



Australian carbon trade to boost affordable energy

24 June 2008

Australia's emissions trading scheme starting in 2010 should make energy more affordable in the long term, but short-term price hikes could see the government facing an A\$1.8 billion (US\$1.7 billion) annual compensation bill.

The Climate Institute report on energy affordability and emissions trading released yesterday found energy price rises could easily be offset through the auction of carbon permits, estimated to exceed 1 percent of GDP, or about A\$10 billion.

The report studied three carbon price outlooks of low (A\$15-A\$100), moderate (A\$30-A\$163) and high (A\$45-A\$225) by 2050.

“For most Australians, the affordability of energy is likely to improve substantially over coming years, notwithstanding the introduction of emissions trading and the associated increase in energy prices,” the report said.

But it said that under a high carbon price scenario, and if world oil prices continued to rise, there would be a deterioration in energy affordability in the short to medium term, especially among low income families.

Australia's center-left Labor government won power last November, immediately ratifying the Kyoto Protocol on climate change and promising a carbon trading scheme by 2010 to give business a financial incentive to cut pollution.

The government is expected to release an options paper on the emissions trading scheme next month, with legislation expected by the end of the year.

Australia is responsible for about 1.2 percent of global carbon emissions, but remains one of the highest polluters per capita because of the nation's reliance on coal and other fossil fuels. Australia is the world's largest coal exporter and relies on coal to generate about 80 percent of its electricity.

The average Australian family spends around 9 percent of its budget on energy, low income singles spend about 15 percent and high income families spend 5 percent.

The report found average families could face price rises of up to A\$10 a week for electricity, gas and gasoline in the short term, but over time energy affordability would rise as energy prices plateau, incomes rise and energy efficiency improves.

Under a high carbon price by 2050, the average family would spend less than 6 percent of its budget on energy, low income singles around 10 percent and high income families less than 4 percent.

In other news from Australia, the energy company Apache said yesterday it expected Western Australian gas production to be partly restored by the middle of August, but that it could take six months for full production to resume after a blast at its Varanus Island plant on June 3.

The blast forced the plant's closure, slashing Western Australia's gas supply by 30 percent and causing an energy crisis in the state.

Source: www.taipeitimes.com