



CLIMATE ENERGY FINANCE

Assessing coal and gas climate harms a huge shift toward a prosperous, clean energy future

Tim Buckley, director, Climate Energy Finance
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In significant news today, the [climate impact of fossil fuels will, for the first time, be assessed in the federal government's environmental approval processes](#), raising the possibility of coal and gas projects being blocked on the grounds of climate harms.

After a landmark [legal action by Environmental Justice Australia](#) for the Environment Council of Central Queensland, Environment Minister Tanya Plibersek will now reassess approvals for 18 major fossil fuel proposals, in Queensland, NSW and WA.

This is a major first step in taking our responsibility to address the global climate crisis, and builds on the energy policy initiatives of the new government in laying the groundwork for Australia to leverage the massive opportunities of the transition to a decarbonised world economy.

Labor's Climate Change Act 2022 was a momentous step forward for addressing Australia's domestic emissions profile, and complements the government's action on delivering 82% renewables by 2030, backed up by its \$20bn Rewiring the Nation plan to dramatically upscale transmission infrastructure enabling renewable capacity to flood the grid, its inquiry into carbon credits market integrity and its Safeguard Mechanism review, which may tighten carbon pollution limits on Australia's biggest emitters.

Australia's global impact on carbon emissions is considerable. While our domestic emissions are 1.5% of the global total, Australia is the third largest fossil fuel exporter globally, right behind Saudi Arabia and Russia, and ahead of the US.

Our fossil fuel exports have a combined export value in 2022 of over A\$200bn in LNG, coking and thermal coal. Multinationals operating in Australia at global scale means Australia is prominent as a key member of the global carbon club.

New greenfield fossil fuel project proposals will take 5-10 years to bring on line, so will do nothing to help solve the global energy crisis happening now or moderate energy prices here.

But what they will do is lock in a massive upsurge in Australia's exported carbon emissions for decades to come, and undermine the global decarbonisation pathway.

This will increase the economic shock to Australia as the world consensus and policy measures by our trading partners increasingly align with climate science, leaving us vulnerable to initiatives such as carbon border tariffs on our exports.

The [IEA World Energy Outlook 2022](#) articulates global fossil fuel use (oil, gas and coal) must collectively drop by >80% by 2050 for us to have a chance of holding global temperature rises to 1.5 degrees C and avoiding runaway climate change. We are already suffering catastrophic impacts of global warming, with the increasing frequency and intensity of extreme weather related events, a huge impost on human life, the environment and the economy.

The case for transition is clear: we need to pivot the Australian economy and our mining export profile to our natural advantages in deriving energy from the sun and wind, and in supplying the critical minerals needed to support the accelerating global energy transition – not extract and exploit more high emissions fossil fuel capacity. The distributed nature of the new energy economy means the regions will benefit the most, with flow on benefits for employment and communities.

As Climate Energy Finance has set out in a [series of analyses of critical minerals value adding onshore](#), Australia is already the world leader in lithium production, and we are building three of the world's largest lithium refineries in WA right now, massively value-adding our resource.

This once in a century opportunity can be replicated in green iron, rare earths, vanadium, graphite, copper, nickel and green aluminum, as Sun Metals is already doing in producing green zinc in Townsville.

Of all the world economies, we are arguably the best placed to prosper, benefiting economically, environmentally and socially from the rapid and irreversible transformation of the world to a clean energy future. Today's news represents further momentum in that direction.