Western Australia Climate Change Bill Explanatory Paper

Climate Analytics submission to the Department of Water and Environmental Regulation

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Introduction

Climate Analytics (CA) was formed in 2008 to bring cutting edge science and policy analysis to bear on one of the most pressing global problems of our time: human-induced climate change. The mission of Climate Analytics is to synthesise and advance scientific knowledge in the area of climate change to provide support and capacity building to stakeholders. By linking scientific and policy analysis, we aim to provide state-of-the-art solutions to global and national climate change policy challenges.

CA is an international non-profit climate science and policy institute, headquartered in Berlin (Germany), CA has branches in Perth (Australia), New York (USA), Lomé (Togo), Kathmandu (Nepal) and Port of Spain (Trinidad & Tobago) and as well as staff and associates across Europe, South America, Australia, Africa and Asia.

Our team of over 130 staff members worldwide offers multi-disciplinary expertise and a holistic approach to climate solutions. It is composed of culturally diverse scientists, implementation strategists, lawyers, international relations specialists, economists and climate finance/readiness experts, as well as policy analysts, including IPCC lead authors or contributing authors, who provide state-of-the-art solutions to global and national climate change challenges to prevent climate change. The profiles of our staff members can be visited here.

Climate Analytics Australia was established in 2017 to inform policymakers and impacted stakeholders of their climate and energy policy options. With a specific focus on mitigation in the Australia, Pacific, South and South-east Asian regions, our team works closely with civil societies and the public sector to analyse emissions pathways at the national, sub-national and sectoral level, and support local actors to identify economically prosperous and feasible alternatives. Together, we aim to demonstrate the business case for fossil fuel phase-out and renewables phase-in strategies, as well as the co-benefits related to social and economic development.
Issues and recommendations

Please see below the list of issues that CA have identified in the Western Australia’s (WA) Climate Change Bill explanatory paper (the Bill), including associated recommendations for consideration.

CA is kindly requesting the WA Government to provide a response to its recommendations.

Issue 1: Object of proposed Bill is not aligned with 1.5°C limit in the Paris Agreement

Western Australia’s targets and actions must be consistent with the level of ambition required to limit warming to 1.5°C if it is do its fair share towards global efforts to ensure the world meets this limit.

The Paris Agreement is clear, we must pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change.

At present the bill explain entry paper does not accurately reflect the objective of the Paris agreement. It says:

“*The Paris Agreement established under the United Nations Framework Convention on Climate Change sets the goal of limiting global temperatures to well below 2 °C above pre-industrial levels*”

There are several fundamental errors in this formulation.

The Paris Agreement’s long term temperature goal is “holding the increase in global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C”.

The reference to 1.5 degrees omitted yet it is a fundamental part of the Paris agreement and is now universally accepted as the global long term temperature goal. Secondly the Paris agreement does not talk about limiting global warming to well below 2 degrees but holding warming well below 2 degrees was pursuing efforts to limit the warming to 1.5 degrees.

Holding well below 2°C means that allowed pathways cannot return warming to well below 2°C.

The Government’s misrepresentation carries within it the implication that warming could peak above these levels and be brought back below - this is what the term “limit” means in this context and that is why it is not used in the Paris agreement long term temperature goal.

Western Australia is highly exposed to climate change impacts like sea level rise, coral reef loss, wildfires and extreme weather events (Figure 1). All of these effects can already be observed today and will be much worse in a 2°C world, compared to 1.5°C.

Other impacts increase quickly with global mean warming, particularly heat extremes and extreme flooding and rainfall. The figure below shows exposure to extremes by 2050 as global warming increases from 1.5°C, to 1.8°C and to the present current policy pathway (2.7°C).
Figure 1 Illustrative climate impacts and associated damages in 2050 for selected countries under a 1.5°C pathway (orange), a 1.8°C pathway (red) and a 2030 targets pathway (purple, see also Figure 1). Results are presented in either absolute terms or changes in percentage points relative to the 1986-2005 reference period (median and 90% uncertainty range in square brackets). Relative differences in 2050 impacts compared to the reference 1.5°C pathway are given for the 1.8°C and 2030 targets pathway. Using the Climate Impact Explorer (Climate Analytics, 2022).

Recommendations 1
- The object of the Bill should explicitly align with the Paris Agreement long term temperature goal of 1.5°C and require that WA's greenhouse gas emissions reduction targets are consistent with this goal.
- WA targets (whole of economy, and government's) and strategies (mitigation and adaptation) must be 1.5°C compatible.

Issue 2: Lack of independent scientific advice on mitigation targets and progress toward them

The Bill does not propose to establish an independent scientific advisory body, leading to lack of transparency and science based decision making.

Recommendations 2:
- The establishment of an independent scientific advisory body
- A commitment to transparent decision making and science-based WA targets (whole of economy, and government’s) and strategies (mitigation and adaptation), must be included in the Bill.

Issue 3 - No whole of economy 2030 target means that net zero commitment for 2050 is almost meaningless

Not having a 2030 whole of economy target is not consistent with Paris Agreement 1.5C limit. The magnitude of emission reductions by 2030 are critical to the feasibility of the world reaching net zero by 2050.

1 https://climateanalytics.org/media/no_time_for_complacency.pdf
2030 targets and policies that match these are critical to begin aligning the economy with the deeper reduction targets needed for 2035 and 2040 on the pathway to net zero. Failure to pursue ambitious mitigation action before 2030 will mean drastic emissions reductions after 2030 will be needed, especially as some of these measures would need to be even more stringent at that stage.

The absence of a commitment to appropriate 2030 targets can only be seen as an attempt to side step the need for action which is being urgently undertaken in many parts of the world.

Net zero commitments are only meaningful if linked to corresponding and fully implemented emissions reduction targets in the near term – in other words, by 2030.

But more critically, delayed mitigation action until after 2030 would lock in climate change impacts and blow past the 1.5°C goal of the Paris Agreement.

Our “Scaling up climate action in Australia” Report is one of many that shows that Australia has tremendous potential to scale up climate action in all sectors. Increasing climate action would initiate sectoral transitions towards a zero-emissions society with the additional benefits of reducing air pollution and creating employment including through new manufacturing value chains and new export opportunities based on renewable energy.

By building on its extraordinary renewable energy resource and high skills base, Australia can become a regional and international frontrunner in successfully transitioning its energy system to zero carbon. The result will be more sustainable employment, reduced levels of air pollution, water demand and new manufacturing value chains and export opportunities based on zero emissions energy carriers including renewable electricity offshore, green hydrogen and energy intensive products such as green steel. Sectoral strategies and policies need to be embedded in an overall strategy, ideally with climate legislation to ensure a transparent and effective process to reach consistent overall and sectoral mid-term targets.

The modelling which informed the WA Government decision not to include a 2030 target was not publicly released. WA Government assessment of the cost of delaying climate action to 2035 was also not publicly released, including social and economic impacts (i.e., cost to tax-payers (natural disasters, adaptation costs, exponential mitigation costs), jobs that could have been created, and International investment that could have been made as well as the loss of ESG credentials).

Recommendations 3:
- The draft Bill must include the setting of a whole of economy 2030 target, including a commitment for the 2030 target to be science based and 1.5°C compatible.
- The draft Bill must factor in the very strong economic benefits of faster action into consideration.
- The underlying modelling and assumptions that informed the decision to have a 2030 target must be released by the WA Government for full transparency and to demonstrate evidence-based decision making.

Issue 4: Offsets are not a viable alternative to cutting emissions at source

Offsets are not a viable basis for limiting the effects of fossil fuel emissions. The long lifetime of fossil carbon dioxide in the atmosphere, the lack of permanence of offsets and likelihood of their ultimate
release to the atmosphere mean that ultimately their application would lead to higher levels of CO2 in the atmosphere that might otherwise have occurred in the absence of their use.

Within the Australian policy context offsets are used to enable ongoing and expanded fossil fuel emissions which exacerbates the global problem without fundamentally addressing emissions at source domestically.

Unfettered use of offsets under the Safeguard mechanism will likely allow real emission increases (as opposed to reductions) in Australia, and their use will have adverse implications for global emissions. We calculate that for every Australian carbon credit unit (ACCU) generated to offset one tonne of CO2 equivalent (tCO2e) from liquefied natural gas (LNG) production in Australia — about 8.4 tCO2e lifecycle emissions could be emitted globally.

Within the Safeguard Mechanism, new fossil fuel facilities with no limitations on the use of offsets will be able to bring significant new emissions into the scheme and force the cost of their emissions burden onto other industries. This cost transfer is a like an effective subsidy for which all others will pay to keep the total emissions under the Safeguard Mechanism within its committed carbon budget.

As we move further into the critical decade for climate action, and ever closer to 2050, the year that many countries and companies have set as their net zero emissions target, policy makers need to confront the fundamental shortcomings of offsets in achieving real emission reductions – notably from fossil fuel sources.

Limiting global warming to safe levels and avoiding the worst of projected potential climate impacts is not consistent with such growth in the use of offsets.

_Why offsets are not a viable alternative to cutting emissions_.

Our 2019 carbon budget study for WA[^3] showed that deep emission reductions can be achieved without the use of offsets, and indeed that emission reductions at source are essential for the transformation of the WA economy to take advantage of the opportunities coming from the global clean energy transition.

**Recommendation 4:**

- The Bill should include a commitment not to use offsets and instead focus on emission reductions at source.

**Issue 5: New gas development is not consistent with the Paris Agreement**

Analysis of Paris Agreement compatible scenarios from the IPCC Special Report on 1.5°C shows unabated use of natural gas in primary energy supply globally should already have peaked and be declining globally, and that it needs to drop by more than 30% below 2020 levels by 2030, and 65% below 2020 levels by 2040\(^4\). This finding was reinforced by the 2023 updated International Energy agency’s Net Zero Roadmap, which found that further fossil resource development including gas was not consistent with limiting warming to 1.5°C Celsius. In the IEA’s scenario, fossil gas-fired power generation peaks in the mid 2020s. Fossil gas production and use declines 5% per year on average from 2022 to 2050, a 78% decline on this timeframe.\(^5\) Fossil gas demand in 2050 is cut by half compared to the roadmap’s previous iteration.


\(^5\) Net Zero Roadmap, 2023 Update (Sept, 2023), IEA, [https://iea.blob.core.windows.net/assets/13dab083-08c3-4dfd-a887-42a3ebe533bc/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalInReach-2023Update.pdf](https://iea.blob.core.windows.net/assets/13dab083-08c3-4dfd-a887-42a3ebe533bc/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalInReach-2023Update.pdf)
In the power sector, renewable energy and storage are far cheaper than natural gas in general, and overall declining volumes of gas would be required to provide support for high penetration renewable systems, including in Australia. For the so-called hard to abate sectors current technologies, energy efficiency measures and a rollout of green hydrogen would, together, make it possible to decarbonise without increasing use of natural gas. If the viability of using natural gas, including the required uptake of CCS technology and the issue of methane emissions, are measured against that of renewable-based hydrogen and other low emissions technologies, cost competitiveness and emissions reduction arguments are comprehensively against fossil gas.

We have assessed individual projects in Australia, including that of the Woodside Scarborough-Pluto expansion (Climate Analytics, 2021) and found that this project is inconsistent with the Paris Agreement’s goal to limit global mean warming to 1.5°C above pre-industrial levels.

Gas is not a “bridging fuel”, it is still a fossil fuel, and to reach the Paris Agreement’s 1.5C warming limit, governments, investors, and multilateral finance institutions must treat it the same way they do coal and targeted for a swift phase-out.

**Recommendation 5:**
- The climate legislation and its consequential amendments need to ensure that there is a very strong predisposition against development of new gas resources in Australia and in relation to Australia’s support for energy developments.
- This means that relevant agencies should be required to consider Scope 3 emissions from projects and take that into account when assessing the Paris Agreement compatibility of decisions being made by government.

**Issue 6: The legislation needs to include a commitment to regulate for renewable energy, energy efficiency, zero emissions buildings and a range of other policy matters that provide the framework for deep emission reductions in WA.**

At present the proposed bill does not establish any new mechanism or regulatory process or capacity for making regulations in relation to greenhouse gas pollution. Regulations and binding obligations on emitters an essential part of every government’s toolbox for reducing greenhouse gas emissions. To ensure CO₂ emissions fall rapidly and sharply we cannot rely on industry’s good will, nor the Safeguard Mechanism (SGM) nor the West Australian Environmental Protection Act.

Legal requirement for industry to reduce emissions must be put in place by the WA Government to ensure the SGM will be able to deliver actual emissions reductions. By allowing emitters to make massive use of offsets, the SGM will allow many of the 69 fossil fuel projects currently in the pipeline to come online during the decade. This includes new offshore gas fields such as Scarborough and Browse.

**Recommendation 6:**
- WA Government should impose legal requirements on industry to reduce their emissions.

**Issue 7: There is no obligation for Government – WA Government is not holding itself accountable.**

The current proposal that Minister only has to outline reasons to Parliament if targets are not met is highly insufficient and would not meet public nor national, nor international expectations. WA Government must be held accountable if it is not tackling its fair share of emissions reduction and in pursuing 1.5C.
Recommendation 7:
- WA Government should impose legal requirements on itself if targets are not met.

Issue 8: LULUCF emissions are not separately reported on, hiding real progress in reducing fossil fuel emissions.

LULUCF emissions reductions have been used by governments to obscure a lack of progress in reducing fossil fuel emissions.

Reducing actual emissions from fossil fuel combustion, industry, transport waste and agriculture are critical to limiting warming rather than manipulation of land use emissions and sequestration data by choosing historically high deforestation baselines is needed.

Recommendation 8:
- The Bill should focus on reductions in GHG emissions excluding land use change and forestry.
- The bill should include separate measures to ensure that land use emissions and deforestation are subject to targets and accounted separately.
- LULUCF emissions to be made transparent and reported separately.

Issue 9: It is unclear whether emissions from the offshore oil, gas and LNG emissions will be covered by the Bill (whole of economy targets obligations and reporting requirements)-

Recommendation 9:
- The Bill to clarify that offshore oil, gas and LNG emissions will be covered by the legislation, including under whole of economy targets obligations and reporting requirements).

Additional gaps

Please see below additional significant gaps identified by CA as part of the processes around the Western Australia’s Climate Change Bill for consideration.

While outside of the scope of this consultation, CA is kindly requesting WA Government to provide a response to its recommendations.

Gap 1: No public consultation on what the climate targets and associated policies should be.

The consultation on the Bill is not sufficient and does not include consultation on key climate decisions such as what the targets should be and what the associated polices should be.


Recommendations 10:
- WA Government must undertake a full public consultation on what the WA targets should be.
- WA Government must do a full public consultation on what the mitigation policies should be (aka. SERS).
- A draft SERS must be released for consultation.
- WA Government must do a full public consultation on what the WA adaptation policies should be.
Gap 2: Lack of transparent process and evidence-based decision making
The Government is yet to provide the evidence and modelling it is using to make climate and energy related decision.

Recommendations 11:
- WA Government must publicly release all the modellings which are informing the setting of targets, the SERS and the adaptation strategies, including but not limited to:
  - SWIS energy demand assessment (EPWA)
  - NWIS energy demand modelling (EPWA)
  - Whole of economy emissions modelling and energy systems modelling (DWER)

Gap 3: Inadequate Consultation process - online briefing sessions by invitation only
Climate related decision impact the whole community and consultation should be open to the public rather than targeted.

Recommendations 12:
- WA Government to organise briefing sessions on the Bill opened to the public.
- WA Government to organise briefing sessions on the SERS opened to the public.
- WA Government to organise briefing sessions on the setting of targets opened to the public.