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Good design crucial for Emissions Reduction Fund

The Australian Government's Emissions Reduction Fund (ERF) should recognise the Australian gas industry's important contribution to reducing emissions in both Australia and Asia.

APPEA's submission on the ERF Green Paper says the design of Australia's climate change policy must be done in a way that encourages, rather than impedes, investment in developing Australia's enormous gas resources.

APPEA Chief Executive David Byers said: "The Australian gas industry's contribution to global emissions reduction should not be hindered by regulations that focus solely on its local emissions. Nor should it be disadvantaged against international competitors that do not face similar costs."

The Emissions Reduction Fund will provide a 'safeguard mechanism' that encourages businesses to decrease emissions below their historical business-as-usual levels. The design of this mechanism is of critical importance.

Mr Byers said: "This mechanism cannot impose a one-size-fits-all approach. Liquefied natural gas (LNG) plants are purpose-built to process widely varying gas resources for the needs of different customers.

"In applying such a mechanism to new plants, the baseline should be determined after several years of production so that the operator and the regulator can draw on several years of operational experience.

"APPEA looks forward to working with the Department of Environment to develop a potential model that would be suitable for the oil and gas industry. The mechanism should be applied only to emissions above business-as-usual; it should not be used as a mechanism for raising revenue.

"The ERF's coverage should be as broad and as efficient as possible.

"It should form a stable and durable foundation for Australia's national climate change policy approach.

"APPEA does not wish to see a return to the costly hotchpotch of schemes – at both national and state levels – that has historically characterised Australia's greenhouse policy response.

"It should also apply to emissions across the Australian economy, including sectors that do not currently report under the National Greenhouse and Energy Reporting System."

To view APPEA's submission on the Emissions Reduction Fund, see [this webpage](#).

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