

Federals faff with carbon, WA emissions skyrocket

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The Conversation

The ability of a country to make its mind up says a lot about how prepared it is for the future, its resilience and its competitive standing.

How a country goes about reducing its carbon is very revealing. Germany always seem to have a clear resolve. Korea's low carbon growth plans are underway. Even China has got itself disciplined. India, and Canada seem to faff.

In Australia, we have perfected the art of the faff.

Australia's indecisiveness comes from the change-over of federal governments and their differing carbon legislation. While the carbon price was firmly in place, state governments abdicated their role in reducing emissions. Now the price is likely on the way out, that abdication is reaping a carbon harvest.

uses large volumes of energy. And if that energy comes from a fossilised source, by extension it produces large volumes of carbon dioxide. Other, natural gas contains varying amounts of carbon dioxide, which needs to be removed before making LNG. Around 4 per cent is fairly typical.

The Pilbara in Western Australia is responsible for around 85 per cent of Australia's LNG and 80 per cent of crude oil and concentrate. Some of the gas projects in the Pilbara contain a great deal more than usual carbon dioxide, with Gorgon containing 14 per cent, which will sequester some but not all of this from the atmosphere.

LNG production in the Pilbara is set to more than double by 2017. Current production sits at 16.3 Million tonnes per annum (Mtpa) of LNG. This will increase by 24.5Mtpa once the Wheatstone and Gorgon projects come online in 2017, and these will emit around 16Mtpa of carbon dioxide, even with sequestration. LNG production is growing rapidly with a further 40Mtpa of expansions in the pipeline.

In Western Australia, carbon emissions currently stand at around 76Mtpa. With the raft of new LNG and other industrial projects currently under construction, WA's emissions will double by around 2020.

To put that into context, WA's 2000 carbon emissions levels were 65Mtpa. It's a phenomenal increase.

In 2000, Australia emitted 565Mtpa of carbon dioxide equivalents. In 1990, when the Kyoto Protocol was created, it was nearly the same at 550Mtpa and currently sits at 556.4Mtpa.

Depending on the rest of the world does, Australia has committed to further reductions of between 15 and 25 per cent. According to Professor Ross Garnaut from the University of Melbourne, this could happen, requiring reductions down to between 423 and 480Mtpa.

Gas projects are currently subject to the Clean Energy Act, the so called "carbon tax". Under the current federal legislation, thanks to the Jobs & Competitiveness Program, gas producers were granted a substantial carbon cost exemption of 66 per cent, declining at 1.3 per cent per annum.

West Australia had required Chevron to sequester the carbon from some of its Wheatstone emissions, but in January 2013, Chevron successfully lobbied to have that restriction lifted. They argued that their carbon is "captured" under the federal carbon price. This was despite the EPA's own independent expert advice stating their case was "poor".

Using the same rationale, Shell got its greenhouse gas conditions removed from the WA environmental approval process for their Prelude floating LNG operation, again because the project was covered under the federal scheme.

It's a similar story for greenhouse gas control conditions on the Browse LNG project that were recommended by the WA EPA and supported by the Appeals Committee.

And it's unclear whether the relinquished state-based controls are now being factored into the federal baselines and growth projections.

Another looming issue is the potential for fugitive carbon emissions from Western Australia's shale gas industry. There is a draft methodology for measuring fugitive

In the US, regulators and industry have resorted to using "factor" estimates; these assume best practice for construction, operation and completion of shale projects. Further research using ambient monitoring has shown that actual emissions are a great deal higher.

Given the dramatic expansion in LNG, and the uncertainty around shale emissions, the carbon budget doesn't seem to add up. Australia's carbon emissions quota is presently long on promise and short on lip service and short on accountability.

This is adding to the declining rank of Australia's competitiveness, which – according to the World Economic Forum – fell behind New Zealand's as of 2013. Australia's competitiveness is only in the top brackets for food and pharmaceutical exports, financial markets, macroeconomic situation and the capacity to innovate.

Australia lags across a broad range of metrics, including bureaucratic red tape where we stand 120th out of 148 countries. Tying up our carbon legislation could do wonders to reduce this.

Without a credible accounting and reduction plan, Australia's ability to play with the top table of countries like Germany, Denmark, Finland, the UK, Korea and Switzerland will be stymied. These countries see that their efficiency and competitiveness is linked to low carbon growth. If all Australia can muster is lip service, we'll be relegated to the carbon banana republic status, with the likes of India, Nigeria and Canada.

The Coalition claims that the current scheme is an expensive way to reduce carbon emissions. Their alternative – Direct Action – seeks to achieve reductions using a reverse auction, a kind of competitive grant, to buy abatement for their Emissions Reduction Fund.

the LNG producers incentives to reduce their carbon emissions.

Apart from the carbon tax rebates being offered by the federal government, it is difficult to know what Direct Action will do to address Western Australia's burgeoning carbon profile. If it is allowed to proceed unfettered, what burden will that place on the other Australian states and territories? Will they have to reduce their emissions by a great deal more than 5 per cent to make up for Western Australia's dramatic carbon growth?

To be equitable Direct Action needs to ensure the LNG industry sequesters much of its carbon and improves its efficiency. This will ensure a fair go for other industries and the rest of Australia.

Germany is capable of being honest about its accountability in money and carbon terms – the fact is the two are related. Perhaps it's no coincidence that the richest country in the western world is also the one that's most honest about its carbon issues. When we learn to solve Australia's carbon problem, we won't just be helping the globe, we'll also be helping ourselves.

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Jemma Green does not work for, consult to, own shares in or receive funding from any company or organisation that would benefit from this article, and has no relevant affiliations.

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