Attn. Sophie Dunstone
Acting Committee Secretary

Dear Ms.Dunstone,

On behalf of Asia Pacific Strategy thank you for this acknowledgement.

The submission refers to a loophole in carbon accounting methodology permitting EIS assessments under the EPBC Act to be performed without consideration of Scope 3 greenhouse gas emissions for Australia's fossil fuel export projects. Copied below is an e-mail exchange with the Department of Climate Change confirming that EIS assessment loophole with respect to coal vis-a-vis LNG exports for electricity generation end use.

Please accept this material as a supplementary submission for consideration by the Standing Committee.

Sincerely,
R.J.Koerner
Principal Associate

E-Mail exchange with Dept. of Climate Change and Energy Efficiency

Received 29 August 2012

Dear Richard,

Apologies for the delay in responding to your emails of 25 May and 14 August.

In response to your question, the Department has not conducted a full life-cycle comparative analysis of the emissions associated with combusting exported LNG and coal. While this might be an interesting study, undertaking it would require significant resources - beyond the Department's current capacity. In particular, it would require producing an emissions factor for emissions resulting from other countries combusting Australian gas and coal, which would vary depending on technologies used, etc. Such information is not readily available.

The Department's main priority is to satisfy our international reporting requirements by measuring and reporting on domestic emissions, including emissions associated with the production and consumption of coal and LNG *within* Australia.

Under the current United Nations Framework Convention on Climate Change (UNFCCC) requirements, Annex I countries like Australia must report domestic emissions. A key feature of this international convention is that signatories such as Australia are not required to report the emissions associated with the combustion of fuels they export to *other* countries – conversely, emissions associated with fuels imported to and consumed within Australia are reported and count towards Australia's committed targets.

I hope this helps to answer your question and thank you for your continued interest in the work of the Department of Climate Change and Energy Efficiency.

From: Richard Koerner
Sent: Tuesday, 14 August 2012 1:34 PM
To: DCCEE Enquiries
Subject: Re: DCCEE Enquiry - Richard Koerner

Attn. Brendan H.

Dear Brendan

One would have thought that a Government committed to global climate change abatement would examine the question posed on 25 May last relating to thermal coal versus LNG exports to North Asia for electricity generation end use. The WorleyParsons comparative study posted on the APPEA's website represents coal seam gas/LNG exporter interests and cannot be considered independent.

Is it DCCEE's intention to rely solely on such a study given the comparative transportation CO2e issues raised in Asia Pacific Strategy's communication of 28 June copied below and sustainability issues relating to the Great Barrier Reef National Park?

Kind regards,
Richard Koerner
Principal Associate
Asia Pacific Strategy

cc Federal Dept of Sustainability and Environment

Sent 28 June 2012

Attn. Brendan H.

Dear Brendan

Further to the Asia Pacific Strategy enquiry of 25 May, a comparative study by WorleyParsons posted on the APPEA's website comparing coal seam LNG and thermal coal exports to China has been examined.

If the purpose of that exercise was to assess comparative global CO2e emission impacts from fossil fuels to demonstrate that LNG exports from the Surat Basin are less damaging than coal for base load electricity generation, the study's findings are unconvincing.

This is because unlike Japan, China has the option of using domestic sources of inexpensive thermal coal for base load electricity generation capacity additions without incurring substantial GHG emissions associated with fuel transportation. Also the contribution of fugitive methane emissions from open cut coal mining appears to be underestimated by about half in the study according to statistics published by Xstrata for 2009, as are methane leakages associated with production and transportation of the coal seam gas to Gladstone according to a US study.

A more meaningful comparison would consider Japan's situation as the largest importer of Australian thermal coals and already a significant importer of LNG from the NW Shelf. Even for such a comparison, Indonesian thermal coal imports from Kalimantan or thermal coal imports from China

may be less globally damaging than LNG imports from the Surat Basin for Japan's incrimental base load electricity generation.

Kind regards,
Richard Koerner
Principal Associate

From: Richard Koerner
Sent: Friday, 25 May 2012 9:07 AM
To: enquiries@climatechange.gov.au
Subject: Comparative CO2e emissions from Australia's fossil fuel exports

Dear Sir/Madam,

The Department has already provided Asia Pacific Strategy with data suggesting that some 28% of global CO2e emissions arise from combustion of fossil fuels for electricity generation. Australia is the second largest supplier of thermal coal to the global sea-borne trade. Some 80% of energy production is exported so it is possible that Australia's thermal coal exports are a significant contributor to global climate change and far more significant than coals used for domestic electricity generation. Replacing coal exports with LNG would seem a worthy objective at first sight given far lower emissions during end use combustion at the power station.

State governments are pressing ahead in Queensland and NSW with coal seam gas developments to replace coal burning electricity generation so as to reduce CO2e emissions domestically. However these developments are underpinned by very significant export supply agreements. This raises the question of comparative global climate change implications of Australia's coal versus LNG end use for foreign power generation in say Japan.

If the CO2e emissions are combined from production of the energy resource and transportation to final end use combustion for electricity generation in Japan, do thermal coal exports from open cut mines in say the Hunter Valley contribute more to global climate change than would say LNG exports from the Surat Basin? Has the Department of Climate Change examined this question? Any information assistance would be appreciated.

Kind regards,
R.J. Koerner
Principal Associate
Asia Pacific Strategy