

Joint Standing Committee inquiry into the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer

Questions on Notice for JSCOT arising from the hearing on 14 August 2017

1. What is the emission reduction from the HFC phase-down as a percentage of Australia's 2030 commitment?

The current estimate of cumulative emissions reductions required to meet the 2030 task is 990Mt - 1055 Mt CO₂e- over the years 2021 to 2030. The current estimate does not take into account a number of policies, including the HFC phase-down (see Executive Summary of the 2016 projections report).

<http://www.environment.gov.au/system/files/resources/9437fe27-64f4-4d16-b3f1-4e03c2f7b0d7/files/aust-emissions-projections-2016.pdf>

It has been recently estimated that the implementation of an HFC phase-down would result in around 23 MT CO₂e- of emissions reductions for the period 2021-2030. The projections will be updated in 2017 to include new policies, including the phase down of HFCs, as well as updated industry forecasts. The Department will then be in a better position to indicate what the HFC phase-down will contribute to the 2030 target.

2. Are you able to tell us whether that [climate policy] assessment has been completed or is close to completion?

The 2017 review of Australia's climate policies is underway. Its terms of reference state it will conclude by the end of 2017. The Department received over 350 submissions in response to the Review of Climate Change Policies - Discussion Paper, and has consulted with more than 250 organisations. The review will build on the Government's response to the Independent Review into the Future Security of the National Electricity Market.

3. What is the likely effect of the HFC phase-down on small to medium sized enterprises?

The Cost Benefit Analysis undertaken for the domestic phase-down of HFCs agreed by the Australian Government estimates the costs of the HFC phase-down to be \$30-84 million in the period 2016-2030. \$30 million is the estimated cost of complying with the Montreal Protocol's phase-down schedule and \$84 million is the cost of a modelled accelerated phase-down. Costs modelled were costs of refrigerant, capital, maintenance, transition and administration.

Australia has adopted a phase-down pathway reflecting current HFC use and projected use in the future as technology transition occurs. The reduction steps in the phase-down approved by Parliament are lower than the accelerated phase-down modelled for the Cost Benefit Analysis.

While there was no specific modelling in relation to small and medium sized enterprises, the Department estimates that costs would be spread fairly evenly across the economy. HFC costs are unlikely to increase due to the phase-down as the pace of the phase-down is modelled against projected future demand. Other factors also reduce the risk of HFC price increases such as:

- recovery and re-use of used HFCs provides a cost effective way of supplementing supply if required.
 - lower global warming potential replacements for existing equipment are on the market now.
 - the 15% residual from 2036 provides a significant buffer to meet on-going demand.
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