

## **The price of carbon – transitioning Australia’s economy to emissions free energy.**

A national emissions trading scheme (ETS) using a cap and trade system that is broadly based with the level of reduction determined on scientifically established targets is the best market tool to deliver a price on carbon and to allow industry to best respond and to tackle the challenge of bringing down Australia’s emissions. SEA accepts that a short-term carbon tax is a reasonable transitional measure in moving to a market-based system for pricing carbon.

SEA supports the application of a scientifically based target that commits Australia to action. SEA supports setting an emissions reduction target for the nation of 80% of 1990 emissions by 2050, and this target must guide substantial shorter-term action, recognising that early action is likely to be obtained at a lower cost than delayed action. As one of the G20 – the top 20 economies in the world – Australia has a significant and proper role to play.

SEA is an industry chamber supporting market-based solutions to grow sustainable energy, and supports cost reflective pricing in energy that includes a price on carbon.

These goals can be achieved through reforms in energy pricing and carbon pricing.

Establishing a carbon price provides certainty to the market and allows businesses to make decisions on investments on the best low-emissions and no-emissions technologies, or least-cost offsets, as determined by the needs of each business.

The pricing of carbon must be transparent; the responsibility of a price on carbon should be shared, and be broadly based, and implemented with standardised legislation across Australia to provide consistency for business operating across state borders.

In pricing carbon, reforms to legislation and taxation must aggressively work to eliminate perverse subsidies that support the use of carbon-based energy, or that act as a barrier to market entry of cleaner technology.

A price on carbon must operate in parallel with existing industry development initiatives from Government programs such as renewable energy and energy efficiency targets, be implemented with standardised legislation across Australia to provide consistency for business operating across state borders.

SEA supports action by governments to reasonably consider the challenges of export-exposed industries, but not through the issuing of free permits. Instead, governments should work with those industries that will be adversely impacted to deliver the equivalent value of renewable energy to assist in the reduction of emissions overheads in emissions-intensive operations.

**Notes:**

1. The Sustainable Energy Association of Australia (SEA) is a chamber for all enterprises from all industries supporting sustainable energy, and the fastest growing energy industry body in Australia. [www.seaaus.com.au](http://www.seaaus.com.au).
2. *'On behalf of the people of Australia, the Association will vigorously promote the development and adoption of sustainable energy so that by the year 2030 more than 30% of Australia's energy use in and across all states and territories is displaced by sustainable energy practices so that energy demand is more than 30% below that measured in the year 2000, and that more than 30% of energy use is derived from sustainable sources.'*