14th April 2009

The Secretary
Senate Select Committee on Climate Policy
PO Box 6100
Parliament House
CANBERRA ACT 2600

climate.sen@aph.gov.au

Dear Secretary,

Response to Government Action on Climate Change – Issues and Recommendations

Thank you for the opportunity to make a submission to the select committee on the government's climate change policy.

Australian consumers are particularly vulnerable to the direct impacts of climate change. In the words of the White Paper, "Carbon costs will … ultimately be borne by consumers". CHOICE believes that it is in the consumer interest to develop an effective international response to climate change and that such a response requires Australia, along with other developed nations, to take a leadership position.

As the largest organisation representing consumer interests in Australia, CHOICE has a critical role in ensuring the effectiveness and fairness of the mitigation and adaptation measures of climate change for which consumers are paying.

The proposed Carbon Pollution Reduction Scheme (CPRS) is an important step by the Australian Government to create the necessary response in the time frame required for Australia to be in a position to positively influence international agreements in Copenhagen later this year.

CHOICE is concerned that households across Australia will not only bear most of the immediate costs of the CPRS, they will almost certainly pay again as a result of several faulty policy elements of the CPRS. And they will pay yet again when the scheme and other Government policy on climate change fails to significantly mitigate carbon emissions and the impacts of climate change are felt into the future. While we feel that the household assistance package is valuable in the initial transition, we are not convinced it will effectively support or prepare households in the medium and long term.

We are disappointed that key details of the government's approach to avoiding dangerous climate change, as set out in the *Exposure Draft of the Carbon Pollution Reduction Scheme Legislation* released on 10th March 2009, mean that it will harm consumers short and long term interests, disempower them from effective involvement in Australia's response to climate change and place on them undue and unfair risks of further subsidies to industry.

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Summary of issues and recommendations

1. The draft legislation renders **voluntary consumer action** meaningless. It denies consumers the opportunity to act to further reduce Australia's emissions, and in doing so also threatens the viability of a number of emerging industries.

Recommendations:

a) Ensure that voluntary actions taken by consumers result in the abatement of greenhouse gases additional to mandatory emissions reduction requirements.

b) Require that an Assigned Amount Unit (AAU) be retired from Kyoto for every tonne of abatement from voluntary action.

2. Neither the White Paper nor other Commonwealth policy decisions announced to date include adequate measures or funding to promote **household energy efficiency**. Effective energy efficiency policies provide direct benefits to consumers through lower energy bills and increased energy security as well as reducing greenhouse gas emissions.

Recommendations:

a) Divert revenue raised from the sale of permits to make comprehensive and strategic investments in energy efficiency for both households and industry.

b) Introduce and fund a set of comprehensive policies to encourage and assist households (and industry) to become significantly more energy efficient as per the recommendations of the report *Energy and Equity,* a copy of which is enclosed. The program should aim to retrofit five per cent (5%) of existing homes a year and should include:

i. Effective and regularly evaluated education campaigns on the most effective means to achieving, and subsequent benefits of, energy and water efficiency.

ii. Home audits of energy and water use that result in recommendations for behaviour change and physical improvements and referral to sources of assistance.

iii. Financial and other assistance for low income households to implement measures that improve water and energy efficiency.

iv. Improved labelling on products and appliances so that initial and second hand purchasers can make informed decisions about energy efficiency at the point of purchase.

v. Financial and taxation incentives to encourage landlords to retrofit properties to improve energy and water efficiency.

vi. Improving energy and water efficiency in public housing.

vii. Mandatory energy efficiency standards in all new buildings.

3. The current architecture of the CPRS exposes households to the unnecessary risk of additional costs being spent on supporting polluting industries. The government **needs to strengthen the architecture of the CPRS**. In doing so it should take into account the long term implications of an emissions trading scheme on households in a rapidly changing environment. In particular:

   - emissions-intensive trade-exposed industries (EITEI) should be provided free permits only on the condition that they commit to and implement significant emissions reductions measures; and

   - there is no sufficient policy justification to issue free permits to coal-fired electricity generators.

   Recommendations:

   a) Compensation to EITEI should be short-term and conditional on investment in energy efficiency programs and renewable energy generation so as to minimise the need for ongoing assistance and thus the impact of the CPRS on consumers. Free permits should not be permitted to be sold on for a profit, without introducing significant carbon reduction programs. This should be independently audited annually and reported publically.

   b) The CPRS legislation should require an independent review of EITEI assistance as and when any new international agreement is negotiated and entered into force; or where the international market exceeds the interim price cap, with changes flowing from the review immediately.

   c) No free permits should be provided to coal-fired electricity generators, rather funding raised should be diverted to energy efficiency and renewable energy within business and households, so as to reduce the demand for high carbon electricity generation; build household resilience against future higher energy costs; and even begin to prepare households for inevitable temperature rises. Compensation provided to coal-fired power generators should be in the form of funding grants for research to assist the generator in reducing carbon emissions.

4. **The 5% - 15% emissions reduction target by 2020 does not demonstrate international or domestic leadership on climate change.** A clear majority of Australian consumers want a stronger role in delivering on climate action, and actively support the country's bid to become an international leader on this issue. A stronger upper target will increase the chance of an effective international agreement that stands some chance of protecting consumers' long term interests in avoiding harmful climate change.

   Recommendations:

   a) Lift the upper target for 2020 to a 25% reduction on 2000 emissions levels, securing a low carbon future and demonstrating leadership on an international stage.

   b) Advance Australia as the world's first truly green economy, and commit to the development of green jobs.

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Details of issues and recommendations in view of Terms of Reference

In addressing the terms of reference on the select committee, we would like to raise the following issues and recommendations:

TOR 1(b)

the relative contributions to overall emission reduction targets from complementary measures such as renewable energy feed-in laws, energy efficiency and the protection or development of terrestrial carbon stores such as native forests and soils

Voluntary Actions as Additional

Under the proposed CPRS legislation, consumers can take only one action to reduce Australia's total emissions beyond that mandated under the target. Consumers may purchase permits and voluntarily surrender them, reducing the number of permits on the market and thus total emissions. There are no quantitative limits imposed on voluntary surrender at this time.

Part 14 clause 82: Voluntary cancellation of Australian emissions units (1) If a person is the registered holder of one or more Australian emissions units, the person may, by electronic notice transmitted to the Authority, request the Authority to cancel any or all of those units.

We do not think that the purchase and cancellation of permits is either a sufficient form of voluntary action, nor one that will have any meaning or appeal to consumers, unlike more direct and concrete action such as purchasing GreenPower or carbon offsetting.

CHOICE is concerned that voluntary actions by consumers will now contribute to businesses' mandatory emissions reduction targets, rather than further reducing Australia's total greenhouse gas emissions.

Voluntary action by consumers, other that the retirement of permits, will make no additional contribution to reducing Australia's carbon pollution. It will simply mean that fewer reductions will be required of polluting industries, and that the price of permits will be reduced along with the incentive for polluting industries to improve efficiencies and reduce carbon emissions. Senator Wong has argued that voluntary action may be considered by the Minister when revising the target every five years, providing the opportunity to set more ambitious targets in the future.

Part 2 clause 14 & clause 15 (5): In making a recommendation to the Governor-General about regulations to be made for the purposes of this section, the Minister:

…

(c) may have regard to the following matters:

…

(iv) voluntary action which is expected to be taken to reduce Australia's greenhouse gas emissions

That the Minister *may* have some regard voluntary action in setting annual targets offers little comfort to those considering other more appealing forms of voluntary action. They need certainty that their actions will provide the results that they are paying for.

It is difficult to understand why under this scheme consumers, who will ultimately bear the cost of the CPRS, have significantly reduced power and choice in affecting the reduction of Australia's greenhouse gas emissions.

Despite the relatively simple task of designing the scheme to enable voluntary action to be additional to the compulsory target, the government seems to have ignored calls for its inclusion under the CPRS, effectively undermining the actions of millions of Australians.

Sixty per cent of Australians (significantly more than those in the US or UK) accept that they will need to change their lifestyles to address climate change[1]. Almost nine out of ten Australian consumers report that they have already taken voluntary action to consciously reduce greenhouse gas emissions by investing in energy efficiency, carbon offsetting, renewable energy sources and/or changing their behaviour[2].

Growth in consumer action to reduce greenhouse gas emissions has been significant in recent years and many more consumers are looking for strong visions and leadership to take even more action in the near future. One in ten households now invests in GreenPower[3], and demand for voluntary offsets in 2007 grew to around 0.5%[4] of Australia's emissions – or one-tenth of the 5% target the government has proposed - a figure too significant to discount. These shifts demonstrate that consumers are more willing than ever to do their bit to contribute in reducing Australia's greenhouse gas emissions.

CHOICE has been contacted by a number of consumers concerned about the impact of the CPRS on the investments they have already made in GHG emission reductions.

Consumers express concern over the CPRS

Extract from "Off Target", Choice Online/Magazine March/April 2009

When CHOICE members Cath and Wally signed up for GreenPower in 2007, they wanted to make a difference to the environment. They knew government-accredited renewable energy would cost extra, but were prepared to pay a premium on their monthly electricity bill to help lower Australia's greenhouse gas emissions.

Elsewhere, Anthony and Louise's motivation for installing solar panels on their roof to generate electricity was also environmental, not economic. The system cost more than $26,000, even after substantial federal rebates.

Now both households are among the hundreds of thousands paying extra for renewable energy that helps Australia achieve its carbon emission reduction targets…

If the proposed legislation is passed in its present form, Cath and Wally have the option to stop paying the extra premium for GreenPower. The Department of Climate Change has indicated solutions that offer environmental outcomes above what would have otherwise occurred, such as CPRS permits and credible carbon offsets, will become available to consumers. It is developing a standard for voluntary carbon offsets.

The situation isn't so clear cut for Anthony and Louise, who invested $26,000 in a solar photovoltaic system. They'd probably like to see the government ensure that the effort and expense they went to has been worthwhile. They didn't spend all that money so that industry could increase its greenhouse gas emissions and pollute more freely at a lower cost.

[1] Accountability and NetBalance (2008) What Assures Consumers on Climate Change?
[2] Ibid.
[3] GreenPower, Feb 2009 - http://www.greenpower.gov.au/admin/file/content13/c6/GreenPower28.pdf
[4] Department of Climate Change (2008) National Carbon Offset Standard Discussion Paper

Letter from CHOICE member in response to "Off Target", March 2009

I am horrified at what I have just read on the Choice website about the global warming efforts of Australian individuals and households being ineffective, as they will allow heavy polluting industry to increase its pollution to "take up the slack" so to speak.

My wife and I have been buying 100% green power for several years now. We have also bought the smallest, most fuel efficient vehicle that is practical for our needs and we use it as little as possible. We use water efficient shower heads and energy efficient light globes, and turn them off whenever not in use. We constantly consider the global warming consequences of everything we do and take any action we can to reduce those consequences.

If it turns out that our efforts and the extra expense of the green power we use are having no effect on Australia's total output of greenhouse gasses, and are only increasing the profits of big industrial polluters, we would be crazy to continue to make any effort at all! Although it would be very distressing to do so, and would seem to go against everything we believe in, we would have to go back to using ordinary power and there would be no point in making any other effort to reduce greenhouse gas production either. This would be a very sad situation for the planet, especially when you consider the combined effect of similar decisions being made by millions of other Australians as well.

This situation is just too ridiculous to be true! Surely the government will see the stupidity of the situation and do something to rectify it. If they don't, they'll realise their mistake at the next federal election.

As a result of the growth in this area, CHOICE has invested in new product offerings to assist consumers in understanding what is available to them with regards to voluntary action. CHOICE publishes online and in CHOICE Magazine numerous reports on issues like GreenPower (see April 2009 article attached), energy efficiency, solar PV, solar hot water, and carbon offsetting. CHOICE has also recently launched CHOICE SWITCH[5] and the Carbon Offset Watch service is expanding its portfolio of product offerings relevant to consumers' interests in voluntary action to reduce Australia's carbon emissions.

Why should households pay more to pollute less so business can pay less to pollute more?

Australians want to know that they have contributed to change that they value. Without voluntary actions being additional to the mandatory actions, the 87% of Australians that have taken action over recent years[6] - and that have intended to continue to contribute through their purchasing decisions - will feel nothing short of cheated.

Consumer action is important to influence and support citizen action. Consumers are doing their bit for the environment, and they expect the government and business community to do theirs. But they certainly do not expect to be left out of the solution. Consumer and citizen action is essential to engaging all sectors in Australia's response to climate change.

Recommendations:

There are several ways in which consumer voluntary action might be recognised as part of the CPRS. We recommend that the scheme:

a) Ensure that voluntary actions taken by consumers result in the abatement of greenhouse gases additional to mandatory emissions reduction requirements.

[5] CHOICE Switch provides consumer comparable information on electricity including green power options
[6] Accountability and NetBalance (2008) What Assures Consumers on Climate Change?

b) Require that an Assigned Amount Unit (AAU) be retired from Kyoto for every tonne of abatement from voluntary action.

In considering the parameters of voluntary action, any activity taken by a household that results in an additional cost but no additional benefit to the household, such as GreenPower and carbon offsets, should be included as a minimum. Secondary level actions that have a significant upfront investment cost such as solar panels and hybrid vehicles should also be included where the short-medium term economic return is so low that there is insufficient incentive for a consumer to take that action on financial grounds alone. Voluntary actions that are motivated by financial savings such as turning off lights or investing in energy efficiency with a short term return should not result in the retirement of AAUs.

Support household energy efficiency

The CPRS relies on price signals to provide incentives to reduce energy use. There are situations where price signals will be effective, particularly in many business contexts. However the evidence clearly establishes that price signals will not be enough to bring about the level of consumer change required both to ensure minimal impacts on households and contribute to a more sustainable future in the long term. In our report *Energy & Equity*[7] (co-written with ACOSS and ACF) released last year, we demonstrated the long-term financial and environmental benefits of making a home energy efficient in both low income and other households.

The report found that energy efficiency is potentially the quickest and cheapest way to cut greenhouse gas pollution. Energy savings of 30% are immediately possible using available effective technologies. Efficiency improvements should be complemented by appropriate utility tariffs and safety net measures. They should also aim to address awareness and behaviour, home modifications, standards for buildings and appliances, and upgrades for equipment and appliances.

Energy efficiency can largely or completely offset price rises faced by the average consumer. Initiatives are needed that protect consumers on low incomes, in disadvantaged communities and in the rental sector. Energy efficiency measures from Government should appeal to all households across Australia, but provide added incentives and assistance to low income households.

We recommended that 5% of existing homes should be retrofitted each year with energy and water saving technologies such as insulation, solar hot water and rainwater tanks to offset inevitable increase in utility prices resulting from emissions trading and other factors. While the recent announcements by the federal government on energy efficiency measures including insulation and solar hot water are welcome, they do not go far enough. Alone it will not achieve the significant levels of change required both to provide household security of energy and reduce carbon emissions.

Safety net provisions also need to be established to ensure that low income households have the opportunity to improve efficiency but are not burdened with price increases for essential services. Although low income homes spend half as much on electricity and gas as the wealthiest households, that expenditure represents twice as big a proportion of their household budget.

Few low income households are able to afford the upfront costs of energy and water efficiency measures that would ultimately save them money. In addition, the one in four households that are in private rental or public housing do not have the right or incentives to make these capital improvements.

To reduce the burden of energy price increases on consumers, CHOICE supports the Southern Cross Climate Change Coalition's recommendation that incentives be introduced for public-private partnerships to generate investment in solar, co-generation or tri-generation technologies for households and local communities.

Revenue raised from permit auctioning should be used to fund energy efficiency programs and to compensate less well off households who are adversely affected by higher energy bills.

To date, the Government has announced and implemented only *ad hoc* tactical measures on energy efficiency. It has failed to adequately focus on the benefits for Australia of funding and additional policies that support

[7] http://www.choice.com.au/files/f132489.pdf

investment in energy efficiency and low emission technologies. This issue is intensified by the current uncertainty about whether a robust and comprehensive energy efficiency strategy will be implemented by Government. The Government has not provided adequate detail about what any energy efficiency strategy will comprise, nor committed sufficient funding to address this issue holistically and systemically.

Recommendations:

a) Divert revenue raised from the sale of permits to make significant investments in strategic energy efficiency measures for both households and industry.

b) Introduce and fund a set of comprehensive policies to encourage and assist households (and industry) to become significantly more energy efficient as per the recommendations of the report *Energy and Equity,* a copy of which is enclosed. This package should be equitable, efficient and effective, providing both incentives and rewards to households. The program should aim to retrofit 5% of existing homes a year and should include, but not be limited to the following activities.

- Effective and regularly evaluated education campaigns on the most effective means to achieving, and subsequent benefits of, energy and water efficiency.
- Home audits of energy and water use that result in recommendations for behaviour change and physical improvements as well as referral to other sources of assistance in energy efficiency.
- Financial and other assistance for low income households to implement measures that improve water and energy efficiency.
- Improved labelling on products and appliances so that initial and second hand purchasers can make informed decisions about energy efficiency at the point of purchase.
- Financial and taxation incentives to encourage landlords to retrofit properties to improve energy and water efficiency.
- Improving energy and water efficiency in public housing.
- Mandatory energy efficiency standards in all new buildings.

TOR 1(c)

whether the Government's Carbon Pollution Reduction Scheme is environmentally effective, in particular with regard to the adequacy or otherwise of the Government's 2020 and 2050 greenhouse gas emission reduction targets in avoiding dangerous climate change

Improving the targets

The introduction of an emissions trading scheme aims to mitigate climate change upfront and at a lower cost to the community than adaptation to the impacts of climate change. The cost of the emissions trading scheme will largely be borne by consumers. We know that a majority of consumers are ready and willing to increase their costs now, with the expectation that they will not have to do it again in the future.

However, we do not believe that a 5-15% target is sufficient to ensure a level mitigation required so that consumers are not left with the costs of adaptation into the future.

We are especially concerned by the most recent reports from leading international climate scientists suggesting that climate change is advancing even more rapidly that originally predicted and that society will be unable to cope with even a two degree Celsius rise in temperatures[8]. Furthermore, we are concerned by their assertion that we will simply not be able to accelerate upon weak targets set now. The government has set an unrealistic starting point in suggesting that we can move from 5% by 2020 to 60% by 2050. According to scientists this type of acceleration will be futile under rapidly advancing climate change.

Importantly a strong target is significant in achieving an acceptable outcome at the international discussions to be held at Copenhagen later this year. The Australian Government has committed to being an international leader on climate change. The Australian Government should neither be seduced by the short term arguments of a few, nor place the interests of avoiding short term dislocation over the long term need to avoid the impact on households of harmful climate change. Without a strong emissions reduction target, the Australian Government will not be able to provide a leading position on tackling climate change at negotiations in Copenhagen.

Recommendations:

a) Lift the upper target (that is, Australia's target under an international agreement on climate change) for 2020 to a 25% reduction on 2000 emissions levels, securing a low carbon future and demonstrating leadership on the international stage.

b) Advance Australia as the world's first truly green economy, and commit to the development of green jobs.

TOR 1(e)

whether the design of the proposed scheme will send appropriate investment signals for green collar jobs, research and development, and the manufacturing and service industries, taking into account permit allocation, leakage, compensation mechanisms and additionality issues

Getting the scheme's architecture right

In developing an emissions trading scheme, the government has firmly and correctly established that climate change is an important economic issue, rather than only an environmental issue.

As consumers will be required to meet most of the costs of the CPRS, it is important that the Government ensures the costs of the scheme are equitably shared; that households do not disproportionately bear the costs of the scheme; and that households are adequately compensated for the increased costs consistent with meeting the scheme's aims.

[8] The International Scientific Congress Climate Change: Global Risks, Challenges & Decisions, held in March 2009 in Denmark received almost 1,600 scientific contributions from researchers from more than 70 countries. http://climatecongress.ku.dk/newsroom/congress_key_messages/

It is clear that the introduction of the CPRS will create some level of short term dislocation for business and households, but will ultimately provide opportunities for economic development in new "green' industries. It is not surprising that industries whose interests are negatively affected in the short term are lobbying hard to delay the introduction of the CPRS, to seek excessive compensation and/or to pressure government to design the scheme in such a way that it transfers resources to them. In considering this, strongly affected industries have now had at least 17 years, since the 1992 Rio Earth Summit's agreement to an international convention on climate change, to prepare for the time when no-cost polluting would end.

It is realistic to expect that costs incurred by industry directly or as a result of higher input prices will be passed on in whole or in part to consumers. However, it is important to keep in mind that this scheme will firstly internalise the cost of pollution to companies, and secondly enable the shift towards a low carbon economy.

CHOICE is concerned that the current design of the scheme creates significant additional and unwarranted risks for Australian households as both tax-payers and consumers.

There are a number of aspects of the proposed CPRS that CHOICE does not support:

Ensuring EITEI contributions to emissions reductions

While CHOICE supports some appropriate assistance to EITEI in the absence of an effective global emissions trading or carbon pricing system, we do not believe that free permits should be issued to EITEI without a requirement that those companies implement significant and transparent energy efficiency and emissions reductions programs.

While free permits are free to industry, they are not free to consumers. Garnaut[9] reported the need for industry to consider the opportunity cost of free permits, and the passing on of costs to consumers. The report states:

> *"Free permits are not free. Although they may be allocated freely, their cost is borne elsewhere in the economy — typically, by those who cannot pass on the cost to others (most notably, households)."* (Garnaut, 2008:331)

Businesses receiving free permits must consider the 'opportunity cost' of the permits if they were sold on the market versus surrendering them against emissions generated. The market prices for the permits, even when gained free, will be passed onto the consumer. With this in mind, assistance should be provided to EITEI with the provision that they build energy efficiency so that are not absolved from their contributions to emissions reductions, and to reduce the need for ongoing assistance, thereby removing the financial burden from households as both consumers and taxpayers. Companies receiving free permits should be required to submit emissions reduction strategies. These would be monitored and delivering on the strategies would provide a basis for further free permits/incentives in future years.

Free permits to coal-fired electricity generators

We do not believe that there is sufficient policy justification to divert so much compensation from households to the owners of coal-fired electricity generators through the issuing of free permits.

Treasury reporting on the CPRS suggests that emissions pricing on coal-fired electricity generators "could be managed through effective structural adjustment assistance", and that there is "no evidence that mitigation policies will compromise the security of energy supply."[10]

It appears that the government's justification for issuing free permits to coal-fired electricity generators is based largely on the loss of asset value and loss of profits. However, given the first international agreements on climate change are now more than 17 years old and industry has had a substantial period to prepare for a low

[9] Garnaut, R (2008) *The Garnaut Climate Change Review: Final Report*, Commonwealth of Australia
[10] Department of Treasury (2008) "Australia's Low Pollution Future The Economics Of Climate Change Mitigation Summary", Commonwealth of Australia, Canberra

carbon economy. We concur with the argument of the Total Environment Centre that investors in coal-fired electricity generation have simply undertaken poor risk analysis and made poor investment decisions. The results of this should not be borne by households, either as consumers or as taxpayers.

It seems perverse to introduce a system that tries to level the playing field for low carbon solutions, but then provides assistance to high emitters despite no evidence that energy security will be compromised. While the Government argues in its White Paper that investments in coal-fired electricity generation may be compromised without free permits, it can also be argued that the provision of assistance to coal-fired electricity generators may detract from investment in renewable electricity generators.

With these issues in mind, the impact of EU decisions on consumers following the introduction of the ETS must also be considered. Retail energy prices in the EU increased significantly because of the opportunity costs involved with free permits. Energy companies reported massive windfall profits having passed on the costs of the ETS to consumers despite receiving free permits.

If this is replicated in Australia we are concerned that households will unduly bear the impact for these costs. Furthermore, without a significant energy efficiency package, households will not be equipped to bear the substantial increase in energy costs experienced in the EU. Australia should learn from the EU in developing the CPRS. We must ensure that windfall profits at the consumers' expense cannot be replicated in Australia.

There is no sound policy justification for giving coal-fired electricity generators free permits.

If assistance is to be provided to coal-fired power generators it should be offered as incentives or research grants to invest in and research alternative low-carbon options, not be provided as free permits.

Overall CHOICE is concerned that without improving the architecture of the CPRS, Australia will be left with a scheme that may be worse to Australian households than no scheme at all.

Recommendations:

a) Compensation to EITEI should be short-term and conditional on investment in energy efficiency programs and renewable energy generation so as to minimise the need for ongoing assistance and thus the impact of the CPRS on consumers. Free permits should not be permitted to be sold on for a profit, without introducing significant carbon reduction programs. This should be independently audited annually and reported publically.

b) The CPRS legislation should require an independent review of EITEI assistance as and when any new international agreement is negotiated and entered into force; or where the international market price for carbon exceeds the interim price cap, with changes flowing from the review immediately.

c) No free permits should be provided to coal-fired electricity generators, rather funding raised should be diverted to energy efficiency and renewable energy within business and households, so as to reduce the demand for high carbon electricity generation; build household resilience against future higher energy costs; and even begin to prepare households for inevitable temperature rises. Compensation provided to coal-fired power generators should be in the form of funding grants for research to assist the generator in reducing carbon emissions.

Consumers are beginning to understand the impact of the proposed CPRS on their hip pockets and on their aspirations to take voluntary action on climate change. They expect CHOICE to provide advice on their options in response to climate change. We sincerely hope that the Government can take urgent action to review the aspects of the CPRS and associated energy efficiency policy highlighted above.

Australia needs to implement an emissions trading scheme that protects consumers from the risks of harmful climate change by playing a strong role in bringing about an effective international agreement to reduce global emissions. The scheme should enable consumers to undertake meaningful additional voluntary action. It should not require consumers to bear disproportionate costs or accept the risk of additional direct or indirect costs.

To discuss the matters raised in this letter, please contact Gordon Renouf, Director of Policy and Campaigns on 02 9577 3246 or grenouf@choice.com.au.

Yours sincerely

Gordon Renouf

Director, Policy and Campaigns