

Joint Standing Committee on Trade and Investment Growth
Inquiry into Australia's transition to a green energy superpower 2022-2023

QUESTION ON NOTICE / Spoken

IQoN 002: Inquiry into Australia's transition to a green energy superpower

Hearing Date: 23 November 2022

Topic: Incentives to attract investment

Senator Tania Lawrence

Question

Ms LAWRENCE: Just to the incentives, then, that you're seeing to attract investment, is it possible for you to provide some analysis that looks at what different governments around the world in some of those areas—particularly the countries that have the potential to become leaders—are currently offering to attract investment just so we can get a measure as to where we are at by comparison?

Mr Woods: That's a great question. Can I take that on notice?

Ms LAWRENCE: Yes, absolutely. It will be a comprehensive answer, I'm sure.

Answer:

The **US** Inflation Reduction Act includes an estimated USD391 billion package of incentives to drive clean energy generation and manufacturing; energy efficiency improvements; and industrial decarbonisation in the US. It is projected to increase the reduction in US greenhouse gas emissions on 2005 levels to between 30 and 44 percent by 2030.

Canada has committed more than C\$100 billion toward climate action and clean growth since 2015, including major investments in clean power, energy efficiency, industrial decarbonization, clean technology and transportation. The Canadian Government has also recently announced that it will introduce investment tax credits (ITCs) of up to 30% for renewable energy technologies as it looks to close the competitive gap with U.S. companies (in response to the release of the US IR Act). Canada's tax credits will also be available to energy storage, small-scale hydro and small modular nuclear reactor (SMR) technologies. The credits will be available from 2023 and will be phased out from 2032. Canada has also outlined plans to launch a C\$15 billion Canada Growth Fund to attract "billions of dollars" of private sector investments in low carbon solutions.

The EU's European Green Deal Investment Plan (also referred to as the Sustainable Europe Investment Plan), is the investment pillar of the EU Green Deal. The EU has included an initiative called the "Just Transition Mechanism" which it claims is designed to target a fair and just green transition. The European Green Deal Investment Plan aims to increase funding for the transition, and mobilise at least €1 trillion to support sustainable investments over the next decade through the EU budget and associated instruments, in particular InvestEU. It also aims to create an enabling framework for private investors and the public sector to facilitate

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sustainable investments and provide support to public administrations and project promoters in identifying, structuring and executing sustainable projects. We understand the EU is currently considering adjustments to its rules governing public investments to make it easier for the EU to provide subsidies for EU industries, in response to the US' Inflation Reduction Act.

Having achieved its target for 20% of its electricity generation to come from renewables by 2025 five years early, **Chile** is now aiming to generate 40% of its energy from renewables by 2030. Chile has announced that it will close all coal-fired power plants by 2040. It has committed to an upsurge in renewable investment driven by the private sector to achieve its climate goals. In the past seven years, Chile has attracted USD20.8 billion in clean energy investment to date. It has also introduced a USD77 million Investment Plan targeted at stimulating market development. The Plan is intended to derisk investments in early-stage geothermal development and large-scale solar power, including Chile's first concentrated solar power plant.

Saudi Arabia has announced that the Saudi Green Initiative will include investments in the green economy worth more than SR700 billion (USD186 billion). The Kingdom plans to apply a circular carbon economy model, further invest in green transitions, enhance cooperation and knowledge transfer efforts and activate partnerships between the public and private sectors. Saudi Arabia has also committed an additional USD2.5 billion to support Middle East Green Initiative projects and governance. In partnership with other member nations of the Green Initiative, Saudi Arabia is planning to establish a regional centre specialized in carbon capture, storage and usage.

Japan's Green Growth Strategy (full title: Green Growth Strategy through Achieving Carbon Neutrality in 2050) involves a USD 16 billion Green Innovation Fund, to help Japan achieve carbon neutrality by 2050. The Strategy sets a comprehensive package of taxation, finance, regulatory reform, standardisation and international cooperation across 14 priority sectors including: renewable energy, hydrogen, agri-food, transport, and circular economy. The Strategy encourages domestic companies to collaborate with overseas firms, promoting bilateral and multilateral ties to lower the barrier to overseas markets, while also actively working to formulate international rules

The **Korea** Green New Deal (valued at USD61.9 billion) is targeting green initiatives and aims to create 659,000 jobs by 2025. It is a techno-industrial transformation strategy aimed at rapidly establishing Korea as a leader in the new technology-intensive, higher-skilled, higher-wage, export-oriented industries of the future. It aims to expand solar, rapidly roll out "smart grids", increase EVs and hydrogen powered fuel-cell EVs and implement circular economy initiatives such as reducing and recycling energy using advance computerised power grids in factories.