ERF funding provides certainty for investment in carbon abatement

Contracts awarded under the first Emissions Reduction Fund auction means certainty for continued investment in carbon abatement activities, according to Australia’s peak body for carbon market participants.

“Following the repeal of the carbon tax, Australia’s domestic carbon offset market – the Carbon Farming Initiative – was set to stall completely with no purchaser for Australian Carbon Credit Units,” says Carbon Market Institute chief executive officer Peter Castellas.

“However with the transition of these projects to the ERF and awarding of contracts under the first ERF auction, Australian companies that offer vital carbon abatement technologies and services can continue to build their businesses,” he continues.

“We need to continue to build the competency and capacity of the domestic carbon abatement industry to meet ever increasing national emissions reduction challenges,” says Castellas.

“The administration role of the Clean Energy Regulator has been critical to preserve the well-designed, well-governed domestic carbon offset scheme. The market participants have great confidence in the Regulator,” he says.

“Solid contracts with significant sums will definitely encourage other project proponents under new ERF abatement methods to consider participating in the second and subsequent auctions,” Castellas suggests.

“The crediting and purchasing arrangements under the ERF are, however, only one important component of a suite of policy measures needed to achieve Australia’s emissions reduction target,” says Castellas.

“The abatement secured under the ERF funding provides some market certainty. It is now critical that the third component of the government’s ERF, the proposed safeguard mechanism, also provides certainty,” says Castellas.

“With the funds allocated, the ERF can do some of the important heavy lifting of emissions reductions in the next few years but limiting emissions growth in the period 2020-2030 also needs to be considered as a central part of the initial policy framework and, as such, the final design of safeguard mechanism will assume great importance,” he says.

“Through consultation, the government has the opportunity to set the rules around the safeguard mechanism so it is designed and implemented as an enduring measure that provides long-term policy certainty, drives demand for domestic abatement and is a market-based approach to limit emissions growth in the economy and meet emissions reduction targets,” says Castellas.
“Now that the ERF is operational, it’s time we revisited a mature bipartisan debate on the consideration of a role of a comprehensive market-based approach to emissions reduction in Australia’s climate policy mix,” says Castellas.

The results of the ERF auction will be discussed at CMI’s 2nd Australian Emissions Reduction Summit at the MCG on 5-6 May 2015.

Clean Energy Regulator chair Chloe Munro will be speaking at the Summit about participating in the ERF and increasing carbon abatement potential. In addition, the CER will run two workshops where delegates can hear first-hand from a panel of experts insights from the ERF auction and next steps.

Dedicated sessions and expert speakers on Australian climate policy include:

- **Hon Greg Hunt MP**, Minister for the Environment
- **Senator Nick Xenophon**, Independent Senator for South Australia
- **Chloe Munro**, Chair, Clean Energy Regulator
- **Dr Steven Kennedy**, Deputy Secretary, Department of the Environment

And Emissions Reduction Fund workshops run by:

- **Green Collar** - Generating income from environmental markets
- **Norton Rose Fulbright** - Understanding the legal and contractual issues to participate in the ERF
- **Clean Energy Regulator** - Emissions Reduction Fund: options, opportunities and next steps
- **EY** - Key considerations for ERF participants
- **Corporate Carbon Solutions** - Secondary market solutions for ERF contract implementation.

UN climate change chief Christiana Figueres will present the international keynote at the Summit. She joins a world class line up of speakers.

The Summit program can be downloaded at http://www.carbonmarketinstitute.org/events/2nd_australian_emissions_reduction_summit. Registration closes on 30 April.

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The Carbon Market Institute is an independent membership-based not-for-profit organisation. Our aim is to assist Australian businesses in meeting the challenges and opportunities associated with market-based approaches to emissions reduction and the transition to a low carbon economy.

As the peak body for carbon market participants, CMI has established an important role in the evolution of the carbon market in Australia. The Institute facilitates the networks, knowledge exchange and commercial interaction amongst key government policy makers and regulators, industry, financiers and investors, professional services companies and technology solution providers.

CMI membership represents a broad range of professionals, organisations and industry. Our members include leading professional service providers, NGERs reporting entities, secondary market participants, offset providers, academia and international organisations. Individuals within the CMI membership base are some of Australia’s most respected carbon market innovators and leaders.