



## EU-Australia Leadership Forum: Roundtable on Climate, Energy and Environment

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### Current Opinions

The group acknowledged the shared goal of Australia and the EU to progress decarbonisation while retaining sustainable affordable energy.

The European Union (EU) has an established path to energy transition but Australia has been disrupted by the political sensitivity around climate change. Australia has challenges within the electricity sector but there is broad business support for decarbonisation. Energy has security implications globally as a significant portion is sourced from unstable states.

### Developments within the EU Regarding Renewable Energy and Cost

Germany has previously been a nuclear and coal state. However, it has been on a long journey to phase out nuclear and coal which are running out. Its emphasis is now on renewable energy, an approach which has enjoyed great success but has resulted in higher prices. While there is a significant cost involved in the transition to renewables, Europeans, in general, believe that the cost is worth the potential benefits.

Australia is in a position to learn from the EU but needs to take a long-term holistic approach and to develop a bipartisan blueprint. There can be lessons for Australia to minimise the transition costs. One example is in off-shore wind energy, where the technology is now very advanced; Australia could follow Germany's model in order to keep costs down.

### International Endeavours

The G20's agenda on climate change has faltered, particularly on the removal of fossil fuel subsidies. As a result, Business20 (B20) has responded by creating a taskforce that takes in Germany's point of view and presents it to the G20. Under COP23 B20 has recommended the implementation of the Paris Agreement and has called for robust and consistent carbon pricing for businesses so it can support the least cost pathway to decarbonisation. G20 are encouraging actions that drive consensus and one of the key drivers in energy policies is favouring low-carbon resources.





### Design Policies for Future

Policies must consider what is currently possible but also allow for future innovations. The business community is seeking consensus in regard to energy transition to decarbonisation. Tariffs present challenges as do constant changes to government and policy. It is vital that Australia put a policy in place to deal with climate change and recognise that it is now an undeniable reality. This means that carbon pricing and electricity initiatives are needed.

It is also important to progress a range of market reforms to support the transition to zero/lower energy emissions. This is relevant to all sectors, not just traditional utility providers. The EU has set a target to reach 20% of energy from renewable sources by 2020. Member states can choose their own plan as long as they adopt a 10 year plan that implements the Paris Agreement and supports emerging technologies. There could be application for this approach in Australia at COAG between the Federal and State Governments.

The lack of carbon pricing impedes system implementation. Carbon pricing encompasses all sectors, but there is no agreement on what carbon is. That question must be asked in order to responsibly influence prices.

### Summary

The EU and Australia face the energy trilemma of security, affordability and sustainability. The electricity market rules should be consistently monitored but not be “set and forget”. There is a need for stability and management of carbon pricing and for leveraging existing platforms between the EU and Australia and bringing in the private sector.

The EU and Australia can be leaders. For example, the EU and Australia have developed responses to deforestation. The US withdrawal from the Paris Agreement will affect their leadership role and may provide an opportunity to work with China on the carbon pricing.

Different aspects of carbon price must be considered along with increasing science and technology collaboration on energy and climate change. The EU is also pursuing initiatives for renewables in the Asia-Pacific region especially the Pacific islands.

### Recommendations:

- There is scope for EU and Australia to co-operate more as joint participants with the Green Climate Fund in Asia.
- An essential foundation in securing the path to decarbonisation is a policy blueprint and stability and consistency in its pursuit. This blueprint is critical if we are to secure the least cost pathway.





- There should be scope for improved co-operation on long term weather forecasting between Australia (including CSIRO) and European research organisations.
- Australia can learn from the grid stability challenges and achievements which Europe has experienced. A holistic, long-term approach is needed in order to capture these advantages.

