

AGL Backs Emission Targets For Electricity Sector

AGL has co-published a study showing significant reductions in greenhouse emissions could be achieved by Australia's electricity sector costing between 0.6 and 2.8 per cent of GDP.

The *Options for Moving to a Lower Emission Future* study, backed by AGL, the Worldwide Fund for Nature Australian and Frontier Economics looks at ways to cut 40 per cent from current emission levels of nearly 200 million tonnes by 2030.

Electricity generation accounts for about 36 per cent of Australia's greenhouse gas emissions.

The research is based on two pathways, one which would move quickly to reduce emissions and one which uses existing greenhouse gas-emitting equipment until it approaches the end of its economic life.

Under the first scenario, the total cost of emission reduction would be \$24.16 billion in current dollars, or about 2.8 per cent of GDP.

The second approach of allowing existing plant to be used would cost about \$8.5 billion, or 1 per cent of GDP. If major energy efficiency measures are added the cost of this approach would fall to \$5.19 billion, or 0.6 per cent.

AGL's head of merchant power, Jeff Dimery, says it is important for policy makers to establish long term emission reduction targets and a strategy for meeting those targets.

"This will allow businesses to invest in new technological solutions to minimize the cost of reducing emissions," he says.

"AGL has already begun to factor the cost of greenhouse emissions into business decision making. In 2005, AGL explicitly accounted for this cost in the acquisition of Southern Hydro. As a result, AGL has developed a well-balanced portfolio of energy assets that is suited to a gradual transition to a low emission future."

Energy companies and other large businesses are increasingly leading the debate on climate change.

Last month the Australian Business Roundtable on Climate Change released a report urging the Federal Government to work more quickly with business to limit greenhouse gas emissions. The Roundtable comprises BP, Insurance Australia Group, Origin Energy, Swiss Re, Visy Industries and Westpac, together with the Australian Conservation Foundation.

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