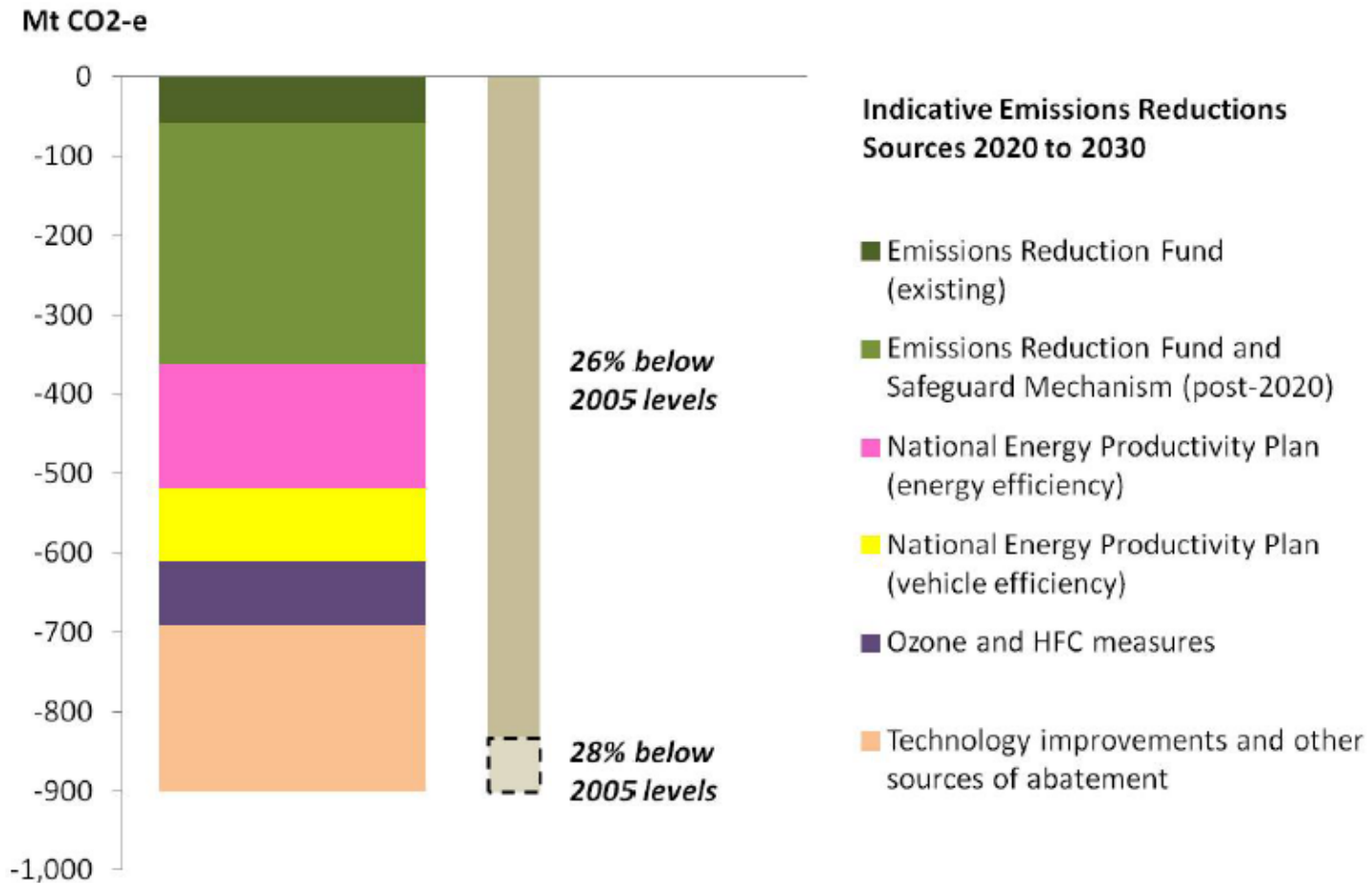
2014 Abbott Government repealed the Clean Energy legislation (no carbon price from 1 July 2014)

2014 Palmer negotiates an 18 month enquiry into an Emissions Trading Scheme to report in 2016

2014 Emissions Reduction Fund legislation passes (November 2014)

Australia's emissions reduction target

26–28% below 2005 levels by 2030



Source: Department of the Environment (2015), Summary: Australia's 2030 Emission Reduction Target.

What is Direct Action?

- A variety of initiatives grouped together under 'Direct Action'
- Aiming to reduce greenhouse gas emissions by 5% below 2000 levels, by 2020
- Centre piece is the Emissions Reduction Fund – **\$2.55 billion** to fund GHG abatement projects



The Emissions Reduction Fund

- Abatement via a market (reverse auction) system
- Participants submit a bid (price per tonne of emissions abatement)
- Government selects the lowest bids
- All bids above the auction benchmark will be rejected (benchmark revealed after auction)



Eligibility

- Project is consistent with approved methodology
- *Newness requirement* – the project has not ‘begun to be implemented’
- *Regulatory additionality requirement* – activity is not required by other legislation
- *Government program requirement* – the activity will not be carried out under another Government program

Eligible projects

Carbon Farming Initiative projects transitioned to the Emissions Reduction Fund

- capturing landfill gas
- alternative treatment of organic waste
- capture and combustion of biogas from wastewater
- methods for the land sector, including increasing soil carbon, reducing livestock emissions, expanding opportunities for environmental and carbon sink plantings, and reforestation, managing fires in savannah grasslands



Eligible projects – expanded scheme

New project types included in the Emissions Reduction Fund:

- a generic method for emissions reductions at facilities reporting under the National Greenhouse and Energy Reporting Scheme
- capture and destruction of coal mine fugitive emissions
- reductions in emissions-intensity of transport
- commercial, industrial and aggregated energy efficiency



First auction – April 2015

Committed

- 47 million tonnes CO₂-e abatement
- \$660 million contracted
- \$13.95 average price per tonne CO₂-e

Remaining?

- Approximately 300 million tonnes CO₂-e abatement (based on 2030 target)
- \$1.89 billion
- \$6.30 average price per tonne CO₂-e?

Opportunity to participate?

Is there an applicable methodology?

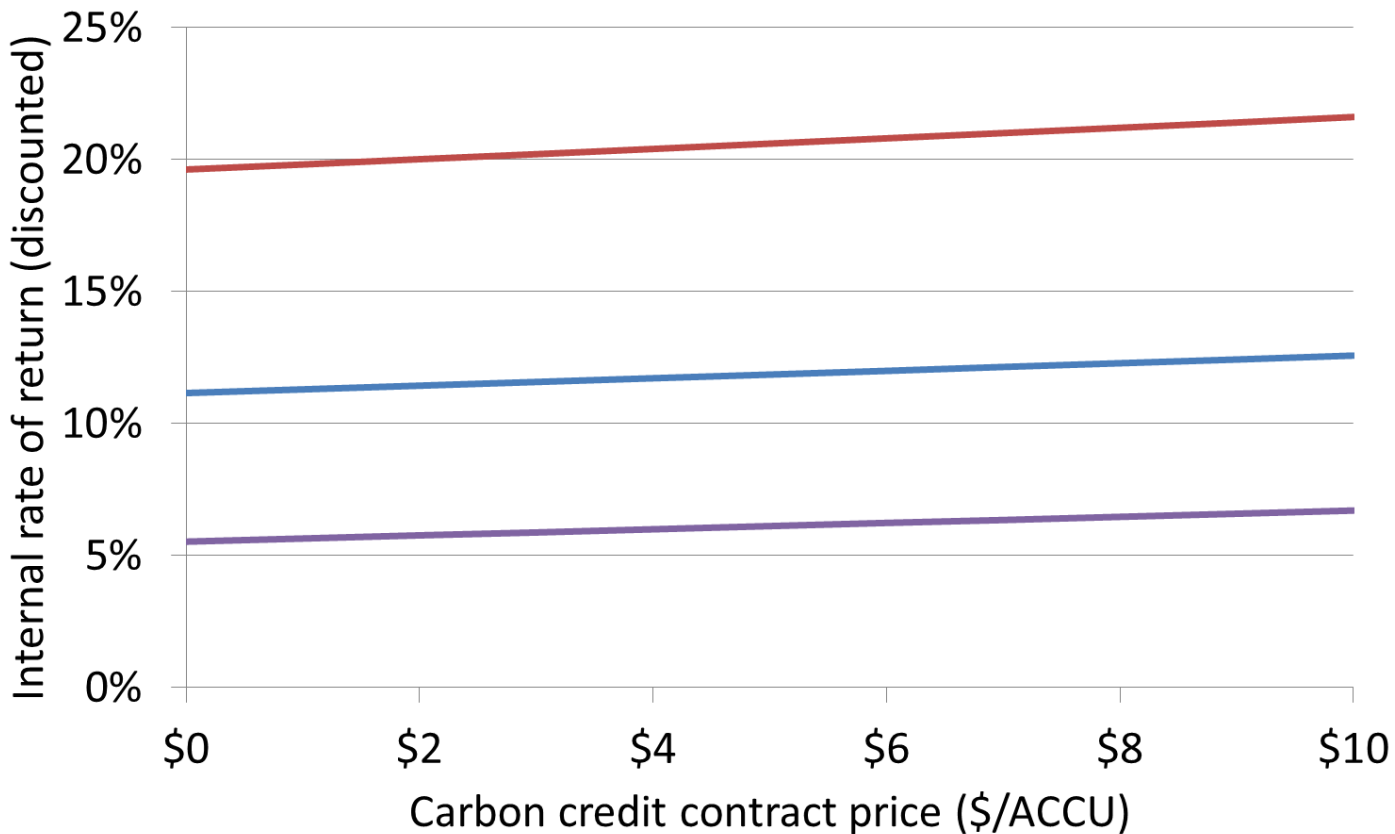
Does the project satisfy the eligibility requirements?

What is the scale and timing of abatement?

Business case development

Simplified business case (energy efficiency projects)

- 5% energy reduction
- 10 c/kWh average electricity cost
- 10% interest rate & discounting rate
- IRR over 15 years



— 4 year payback — 5 year payback — 6 year payback



Contact:
Dr Andrew Maddocks
andrew.maddocks@ghd.com



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