



**TUESDAY 12 DECEMBER 2023**

## **STATEMENT BY SMART ENERGY COUNCIL & CLIMATE ENERGY FINANCE**

### **Australia must back the right horse at COP28 to keep 1.5°C alive – *and that means 3X renewables by 2030 AND a commitment to end fossil fuels***

As the COP28 UN climate negotiations draw to a close in Dubai, Australia's Climate and Energy Minister Chris Bowen has backed smart energy by pushing for a tripling in renewable energy ambition in the final decision text of the summit, as well as recognising the overriding existential imperative to stop mining and burning fossil fuels.

However, the language around the phase out of fossil fuels in the proposed text is a key point of contention.

[The latest draft](#), as of today, has dropped references to the phaseout of fossil fuels and substituted "actions countries could take" to reduce "consumption and production of fossil fuels, in a just, orderly and equitable manner so as to achieve net zero by, before, or around 2050 in keeping with the science".

Previous versions came with a caveat – supported by Australia and the United States – to phase out only 'unabated' fossil fuel projects, that is, those without technology interventions that are intended to substantially reduce the amount of greenhouse gases emitted from industrial or energy production processes. The principal technology is the as yet uncommercial and often unsuccessful practice of carbon capture and storage (CCS).

Just like at Glasgow COP26 in 2021, where the final text used qualified wording, referring to a phase down unabated coal power and inefficient subsidies for fossil fuels, leaders are bilking as the world burns.

In Dubai, two years later, removal of the phase out language from the text is unconscionable. Even an agreement to phase down only 'unabated' fossil fuels is unacceptable because it's a get out of jail free card for polluters to keep polluting. It implies that fossil fuel use can continue, on the assumption that the climate-wrecking emissions produced by the burning of coal, oil and gas can be effectively and substantially reduced, mitigating their impacts on climate. We need to permanently reduce then end fossil fuel use globally.

CCS as a key prerequisite requires a high, regulated price on CO<sub>2</sub>, something we are a long way away from, barring the EU and UK. Putting aside Enhanced Oil Recovery (EOR, sometimes called carbon capture, utilisation and storage, or CCUS), there is no evidence to date across the world of the commercial and consistent operation of CCS at a scale.

The UN has repeatedly declared a climate code red. Emissions must be slashed this decade if we are to have a hope of staying within the 1.5 degrees C of warming threshold. Domestically and globally, we face a choice – the prospect of climate collapse, or, with timely action, the generational opportunity to seize the moment and definitively transition away from fossil fuels to a zero-emissions, smart energy future in a post-carbon global economy.

Time's up for weasel words. A commitment to end coal and gas is non-negotiable.

Australia is still a global top 3 exporter of carbon emissions. It can't continue to approve, dig and ship coal and gas if it is to honour its climate pledges and help keep warming to the critical 1.5°C threshold.

We need to deploy all of our resources to building technology, capacity and scale in zero-emissions energy solutions, not digging the hole deeper for that last extra lump of coal or joule of methane gas.

We also spend tens of billions subsidising the fossil fuel industry, including, for six decades, the diesel fuel rebate. It is past time for all fossil fuel subsidies to be capped and phased out. The Safeguard Mechanism, intended to reduce emissions from Australia's largest industrial facilities, needs more teeth, particularly in monitoring, reporting and verification (MRV) of leaks of methane from coal and gas extraction – a greenhouse gas 80 times more destructive to climate in the short term than CO<sub>2</sub> – and we need to see its impacts measured on a 20 year timeframe (GWP20).

We don't have a century to wait. Together with this, we need to increase fossil fuel taxes and royalties and to direct the proceeds to financing solutions for the most vulnerable, both here and amongst our Pacific neighbours. Domestically, to have any legitimate hope of giving an "unabated" caveat force and elevating it beyond greenwash we need a high and rising carbon price to penalise failure to abate.

Something's got to give. The irreconcilable tension at the heart of Australian climate and energy policy – progress on Australia's reinvention as a renewable energy-powered minerals and metals export superpower, coupled with regressive continued policy support for the expansion, extraction and export of our coal and gas – cannot be maintained.

We need to see real leadership and we need to see it now.

Astonishingly, in the 30 year history of the UN COP climate negotiations, renewables have never gotten a mention. It was therefore excellent this year to see Australia alongside the US, EU, Canada and Japan among 123 countries stepping up to commit to the globally significant pledge in the early days of COP to treble renewable energy by 2030 and double energy efficiency, a commitment which prefigured current negotiations on the final decision text of the summit. This is central to accelerating decarbonisation this decade.

In Australia, Minister Bowen has committed to 82% renewables by 2030, and last month quadrupled the Capacity Investment Scheme with a target of 32GW of firmed renewables working in partnership with the states over the coming 3-5 years – a brilliant move hailed by the energy industry and investor groups. Momentum is positive, with Australian renewables share rising from 31.4% in 2021 to 34.9% in 2022 to 38.3% to-date in 2023. We also need a national concurrent gas substitution and ‘electricity everything’ strategy, including ground heat pumps and EVs.

Investment and deployment need to accelerate even further to get to 82% within seven years. This is what the Australian renewable energy industry and investors want to see. It will build capacity to permanently replace fossil fuel reliance.

But it's not enough. It still ignores the elephant in the room – a commitment to phase out of fossil fuels.

At COP26, Minister Bowen said we need to write this into history: ‘We can't ignore the global stocktake. We must face this fact head on: if we are to keep 1.5°C alive, we must peak emissions by 2025 and *fossil fuels have no ongoing role to play in our energy systems* – and I speak as the climate and energy minister of one of the world's largest fossil fuel exporters.’

We call on Minister Bowen to back this talk with action, and continue to strongly advocate for the inclusion of the fossil fuel phaseout in the final COP statement.

It is time for Minister Bowen to hold firm and carve out a place for Australia on the right side of history.

We have some of the world's leading supplies of the critical minerals and energy transition materials that underpin the global green revolution, and superabundant sun and wind to power processing and manufacture onshore. This gives us a massive comparative advantage, and the once in a century opportunity to pivot from a legacy fossil fuel based economy to zero-emissions trade and investment leader.

This is the kind of leadership that will both ensure Australia's economic and energy security, and, critically, demonstrate Australia's bona fides as a climate champion ahead of our bid to host COP in partnership with our Pacific neighbours in 2026 – the world's most climate-vulnerable nations, which have repeatedly called on Australia to end the toxic dependency on coal and gas that threatens to wipe them off the map.

Short of this unreserved commitment, it's more hot air.

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