

## **No Need For Additional State Regulation With An ETS**

The Queensland Government's proposal to implement measures that lock in targets or specific regulatory requirements ahead of the introduction of a national emissions trading scheme is likely to increase the economic cost of achieving greenhouse gas emissions reductions, according to the Energy Supply Association of Australia.

The Queensland Government's *ClimateSmart 2050* strategy aims to establish long-term climate change goals in the State and provide a platform for the government, community and industry to move to a low-carbon future.

esaa is however supportive of the government's plan to ensure that a broad range of new low-emission technologies have sufficient financial capital to complete the research, development and demonstration phase and become commercial.

"Such a funding scheme will improve the opportunity for immature and comparatively more expensive low-emission technologies to overcome what the Electric Power Research Institute refers to as the mountain of death," says esaa chief executive Brad Page.

The term describes the difficult and costly process of bringing a new technology into the marketplace where the high cost of a first-of-a-kind plant can often stall uptake of a new technology in the demonstration stage.

The *ClimateSmart 2050* strategy's adoption of alternative targets or regulated investment requirements is nevertheless effectively negated by the implementation of a national emissions trading scheme, according to esaa, because a national scheme is designed to allow the market to achieve these outcomes.

Additional intervention by governments to secure investment in particular technologies or production techniques effectively inhibits the ability of the market to secure least-cost abatement opportunities and can also deter investment.

esaa counsels against the proposed introduction of policies and measures independent of a national response and in advance of the introduction of a national emissions trading scheme.

"The strategy proposes introducing additional greenhouse gas policies and measures when a plethora of State-based schemes, which have been found to be placing unnecessary economic costs on the community and economy, already exist," says Page.

"The strategy also fails to address the critical issue of how the proposed measures would transition into a national emissions trading scheme," says Page.

“esaa considers the most efficient, effective and least-cost means to secure greenhouse gas emissions reductions is through the introduction by the Commonwealth Government of a national, economy-wide, emissions trading scheme together with a technology-neutral funding scheme provided on a competitive basis to support nascent technologies.”

[Source essa news]